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1H FY25 Results Presentation

7 February 2025

1H FY25 Highlights

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ANZ Group

- Revenue $222.5m, gross profit margin 64.4%.
- Underlying[1] profit after tax $36.0m versus October 2024 AGM guidance $30-33m.
- Statutory profit after tax $34.1m.

UK

- Revenue $28.6m, gross profit margin 45.1%.
- Underlying[1] loss after tax $2.8m.
- Application of AASB16 to the acquired UK property leases increased the UK loss after tax by $1.2m for the period. The adoption of AASB16 has no cash impact.
- Statutory loss after tax $4.1m.

Group Balance Sheet

- Cash and bank deposits $87.6m at 31 December 2024.
- Interim dividend 30 cents per share fully franked.

[1] Underlying profit/loss after tax 1H FY25 excludes $1.3m restructuring and integration costs for the UK and $2.8m ($1.9m post tax) costs costs in ANZ resulting from the business failure of a freight forwarder. Refer Appendix A for reconciliation to statutory profit after tax.

Revenue & Written Sales Orders

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ANZ Group Revenue 1H FY25	$222.5m
Change versus 1H FY24	-1.8%

ANZ 1H FY25 revenue reflects typical delivery lead times.

UK Revenue 1H FY25	$28.6m
Change versus 1H FY24	N/A[2]

UK 1H FY25 reflects deliveries of the full priced acquired order bank and Q1 written sales orders.

Group Revenue 1H FY25	$251.1m
Change versus 1H FY24	+10.8%

ANZ Group Written Sales Orders 1H FY25	$208.1m
Change versus 1H FY24	-2.2%

ANZ Group June – December (7 months) written sales orders up 1.3%. July 2024 impacted due to 4 weekends trading compared to 5 in July 2023 with June 2024 benefitting from the extra weekend. 65-70% of sales occur on weekends.

Q2 FY25 ANZ Group written sales orders were -1.2% on Q2 FY24. NZ trading conditions remain more challenged than Australia.

ANZ Group LFL[1] written sales orders for 1H FY25 were -2.8% v 1H FY24.

UK Written Sales Orders 1H FY25	$19.4m
Change versus 1H FY24	N/A[2]

UK written sales orders significantly impacted Q2 FY25 from the disruption to the business caused by stores closed for refurbishment and Fabb product range being discontinued and replaced with Nick Scali product.

Group Written Sales Orders 1H FY25	$227.4m
Change versus 1H FY24	+7.0%

[1] LFL represents written sales orders from online and from showrooms which were open for the whole of both reporting periods.
[2] UK Fabb Business acquired May 2024.

Group Financial Performance $m

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	Underlying[2]			
	Group 1H FY25	UK 1H FY25	ANZ Group 1H FY25	Group 1H FY24
Sales Revenue	**251.1**	**28.6**	**222.5**	**226.6**
Cost of sales	(94.8)	(15.7)	(79.1)	(78.0)
Gross Profit	**156.3**	**12.9**	**143.4**	**148.6**
Gross Margin %	62.2%	45.1%	64.4%	65.6%
Other income	2.9	0.2	2.7	2.8
Operating expenses	(75.3)	(10.2)	(65.1)	(60.0)
Depreciation and amortisation	(27.0)	(4.8)	(22.2)	(22.1)
Bank finance costs	(2.3)	–	(2.3)	(2.2)
AASB16 interest costs	(6.2)	(0.9)	(5.3)	(5.1)
Profit (Loss) before tax	**48.4**	**(2.8)**	**51.2**	**62.0**
Income tax	(15.2)	–	(15.2)	(19.0)
Profit (Loss) after tax	**33.2**	**(2.8)**	**36.0**	**43.0**
Impact of AASB16 on profit (Loss) after tax[3]	(1.6)	(1.2)	(0.4)	(0.7)
Profit (loss) after tax before AASB16	**34.8**	**(1.6)**	**36.4**	**43.6**
EBITDA [2]	**81.8**	**2.8**	**79.0**	**89.7**
EBIT [2]	**54.8**	**(2.0)**	**56.8**	**67.6**
CODB [1]	**108.7**	**15.8**	**92.9**	**87.7**

ANZ Group

ANZ Group gross margin 64.4%, down 1.6% on FY24 driven by higher freight rates.

