

1. Company details

Name of entity	Nick Scali Limited and its Controlled Entities (the Group)
ABN	82 000 403 896
Reporting period	For the half-year ended 31 December 2025
Previous period	For the half-year ended 31 December 2024

2. Results for announcement to the market

Results compared to the prior corresponding period

	Increase/ Decrease	%	Reporting period \$'000	Previous period \$'000
Revenues from ordinary activities	Increase	7.2%	269,253	251,068
Profit from ordinary activities after tax attributable to the owners of Nick Scali Limited	Increase	36.4%	40,981	30,036
Profit for the half-year attributable to the owners of Nick Scali Limited	Increase	36.4%	40,981	30,036

In the prior period there were adjustments for the impact of restructuring costs incurred since the acquisition of Anglia Home Furnishings Ltd (\$1,337,000) and costs incurred from the failure of a freight forwarder in ANZ (\$2,760,000, net of tax underlying profit impact \$1,932,000).

	Increase/ Decrease	%	Reporting period \$'000	Previous period \$'000
Revenues from ordinary activities	Increase	7.2%	269,253	251,068
Profit from ordinary activities after tax attributable to the owners of Nick Scali Limited	Increase	23.0%	40,981	33,305
Profit for the half-year attributable to the owners of Nick Scali Limited	Increase	23.0%	40,981	33,305

Dividends

	Amount per security Cents	Franked amount per security %
Final dividend for the year ended 30 June 2025 paid on 28 October 2025	33.0	100.0

On 13th February 2026 the directors declared a fully franked interim dividend of 39.0 cents per ordinary share with a record date of 3rd March 2026 to be paid on 24th March 2026.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$40,981,000 (31 December 2024: \$30,036,000).

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Profit after income tax expense	40,981	30,036
Interest income	(1,702)	(2,150)
Interest expense	8,871	8,476
Income tax expense	20,327	14,295
Earnings Before Interest and Tax (EBIT)	68,477	50,657
Depreciation and amortisation expense	28,093	26,970
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	96,570	77,627

3. Net tangible assets

	Reporting Period	Previous Period
Total net assets (\$'000)	278,001	266,794
Intangibles (\$'000)	(165,010)	(159,403)
Net tangible assets (\$'000)	112,991	107,391
Ordinary shares on issue	85,530,699	85,530,699
Net tangible assets per ordinary share	132.11	125.56

Nick Scali Limited

ABN 82 000 403 896

**Half-Year Report
31 December 2025**

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Directors' Report

The Company's directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Nick Scali Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2025.

Directors

The names and details of the Company's directors (referred to hereafter as the 'Board') in office at any time during the period until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

John Ingram (Retired 29th Oct 2025)
William Koeck
Carole Molyneux
Kathy Parsons
Niranjan Peiris (Appointed 2nd Sep 2025)
Anthony Scali

Principal activities

The principal activities of the Group during the half-year were the sourcing and retailing of household furniture and related accessories. No significant change in principal activities occurred during the half-year.

Dividends

During the interim period a final franked dividend for the year ended 30 June 2025 of 33.0 cents per fully paid ordinary share was paid. Since the end of the interim period the directors have declared a fully franked interim dividend for the period ending 31 December 2025 of 39.0 cents per fully paid ordinary share. The interim dividend will be paid out of retained profits at 31 December 2025, on 24th March 2026.

Operating and financial review

Group operating results

	31 Dec 2025 \$'000	31 Dec 2024 \$'000	Change %
Revenue	269,253	251,068	7.2%
Gross Margin %	65.4%	62.3%	3.1%
Net profit after tax (NPAT)	40,981	30,036	36.4%
NPAT to prior year underlying ¹	40,981	33,305	23.0%
Earnings per share ('EPS' cents)	47.9	35.1	36.5%

The group result for the first half of 2026 was strong showing an improvement in revenue of 7.2% at \$269.3m and a 36.4% improvement in net profit after tax of \$41m. Compared to the underlying¹ prior year result the net profit after tax was improved by 23.0%.

Australia and New Zealand Group ("ANZ" Group) Results 1H FY26:

ANZ Group net profit after tax was \$46.6m, an increase in profit of \$12.5m following positive written sales order growth across the last quarter of FY25 and 1H FY26. The ANZ group net profit after tax increased by \$10.6m when compared to the prior year underlying¹ profit.

