



## CEO PRESENTATION TO ANNUAL GENERAL MEETING OF SHAREHOLDERS 13 December 2021

**13 December 2021:** Toys"R"Us ANZ Limited (ASX: TOY) (**TOY** or the **Company**) here provides a copy of the CEO Presentation to the Annual General Meeting of Shareholders to be held at 11:00 am on Monday 13 December 2021.

This announcement is authorised for release by the Board of Directors.

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### ABOUT TOYS"R"US ANZ LIMITED

Toys"R"Us ANZ Limited (ASX: TOY) is an Australian based listed company with a mission to enrich the lives of people by encouraging exploration, creativity and living life more fully through the enjoyment of toys and hobbies. In addition to distributing leading products throughout Australia for key partners via its trading business Funtastic, the company recently acquired 100% of the Hobby Warehouse Group in November 2020, including Australian e-commerce websites Toys"R"Us, Babies"R"Us and Hobby Warehouse and the distribution business Mittoni Pty Ltd. The Company changed its name from Funtastic Limited to Toys"R"Us ANZ Limited on the 24 June 2021. Further information is available at [corporate.toysrus.com.au](http://corporate.toysrus.com.au)



# CEO PRESENTATION TO AGM

2021





At Toys“R”Us we believe that toys and hobbies  
have the power to change lives, create new  
experiences and build memories and  
connections that last a lifetime.

# PROFORMA SUMMARY

FY21 Revenue

**\$48.2m**

*96% increase vs pcg*

FY20 Revenue

**\$24.6m**

FY21 Gross Profit

**\$11.1m**

*214% increase vs pcg*

FY20 Gross Profit

**\$3.5m**

FY21 Cash

**\$17.3m**

*295% increase vs pcg*

FY20 Cash

**-\$8.9m**

Based on FY21 proforma unaudited management accounts (inclusive of Hobby Warehouse Group for the full year)

- Toys“R”Us ANZ Limited (ASX: TOY) is the exclusive licensee for Toys“R”Us®, Babies“R”Us® and associated IP in Australia and New Zealand.
- TOY is a digital-first e-commerce direct to consumer retailer of toy, baby, hobby and lifestyle products.
- October 2021, TOY signed a long-term exclusive license agreement to operate Toys“R”Us and Babies“R”Us in the United Kingdom.

# THE STORY SO FAR...



- 185 vendors, 625 brands, 16,000 products.
- Toys“R”Us, Babies“R”Us and Hobby Warehouse retail brands.
- 177k active customers.
- \$115 average order value, 24% gross profit margin<sup>1</sup>.
- \$8.75 average cost of customer acquisition<sup>2</sup>.

## FUTURE-FOCUSED BUSINESS MODEL

- Digital-first strategy - aligned with how shoppers are and will increasingly shop in the future.
- Low cost of doing business – centralized efficient operations incorporating state-of-the-art logistics technologies.
- Expansion to UK, Europe’s largest toy market with 25%+ retail online.

## COMPETITIVE ADVANTAGE

- World’s most loved and trusted children and baby brands Toys“R”Us and Babies“R”Us, improved conversions and market recognition.
- Unbroken demographic journey – addressing the needs of families from newborn, toddlers through to teenagers and adults.
- Expansive product range, specialising in toy, baby and hobby.

<sup>1</sup> Average for the three months ending 30 November 2021 excluding tax and freight.

<sup>2</sup> Calculated as total click-ad cost divided by total number of all e-commerce orders for the three months ending 30 November 2021.

# KEY ACHIEVEMENTS

2021

# FY21 KEY ACHIEVEMENTS

- Acquisition of Hobby Warehouse, Toys“R”Us and Babies“R”Us e-commerce Australian brands and Mittoni IT, an e-sports B2B distribution business.
- Strategic restructure and right-sizing of Funtastic toy distribution operations, sale of non-core B2B assets Chill Factor and confectionery business.
- Opening of interim 5,500m<sup>2</sup> e-commerce fulfilment warehouse in Victoria.
- Secured agreement to lease new 19,650m<sup>2</sup> office and warehouse facility, scheduled for completion mid-2022.
- Change of company name to Toys“R”Us ANZ Limited.