ANZ Group Underlying[2] 1H FY25 operating expenses increased $5.1m compared to the prior corresponding period with employment expenses increasing $4.1m.

ANZ Group Underlying[2] 1H FY25 profit before tax is lower due to lower revenue, the gross margin reduction and increased operating expenses compared to the prior period.

UK

UK gross margin 45.1% versus 41.0% pre-acquisition. Deliveries of Nick Scali product range commence 2H FY25.

UK revenue is reported net of interest free subsidy costs, reducing gross margin 3.1% in the period. Net delivery to customer expenses reduced gross margin 3% in the period. Transition to ANZ customer delivery model in progress.

UK Underlying[2] 1H FY25 operating expenses were $10.2m. Post acquisition restructuring has resulted in a full realised run rate savings circa $2m per annum, partially reflected in the period.

[1] EBITDA and EBIT are based on finance costs net of $2.1m, (1H FY24 $1.7m) interest income included in Other income. Refer Appendix B.
[2] Underlying profit/loss 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. Refer Appendix A for reconciliation to statutory profit after tax.
[3] Refer Appendix A C for Impact of AASB16 on profit (loss after tax) reconciliation.

Group Cashflow $m

	1H FY25	1H FY24
Operating cash flows net of lease liabilities repayments and lease interest payments excluding acquired UK creditor remediation and tax paid	29.0	58.9
Tax paid	(20.2)	(17.0)
Net bank interest paid	(0.1)	(0.5)
Property and other capital investments	(5.8)	(14.0)
Proceeds of issue of share capital	3.8	–
UK acquisition – acquired creditor remediation and tax paid	(3.0)	–
Repayment of borrowings	–	(20.0)
Dividends paid	(28.1)	(28.4)
Net reduction in cash and bank deposits	**(24.4)**	**(21.0)**
FX adjustment	0.7	–
Closing cash and bank deposits	**87.6**	**68.3**
Total Borrowings	(71.7)	(71.7)
Net cash (debt)	**15.9**	**(3.4)**

Operating cashflows

ANZ Group $44.1m 1H FY25.

UK operational funding $12.1m and purchase of new product inventory for UK showrooms and distribution centre inventory $3m.

Tax paid

$3.5m Australian tax refund received after 31 December 2024.

Property and other capital investments

1H FY25 includes the fit out of four UK showrooms.

The prior period included $8.5m in construction costs for the Queensland distribution centre completed in March 2024.

UK Acquisition and proceeds of share capital

$3m paid in remediation of acquired creditors including those on agreed payment plans. Final $1.6m expected 2H FY25.

Following shareholder approval at the October 2024 AGM, Anthony Scali, CEO and Managing Director subscribed for $3.8m, net of fees, in equity, completing the equity raise for the UK acquisition.

Dividends

Payment of the FY24 final dividend returns $28.1m to shareholders in the period.

Closing net cash $15.9m

Group Balance Sheet $m

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	DEC 24	JUN 24
Cash and deposits	87.6	111.3
Inventory – in transit	14.1	12.9
Inventory – on hand	47.3	45.1
Property at net book value	121.6	119.6
Plant and equipment	23.6	22.1
Leased assets	209.1	223.5
Intangibles	159.4	157.7
Other assets	19.9	12.7
Borrowings	71.7	71.7
Payables	35.0	44.3
Lease liabilities	235.3	248.7
Deferred revenue	56.3	61.2
Provisions	8.0	7.5
Tax and other liabilities	9.5	13.7
Net assets	**266.8**	**257.8**

Inventory – on hand

	ANZ DCs	ANZ showrooms	UK DC	UK showrooms
Dec 2024	17.2	23.5	2.1	2.8
Jun 2024	17.9	22.8	3.0	0.2

Intangibles

In FY22 $88m of goodwill and $38m of brand acquired as part of the Plush acquisition.