ANZ Group written sales orders for the period were \$229.8m, 10.5% higher than 1H FY25.

ANZ Group revenue for the period was \$251.7m, 13.1% higher than 1H FY25.

1. Underlying profit after tax 1H FY25 excludes \$1.3m restructuring and integration costs for the UK and \$2.8m (\$1.9m post-tax) costs in ANZ resulting from the business failure of a freight forwarder.

ANZ Group gross margin at 65.9%, was 1.5% higher than the 1H FY25 and 0.9% higher than FY25, with prior year margin impacted by higher freight costs.

United Kingdom ("UK") Result 1H FY26:

UK net loss after tax was \$5.6m for 1H FY26 versus net loss after tax of \$4.1m for 1H FY25. The prior year underlying¹ loss for the UK was \$2.8m.

The application of AASB16 on consolidation increased the UK loss by \$661k (prior period \$1.2m). Application of AASB16 has no cash impact.

UK written sales orders for 1H FY26 were \$21.7m. Whilst this is a 12.8% increase on sales orders vs 1H FY25, year on year comparatives for the period are not representative of trading due to numerous store closures for lengthy periods for store refurbishments.

Revenue of \$17.6m in 1H FY26 is below 1H FY25 of \$28.6m, also impacted by store closures.

UK gross margin was 59.2%, significantly above 1H FY25 gross margin of 45.1%.

UK 1H FY26 operating expenses were \$10.8m. Excluding currency movement, total operating expenses are in line with 1H FY25, with savings in employment and property costs offset by increased marketing spend.

Group Cashflow:

Group pre-tax operating cash flows, net of lease liabilities repayments and lease interest payments, were \$51.5m in the period.

Group capital investments for 1H FY26 of \$17.1m include the acquisition of land in South Australia to build a distribution centre and the Nick Scali Campbelltown showroom, in addition to fit out costs for a number of ANZ and UK showrooms.

Closing cash and cash equivalents at 31 December 2025 are \$91.7m and net cash was \$20.0m.

Store Network:

In ANZ, a new Plush store in Bendigo, Victoria was opened in Nov 25, with a further five new stores planned in FY26, three for Nick Scali and two for Plush. Nick Scali Skygate in Brisbane was closed during the period at the end of its lease term.

In the UK, the refurbishment of showrooms suitable for conversion to Nick Scali has now been completed with 16 showrooms converted to the Nick Scali store design, branding and product range. The Lincoln store was closed Oct 25 at the end of lease as deemed not suitable to rebrand to Nick Scali.

Outlook

ANZ Group:

Written sales orders for the month of January increased by 3.1% compared to the prior year, with like for like written sales orders up 3.2%.

A further five new stores are confirmed for opening during the year, with additional opportunities currently being reviewed.

1. Underlying profit after tax 1H FY25 excludes \$1.3m restructuring and integration costs for the UK and \$2.8m (\$1.9m post-tax) costs in ANZ resulting from the business failure of a freight forwarder.

UK:

With the majority of the store refurbishment program now complete, we have seen improvement in written sales compared to the prior year. Total January written sales were \$6.7m, and the four Nick Scali branded stores that were trading in January FY25 achieved like for like sales growth of 32% in January FY26.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the half-year other than those set out in the operating and financial review above.

Matters subsequent to the end of the financial year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

The directors received the declaration from the auditor of Nick Scali Limited and is included on page 5 of the Financial Statements.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Anthony Scali
Executive Chair and Managing Director



William Koeck
Deputy Chair and Lead Independent Director

13 February 2026
Sydney



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nick Scali Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Nick Scali Limited for the half-year ended 31 December 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Julie Cleary