# FY22 KEY ACHIEVEMENTS



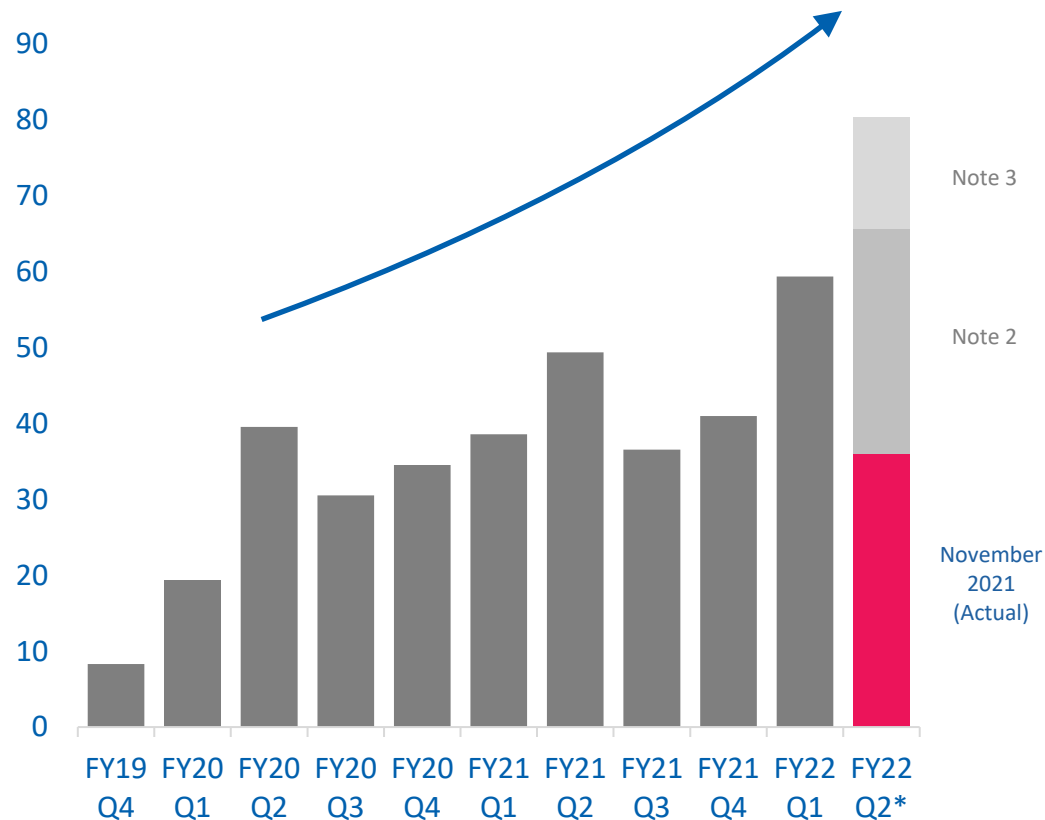
- Disciplined capital use resulting in \$17.3m cash, sufficient to realise growth goals.
- Commissioning of Autonomous Mobile Robot (AMR) state-of-the-art e-commerce storage and picking logistics centre.
- Soft-launch of Babies“R”Us as an independent e-commerce platform.
- Secured long-term exclusive license agreement to operate Toys“R”Us, Babies“R”Us and associated IP in the United Kingdom.
- Strong order growth in October and November 2021 periods.

# TRADING HIGHLIGHTS



# STRONG ORDER VOLUME MOMENTUM

E-Commerce # Orders Received By Quarter<sup>1</sup> (\$'000s)



- Monthly online marketing spend was increased in September, following commissioning of autonomous robot warehouse operations.
- 31.2k orders (including pre-orders) received via the Toys“R”Us e-commerce website in November, equating to ~81% increase on pcp.
- Shoppers purchasing earlier in the peak trading season, likely due to delivery network delays and supply disruption events that have been widely publicised in Australia

\* Not a forecast, provided for illustrative purposes only, actual November 2021 figures (unaudited).