In FY24 $27.6m of goodwill acquired as part of the Fabb furniture UK acquisition.

Leased assets and lease liabilities

$33.5m of the leased assets and $29.3m of the lease liabilities relate to the UK acquired leases.

Borrowings

$43.7m of borrowings, unchanged compared to FY24, are property debt secured at less than 35% LVR.

Plush corporate acquisition debt $28m at 31 December 2024, unchanged in the period.

Net cash at 31 December $15.9m.

Payables

Payables at December 2024 include $8.4m (June 2024 – $16.9m) for the UK.

ANZ Group Online

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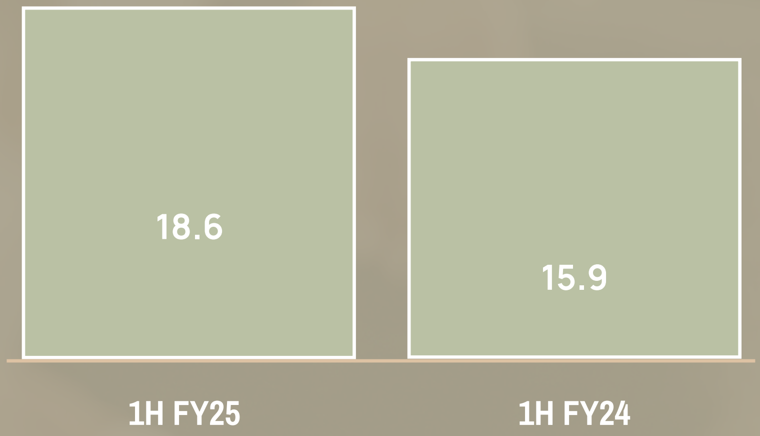
Written sales order growth ANZ Group online

- 1H FY25 ANZ Group online written sales orders were $18.6m, up 17.0%.

Written sales orders ($m)



9 month update on implementation of UK acquisition strategy

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9 Month Post Acquisition Update

People and process	Business processes aligned and group ERP implemented in the UK. Sales training conducted on new product and sales processes. Re set cost base due to leverage of group resources and implementation of group process – circa $2m run rate cost saving achieved. Further cost saving expected.
Product	Nick Scali sofa and dining range in UK with four refurbished showrooms holding 100% new product. Expected gross profit margin on Nick Scali product when delivered 57-59%, compared to gross profit margin at acquisition 41%. Transition to Nick Scali product range in delivered revenue will be phased. Remaining Fabb stores are receiving Nick Scali product as they sell off Fabb product.
Distribution	3 month rolling option to exit distribution centre. Location of alternate distribution centre under evaluation based on distribution efficiency.
Marketing	Radio and TV marketing commenced January 2025.
Procurement	Nick Scali Australia has completed consolidation of procurement direct from suppliers for all Nick Scali UK product.
Stores and Online	Nick Scali re-branded stores – Thurrock, Leicester, Coventry and Farnborough completed Boxing Day December 2024. Programme continues 2H FY25, and will result in further disruption to written sales orders as stores are closed and refurbished. Nick Scali (UK) online launched mid January 2025. A number of potential new UK stores are currently being reviewed.

Nick Scali in the UK

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Nick Scali UK Stores

Re-branded Nick Scali stores were the top 3 performing stores in January 2025 for written sales orders, only 1 of which was in the top 5 under Fabb.

Target is to complete 8 further re-branded Nick Scali Stores by 30th June 2025.

Top selling Nick Scali ANZ product is now the top selling product in the UK.

Marketing Active for Nick Scali in January

TV

Small initial investment in TVCs across the midlands and London.