Partner

Sydney

13 February 2026

	Note	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Revenue from contracts with customers	3	269,253	251,068
Cost of goods sold		(93,060)	(94,768)
Gross profit		176,193	156,300
Other income	3	2,983	2,903
Expenses			
Marketing expenses		(13,290)	(11,259)
Employment expenses	4	(44,938)	(42,298)
General and administration expenses		(11,628)	(11,077)
Property expenses	4	(9,223)	(8,754)
Logistics expenses		(1,825)	(4,701)
Restructuring and integration Costs		-	(1,337)
Depreciation and amortisation		(28,093)	(26,970)
Finance costs		(8,871)	(8,476)
Profit before income tax expense		61,308	44,331
Income tax expense		(20,327)	(14,295)
Profit after income tax expense for the half-year attributable to the owners of Nick Scali Limited		40,981	30,036
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(2,280)	1,738
Net change in the fair value of cash flow hedges taken to equity, net of tax		665	2,388
Other comprehensive income for the half-year, net of tax		(1,615)	4,126
Total comprehensive income for the half-year attributable to the owners of Nick Scali Limited		39,366	34,162
		Cents	Cents
Basic earnings per share		47.9	35.1
Diluted earnings per share		47.9	35.1

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

	Note	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents		91,684	100,993
Receivables		1,756	1,799
Inventories	6	56,771	58,103
Current tax receivable		-	2,901
Prepayments		4,216	5,720
Total current assets		154,427	169,516
<i>Non-current assets</i>			
Land and buildings	8	132,099	120,112
Plant and equipment	8	30,305	27,620
Right-of-use assets	9	232,314	216,033
Deferred tax asset		6,191	6,148
Intangibles	10	165,010	166,378
Total non-current assets		565,919	536,291
Total assets		720,346	705,807
Liabilities			
<i>Current liabilities</i>			
Borrowings	11	2,300	11,000
Payables	12	30,234	34,785
Lease liabilities	9	45,432	46,373
Deferred revenue	13	56,837	66,304
Current tax liabilities		2,628	-
Other financial liabilities	7	1,426	2,428
Provisions	14	7,446	7,464
Total current liabilities		146,303	168,354
<i>Non-current liabilities</i>			
Borrowings	11	69,387	60,687
Lease liabilities	9	214,643	198,080
Deferred revenue	13	888	864
Provisions	14	1,717	1,677
Deferred tax liability		9,407	9,467
Total non-current liabilities		296,042	270,775
Total liabilities		442,345	439,129
Net assets		278,001	266,678
Equity			
Issued capital	15	61,997	61,997
Reserves		(913)	520
Retained profits		216,917	204,161
Total equity		278,001	266,678

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

	Issued capital \$'000	Equity benefit reserve \$'000	Capital profits reserve \$'000	Cash flow hedge reserve \$'000	Foreign exchange reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	58,211	(608)	78	80	(252)	200,270	257,779
Profit after income tax expense for the half-year	-	-	-	-	-	30,036	30,036
Other comprehensive income for the half-year, net of tax	-	-	-	2,388	1,738	-	4,126
Employee share rights recognised under Executive Performance Rights Plan	-	(807)	-	-	-	-	(807)
Contributions of equity, net of transaction costs	3,786	-	-	-	-	-	3,786
Dividends paid (Note 5)	-	-	-	-	-	(28,126)	(28,126)
Balance at 31 December 2024	<u>61,997</u>	<u>(1,415)</u>	<u>78</u>	<u>2,468</u>	<u>1,486</u>	<u>202,180</u>	<u>266,794</u>

	Issued capital \$'000	Equity benefit reserve \$'000	Capital profits reserve \$'000	Cash flow hedge reserve \$'000	Foreign exchange reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2025	61,997	(1,192)	78	(1,416)	3,050	204,161	266,678
Profit after income tax expense for the half-year	-	-	-	-	-	40,981	40,981
Other comprehensive income for the half-year, net of tax	-	-	-	665	(2,280)	-	(1,615)
Total comprehensive income for the half-year	-	-	-	665	(2,280)	40,981	39,366
Employee share rights recognised under Executive Performance Rights Plan	-	182	-	-	-	-	182
Contributions of equity, net of transaction costs	-	-	-	-	-	-	-
Dividends paid (Note 5)	-	-	-	-	-	(28,225)	(28,225)
Balance at 31 December 2025	<u>61,997</u>	<u>(1,010)</u>	<u>78</u>	<u>(751)</u>	<u>770</u>	<u>216,917</u>	<u>278,001</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Cash flows from operating activities			
Receipts from customers		288,694	272,489
Payments to suppliers and employees		(207,185)	(217,844)
		81,509	54,645
Interest receipts		1,701	2,150
Income tax payments		(14,796)	(20,246)
Net cash from operating activities		68,414	36,549
Cash flows from investing activities			
Purchase of property, plant and equipment		(16,626)	(5,581)
Maturity of term deposits		-	30,000
Purchase of intangible assets		(450)	(298)
Net cash (used in)/from investing activities		(17,076)	24,121
Cash flows from financing activities			
Payment of dividends on ordinary shares	5	(28,225)	(28,126)
Issued capital		-	3,786
Repayment of borrowings		-	-
Repayment of lease liabilities		(23,184)	(22,378)
Interest payments - lease liabilities		(6,821)	(6,242)
Interest payments - borrowings		(1,898)	(2,185)
Net cash used in financing activities		(60,128)	(55,145)
Net (decrease)/increase in cash and cash equivalents		(8,790)	5,525
Cash and cash equivalents at the beginning of the half-year		100,993	81,331
Foreign currency translation		(519)	741
Cash and cash equivalents at the end of the half-year		91,684	87,597