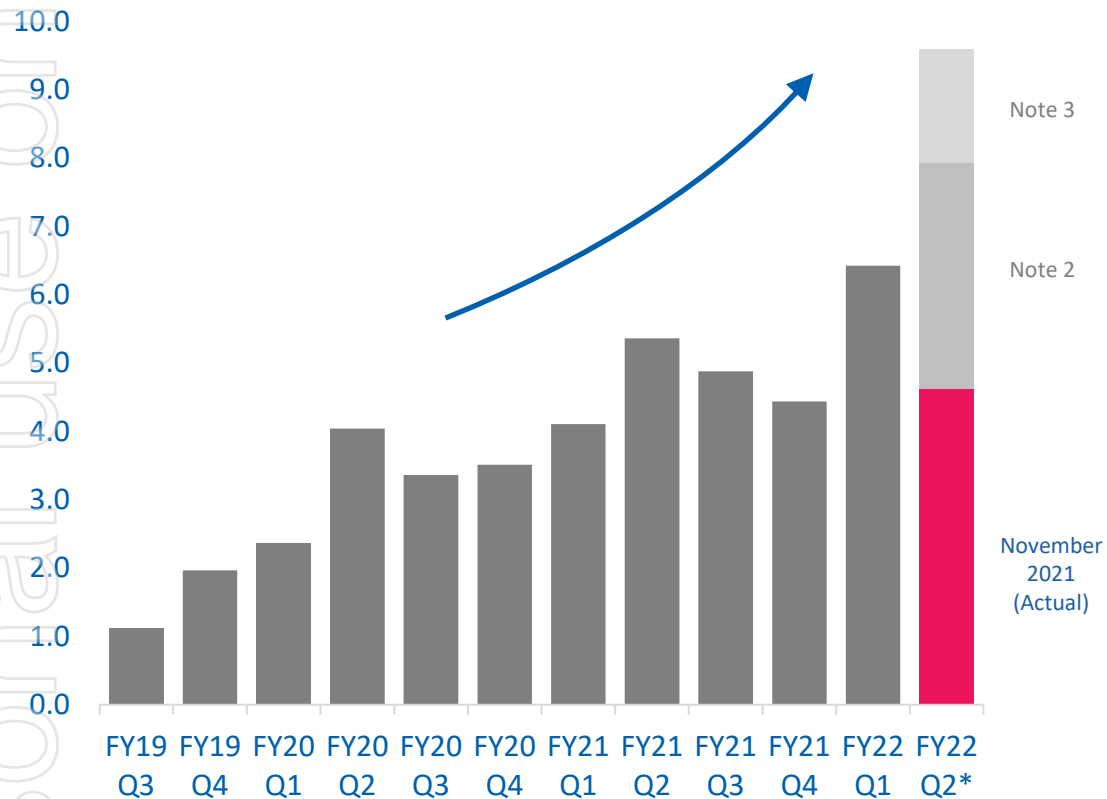
<sup>1</sup> Financial year extends 1 August to 31 July.

<sup>2</sup> Adding December 2020 and January 2021 with 0% YoY growth to November 2021 actuals.

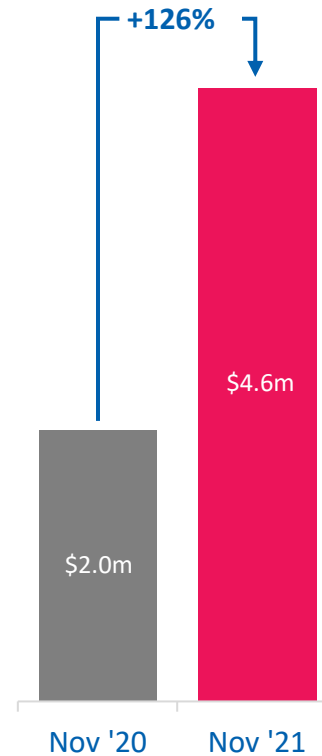
<sup>3</sup> Adding December 2020 and January 2021 with 50% YoY growth to November 2021 actuals.

# NOVEMBER REVENUE GROWTH

E-Commerce Sales Revenue By Quarter<sup>1</sup> (\$m)



November YoY Revenue



- Increased average order values via Toys“R”Us combined with higher order volumes is leading to strong invoiced sales revenues.
- Invoiced revenues for November increased ~126% on pcp across all e-commerce channels and ~140% on pcp for Toys“R”Us.

\* Not a forecast, provided for illustrative purposes only, actual November 2021 figures (unaudited).

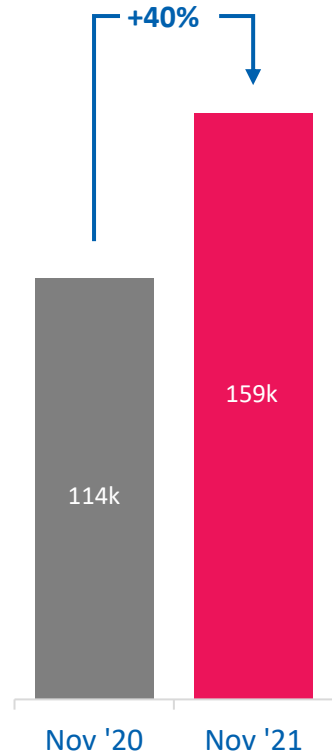
<sup>1</sup> Financial year extends 1 August to 31 July.