Midlands – https://youtu.be/7fzL71fZhho

London – https://youtu.be/62HwVe4OmSs

Meta/Google

Small initial investment in radio across both midlands and London.

Targeted and localised social media advertising across Facebook, Instagram and Google search.

Targeted and localised Youtube advertising.

Image: Nick Scali Thurrock store.

Store Network

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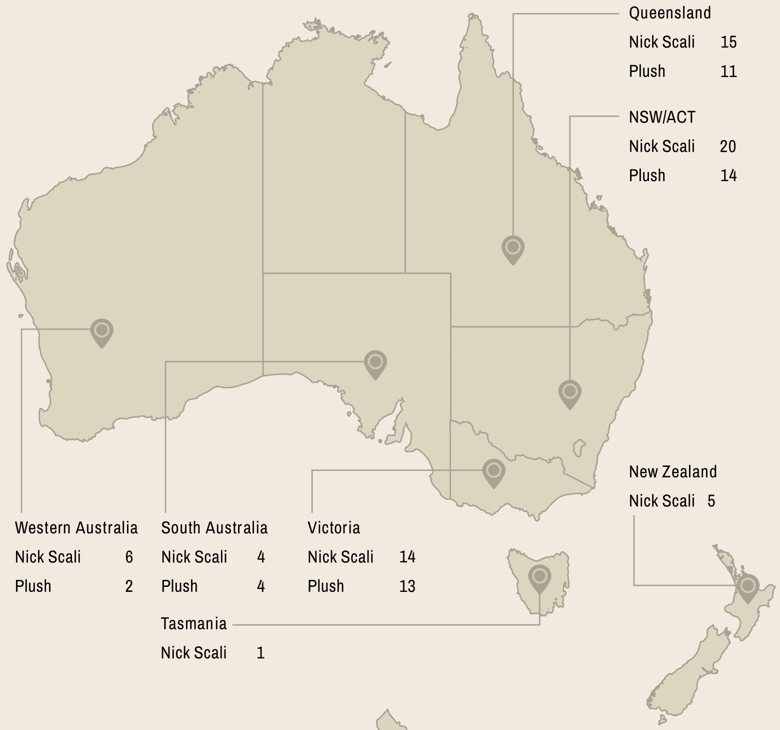
	June 2024	New location opened	Converted to clearance	Closed	Dec 24	Long term Opportunity[1]
Nick Scali						
Australia	59	1	–	–	60	73
New Zealand	5	–	–	–	5	13
	64	1	–	–	65	86
Plush						
Australia	44	2	-2	–	44	85-90
New Zealand	–	–	–	–	–	05-10
	44	2	-2	–	44	90-100
UK	21	–	–	-1	20	TBC
Total [2]	**129**	**3**	**-2**	**-1**	**129**	**TBC**

- Nick Scali showroom opened in Artarmon, New South Wales.
- Two new Plush stores opened in larger locations in Newcastle and Prospect, New South Wales. Existing locations converted to clearance stores.
- UK Peterborough store closed as at end of lease and not suitable for rebrand to Nick Scali as part of the on-going optimisation of the acquired UK store network. Subject to identifying a suitable site, a UK store will be re-opened in Peterborough.



[1] Opportunity is based on demographic data and proximity to existing showrooms. Timing of store rollout is dependent on site availability and commercial terms.
[2] Total excludes clearance stores and on-line.

Outlook

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Outlook

ANZ

Trading continues to be volatile with written sales orders down 8.5% in January 2025, whilst the last week of the January Sale in February was positive 5%. This compares to 4.2% positive growth in December 2024.

During the second half a further Plush store will open in Melton, Victoria. Some stores that were expected to open 2H FY25 have been delayed to FY26.

UK

With 4 stores now re-branded, 8 more stores are to be refurbished and re-branded in 2H FY25. We expect this to cause further disruption and increase short term losses 2H FY25 compared to 1H FY24.

A number of potential new UK stores are currently being reviewed.