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Basis of preparation

Basis of preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of asset and settlement of liabilities in the ordinary course of business.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. A subsidiary is an entity that is controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intercompany transactions, balances and unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 30 June 2025.

Material accounting judgements, estimates and assumptions

In the process of applying the Company's accounting policies, management has made judgements, estimates and assumptions. All judgements, estimates and assumptions made are believed to be reasonable, based on the most current information available to management. Actual results may differ from these judgements, estimates and assumptions. Judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements:

Impairment of goodwill and brands

The Company determines whether goodwill and brands are impaired on an annual basis. This requires determination of CGU's and estimation of the recoverable amount of the cash-generating unit to which the goodwill and brand is allocated. The Company has identified no events or changes in circumstances since the last annual review at 30 June 2025 which indicate goodwill or brands may be impaired at this interim reporting period.

Lease term of contracts with renewable options

The Company determines the lease term to be the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain that the option will be exercised. In assessing the likelihood that a lease option will be exercised, the Company considers the costs of termination, the extent of any leasehold improvements, the strategic importance of the lease location and the current market rent for the site.

Net realisable value of inventory

Net realisable value is determined based on the estimated selling price less an estimate of any costs necessary to make the sale in the ordinary course of business. Judgment is applied in assessing the net realisable value of inventories.

Note 2. Segment information

The Company has identified the Managing Director & Chief Executive Officer and the Board of Directors as the chief operating decision makers. The Company has two reportable segments being the retailing of furniture in Australia and New Zealand as well as in the United Kingdom.

Segment Profit and Loss

For the year ended 31 December 2025

	Australia & New Zealand \$'000	United Kingdom \$'000	Consolidated \$'000
Revenue	251,682	17,571	269,253
Cost of goods sold	(85,895)	(7,165)	(93,060)
Gross profit	165,787	10,406	176,193
Other Income	2,832	151	2,983
Operating expenses	(70,072)	(10,832)	(80,904)
Depreciation and Amortisation	(23,644)	(4,449)	(28,093)
Finance costs	(7,955)	(916)	(8,871)
Profit (Loss) before income tax expense	66,948	(5,640)	61,308
Income tax	(20,327)	-	(20,327)
Profit (Loss) after income tax expense for the half-year	46,621	(5,640)	40,981
As at 31 December 2025			
Total Assets	626,539	93,807	720,346
Total Liabilities	390,332	52,013	442,345

For the year ended 31 December 2024

	Australia & New Zealand \$'000	United Kingdom \$'000	Consolidated \$'000
Revenue	222,487	28,581	251,068
Cost of goods sold	(79,024)	(15,744)	(94,768)
Gross profit	143,463	12,837	156,300
Other Income	2,711	192	2,903
Operating expenses	(67,997)	(10,092)	(78,089)
Restructuring and Integration Costs	-	(1,337)	(1,337)
Depreciation and Amortisation	(22,175)	(4,795)	(26,970)
Finance costs	(7,558)	(918)	(8,476)
Profit (Loss) before income tax expense	48,444	(4,113)	44,331
Income tax	(14,295)	-	(14,295)
Profit (Loss) after income tax expense for the half-year	34,149	(4,113)	30,036
As at 31 December 2024			
Total Assets	604,608	77,937	682,545
Total Liabilities	375,511	40,240	415,751

Note 2. Segment information (continued)

Segment Identification: Segments are based on internal financial reporting and operational performance evaluations. The CODM reviews segment profit before tax and revenue to assess performance and allocate resources.