<sup>2</sup> Adding December 2020 and January 2021 with 0% YoY growth to November 2021 actuals.

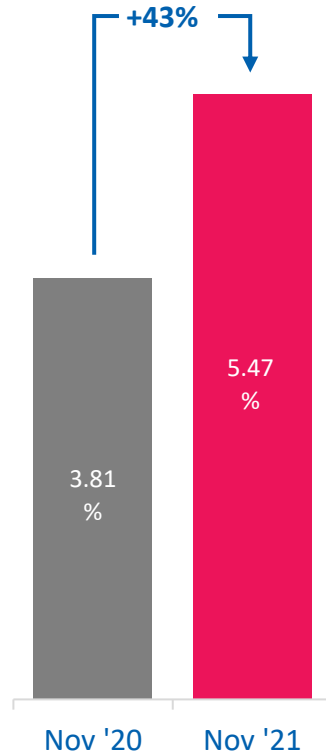
<sup>3</sup> Adding December 2020 and January 2021 with 50% YoY growth to November 2021 actuals.

# CUSTOMER ACQUISITION

Toys“R”Us  
Active Customers



Toys“R”Us Click Ad  
Conversion Rate

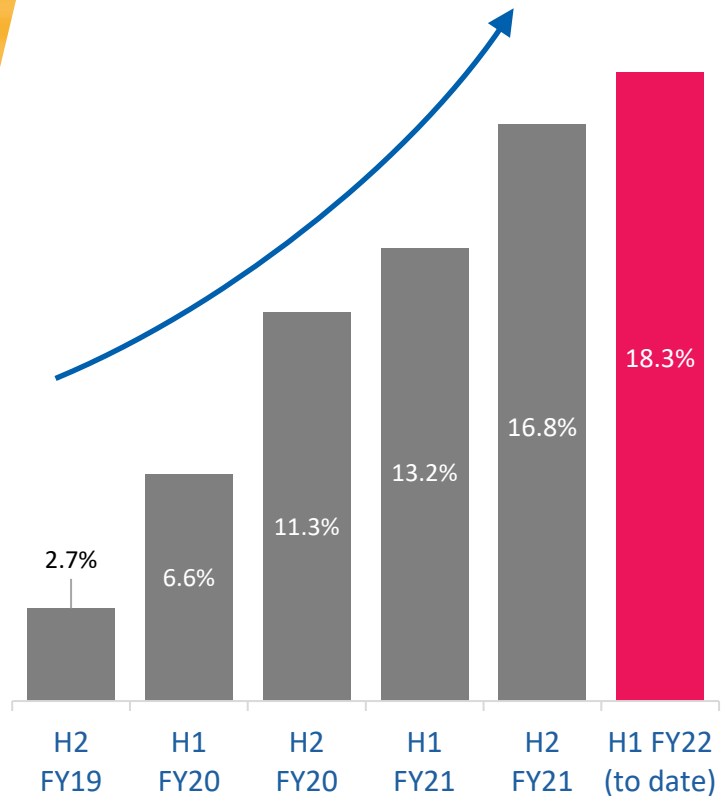


- Total active customers for Toys“R”Us increased ~40% on pcp to 159k following increased online marketing spend from September onward. Total active customers across all e-commerce channels increased ~36% on pcp to 177k.
- Higher average click-ad conversion rates contributed to improved ROI and customer conversion volumes prior to and during peak cyber weekend trading events.
- Average cost of customer acquisition via all Toys“R”Us orders for November was ~\$7.25<sup>1</sup>.

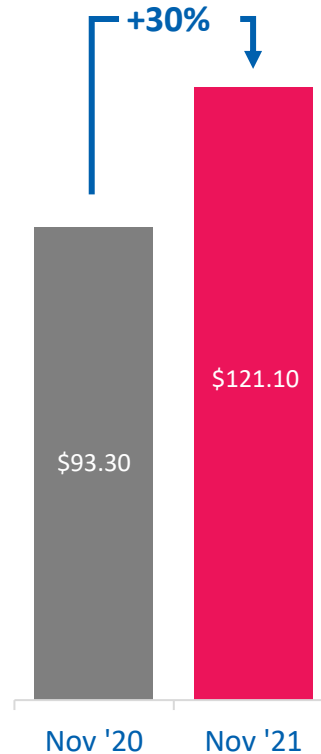
<sup>1</sup> Total cost of all click-ad campaigns divided by the total number of orders received via the toysrus.com.au website.