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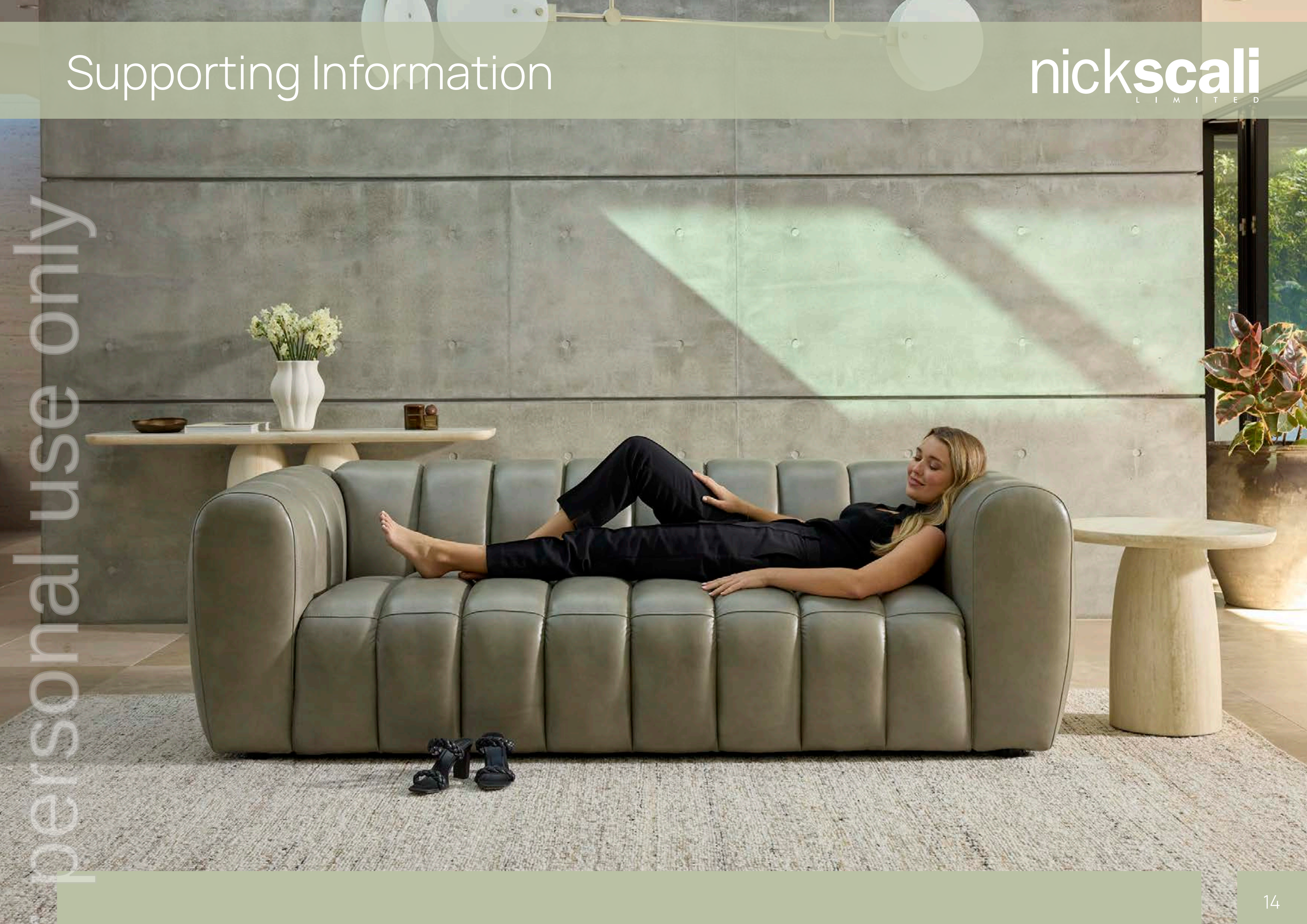
This document should be read in conjunction with the 1H FY25 Results Announcement and the 1H FY25 Appendix 4D.