Revenue Recognition: Revenue is recognised according to the accounting policies for each respective segment, as described in the company's accounting policies.

Inter-segment Transactions: There are no significant inter-segment sales. If there were, inter-segment transactions would be eliminated in the consolidation process.

Note 3. Revenue

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Revenue		
Revenue from contracts with customers	269,253	251,068
Other income		
Net gain on disposal of right-of-use asset	719	15
Rental income	153	311
Interest income	1,702	2,150
Sundry income	409	427
	<u>2,983</u>	<u>2,903</u>

Note 4. Expenses

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Profit before income tax includes the following specific expenses:		
<i>Included within employment expenses</i>		
Salaries and wages	29,805	30,507
Superannuation expense	4,039	3,209
Share-based payments	181	(111)
<i>Included within property expenses</i>		
Short-term and low value lease payments	1,545	3,738

Note 5. Dividends

Dividends paid during the half-year were as follows:

	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Final fully franked dividend for 30 June 2025: 33.0 cents (2024: 33.0 cents)	<u>28,225</u>	<u>28,126</u>

On 13th February 2026 the directors declared a fully franked interim dividend of 39.0 cents per fully paid ordinary share with a record date of 3rd March 2026 to be paid on 24th March 2026.

Note 6. Inventories

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Finished goods - at net realisable value	42,110	44,513
Stock in transit - at cost	14,661	13,590
	<u>56,771</u>	<u>58,103</u>

During the half-year ended 31 December 2025, \$7,700 was recorded as an increase to the cost of goods sold (31 December 2024: \$401,000 decrease) due to changes in the provision to record finished goods at net realisable value.

Note 7. Other Financial Assets and Liabilities

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Derivative hedge payable	<u>1,426</u>	<u>2,428</u>

Foreign exchange forward contracts are held as hedging instruments against forecast purchases in USD. The notional amount of foreign exchange contracts held at 31 December 2025 totalled \$USD54,057,914 which covers between 75% and 100% of highly probable purchases for the six months to 30 June 2026 (30 June 2025 USD60,762,000). The average rate of foreign exchange forward contracts held on 31 December 2025 was \$USD0.66 for purchases in AUD and \$US1.33 for purchases in GBP (30 June 2025: \$USD0.64 for purchases in AUD and \$US1.32 for purchases in GBP).

Note 8. Property, plant and equipment

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
<i>Land and Buildings</i>		
Land and buildings - at cost	145,267	132,338
Less: accumulated depreciation	<u>(13,168)</u>	<u>(12,226)</u>
	<u>132,099</u>	<u>120,112</u>
<i>Plant and equipment</i>		
Leasehold improvements - at cost	43,705	35,736
Less: accumulated depreciation	<u>(23,086)</u>	<u>(21,108)</u>
	<u>20,619</u>	<u>14,628</u>
Fixtures and fittings - at cost	3,043	6,474
Less: accumulated depreciation	<u>(2,310)</u>	<u>(2,812)</u>
	<u>733</u>	<u>3,662</u>
Motor vehicles - at cost	759	956
Less: accumulated depreciation	<u>(593)</u>	<u>(758)</u>
	<u>166</u>	<u>198</u>
Office equipment - at cost	22,861	22,307
Less: accumulated depreciation	<u>(14,074)</u>	<u>(13,175)</u>
	<u>8,787</u>	<u>9,132</u>
	<u>30,305</u>	<u>27,620</u>

Note 9. Leases

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
<i>Lease liabilities</i>		
Lease liabilities - current	45,432	46,373
Lease liabilities - non current	214,643	198,081
	<u>260,075</u>	<u>244,454</u>
 <i>Right-of-use assets</i>		
Right-of-use assets	232,314	216,033
	<u>232,314</u>	<u>216,033</u>

Note 10. Intangibles

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Goodwill – at cost	124,997	126,510
Brand – at cost	38,000	38,000
Website – at cost	4,343	3,871
Less: accumulated amortisation	(2,330)	(2,003)
	<u>2,013</u>	<u>1,868</u>
	<u>165,010</u>	<u>166,378</u>

Note 11. Borrowings

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
<i>Current</i>		
Bank loans	<u>2,300</u>	<u>11,000</u>
 <i>Non-current</i>		
Bank loans	<u>69,387</u>	<u>60,687</u>

Note 12. Payables

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Trade creditors	16,779	19,621
Other creditors and accruals	13,455	15,164
	<u>30,234</u>	<u>34,785</u>

Note 13. Deferred revenue

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Current		
Customer deposits	56,295	65,586
Accidental damage warranties	542	718
	<u>56,837</u>	<u>66,304</u>
Non-current		
Accidental damage warranties	<u>888</u>	<u>864</u>

Note 14. Provisions

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Current		
Employee entitlements	6,446	6,503
Lease make good	1,000	961
	<u>7,446</u>	<u>7,464</u>
Non-current		
Employee entitlements	570	551
Lease make good	1,147	1,126
	<u>1,717</u>	<u>1,677</u>

Note 15. Issued capital

	31 Dec 2025 No. of Shares	30 Jun 2025 No. of Shares
Authorised and fully paid ordinary shares	<u>85,530,699</u>	<u>85,530,699</u>
	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Authorised and fully paid ordinary shares	<u>61,997</u>	<u>61,997</u>

Note 16. Financial instruments

Foreign currency risk

All of the Company's sales are denominated in Australian dollars, New Zealand dollars or British Pounds, whilst the majority of inventory purchases are denominated in US dollars. Where appropriate the Company uses forward currency contracts and options to manage its currency exposures; and where the qualifying criteria are met, these are designated as hedging instruments for the purposes of hedge accounting.

As at 31 December 2025, the Company had trade payables of \$3,853,000 (30 June 2025: \$4,372,000) denominated in US dollars and stock in transit of \$14,661,000 (30 June 2025: \$13,590,000) denominated in AUD, all of which are covered by designated cash flow hedges. As a result, the sensitivity to a reasonably possible change in the US dollar exchange rate is minimal. The cash flows relating to cash flow hedge positions held at 31 December 2025 are expected to occur between January 2026 and June 2026, and the profit and loss is expected to be affected through cost of sales as the hedged items (inventory) are sold to customers. All forecast transactions subject to hedge accounting have occurred or are highly likely to occur.

Note 16. Financial instruments (continued)

The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions. Both parties to the contract have fully cash collateralised the foreign currency forward contracts, and therefore, effectively eliminated any credit risk associated with the contracts (both the counter-party's and the Company's own credit risk). Consequently, the hedges were assessed to be highly effective. As at 31 December 2025, an unrealised foreign exchange loss of \$665,000 (31 December 2024: unrealised loss of \$2,388,000) is recorded in other comprehensive income.

Note 17. Fair value measurement

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised with the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At the reporting date the fair value of derivative financial instrument represented a derivative hedge payable of \$1,426,000 (30 June 2025: derivative hedge payable \$2,428,000). All foreign currency forward contracts were measured at fair value using the Level 2 method. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Contingent liabilities

There are no contingent liabilities at 31 December 2025 (31 December 2024: Nil).

Note 19. Commitments

	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Land and buildings	-	11,379
Leasehold improvements	309	168
Plant and equipment	80	67
IT	50	147
	<u>439</u>	<u>11,761</u>

Note 20. Related party transactions

Other related party transactions

Dealings between the Company and the directors and personally-related parties were made during the half-year in the ordinary course of business on normal commercial terms and conditions. The nature of these dealings were primarily the reimbursement of personal expenses incurred on Company paid credit cards, the purchase of products for their own use and employment on terms and conditions equivalent to unrelated party employers.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to or from related parties

There were no loans to or from related parties at either the current or previous reporting date.

Note 21. Events after the reporting period

Apart from the dividend declared as disclosed in Note 5, no other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Company's state of affairs in future financial years.

In the opinion of the directors of Nick Scali Limited ("the Company"):

- the condensed consolidated financial statements and notes set out on pages 11 to 17, are in accordance with the Corporations Act 2001 including:
 - giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the six month period ended on that date and
 - complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Anthony Scali
Executive Chair and Managing Director



William Koeck
Deputy Chair and Lead Independent Director

13 February 2026
Sydney



Independent Auditor's Review Report

To the members of Nick Scali Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Nick Scali Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Nick Scali Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2025 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2025
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 21 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Nick Scali Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of annual financial reports of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Julie Cleary

Partner

Sydney

13 February 2026