Appendix A – Underlying Group Net Profit After Tax Reconciliation $m

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	1H FY25 Statutory	UK Restructuring & integration costs	ANZ costs resulting from freight forwarder business failure	1H FY25 Underlying	1H FY24 Statutory
Sales Revenue	**251.1**	–	–	**251.1**	**226.6**
Cost of sales	(94.8)	–	–	(94.8)	(78.0)
Gross Profit	**156.3**	–	–	**156.3**	**148.6**
Gross Margin %	62.2%	–	–	62.2%	65.6%
Other income	2.9	–	–	2.9	2.8
Operating expenses	(79.4)	1.3	2.8	(75.3)	(60.0)
Depreciation and amortisation	(27.0)	–	–	(27.0)	(22.1)
Finance costs	(8.5)	–	–	(8.5)	(7.3)
Profit before tax	**44.3**	**1.3**	**2.8**	**48.4**	**62.0**
Income tax	(14.3)	–	(0.9)	(15.2)	(19.0)
Profit after tax	**30.0**	**1.3**	**1.9**	**33.2**	**43.0**

Appendix B – EBITDA, EBIT and CODB Reconciliations[1] $m

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	1H FY25 ANZ Group	ANZ costs resulting from freight forwarder business failure	1H FY25 ANZ Group Underlying	1H FY25 UK	UK restructuring and integration costs	1H FY25 UK Underlying	1H FY25 Group Underlying	1H FY24 Group
Profit (loss) before tax	**48.4**	**2.8**	**51.2**	**(4.1)**	**1.3**	**(2.8)**	**48.4**	**62.0**
Finance costs	7.6	–	7.6	0.9	–	0.9	8.5	7.3
Interest income in Other income	(2.0)	–	(2.0)	(0.1)	–	(0.1)	(2.1)	(1.7)
Depreciation and amortisation	22.2	–	22.2	4.8	–	4.8	27.0	22.1
EBITDA	**76.2**	**2.8**	**79.0**	**1.5**	**1.3**	**2.8**	**81.8**	**89.7**
Depreciation and amortisation	(22.2)	–	(22.2)	(4.8)	–	(4.8)	(27.0)	(22.1)
EBIT	**54.0**	**2.8**	**56.8**	**(3.3)**	**1.3**	**(2.0)**	**54.8**	**67.6**
Operating expenses	67.9	(2.8)	65.1	11.5	(1.3)	10.2	75.3	60.0
Depreciation and amortisation	22.2	–	22.2	4.8	–	4.8	27.0	22.1
Finance costs	7.6	–	7.6	0.9	–	0.9	8.5	7.3
Interest income in Other income	(2.0)	–	(2.0)	(0.1)	–	(0.1)	(2.1)	(1.7)
CODB	**95.7**	**(2.8)**	**92.9**	**17.1**	**(1.3)**	**15.8**	**108.7**	**87.7**

[1] *EBITDA,and EBIT are based on finance costs 1H FY25 net of $2.1m (1H FY24 $1.7m) interest income included in Other income.*

Appendix C – Lease Expense $m

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	1H FY25 Group	1H FY25 ANZ Group	1H FY25 UK	1H FY24
Property Expense	8.8	6.4	2.4	5.4
AASB16 depreciation expense	23.4	18.7	4.7	19.1
AASB16 interest expense	6.2	5.3	0.9	5.1
Total property expenses statutory	**38.4**	**30.4**	**8.0**	**29.6**
AASB16 depreciation expense	(23.4)	(18.7)	(4.7)	(19.1)
AASB16 interest expense	(6.2)	(5.3)	(0.9)	(5.1)
Lease period obligations not included in statutory property expense	28.0	23.6	4.4	23.5
Lease expense pre AASB16	**36.8**	**30.0**	**6.8**	**28.9**
Statutory expense compared to pre AASB16	**1.6**	**0.4**	**1.2**	**0.7**