# CUSTOMER LOYALTY AND HIGHER AOVs

Toys“R”Us Repeat Customers



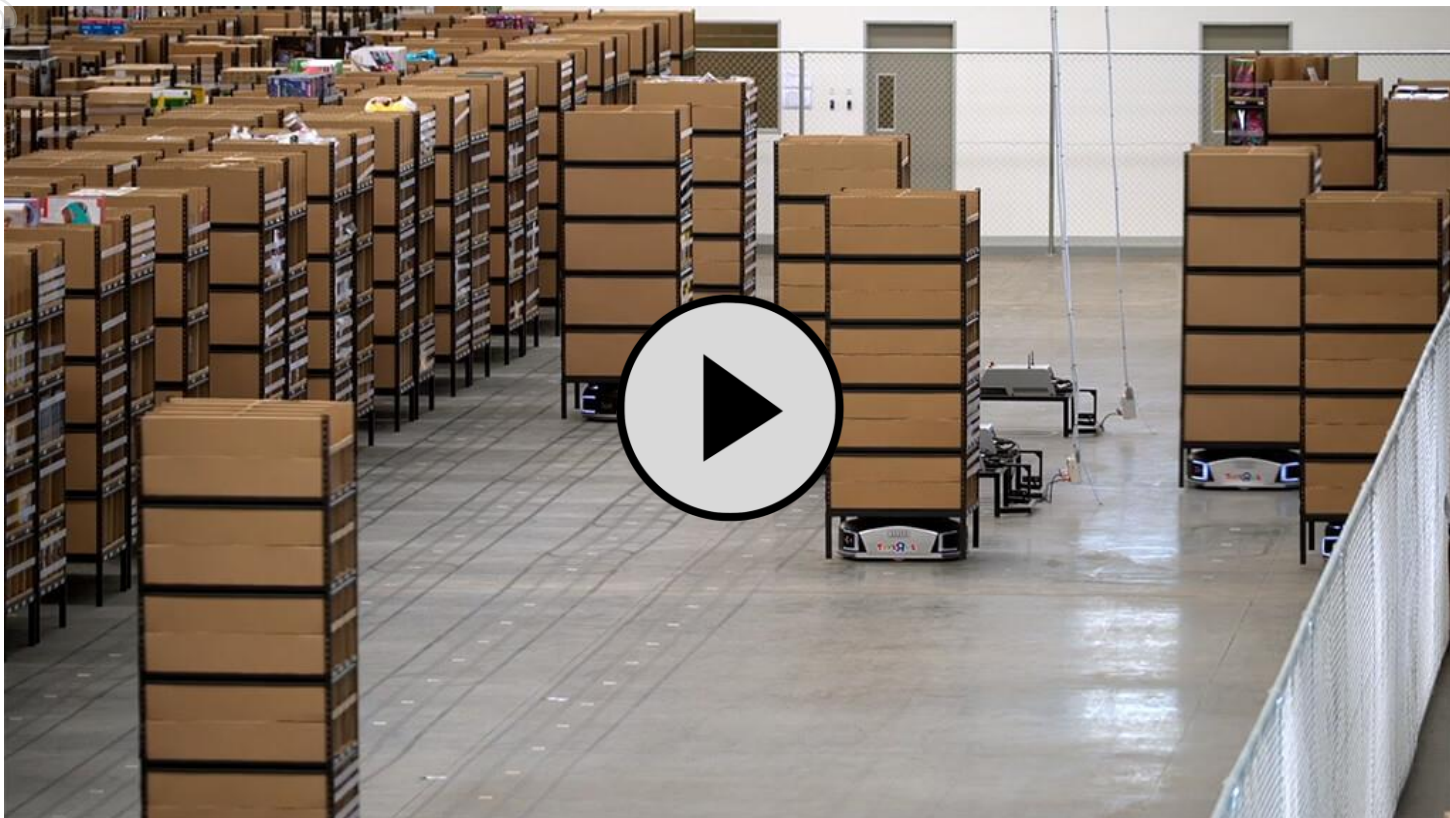
Toys“R”Us AOV



- Toys“R”Us repeat customers continued to rise despite lengthy delivery network delays and order backlogs, reaching 18.3% on 30 November 2021.
- Repeat customers placed orders for goods valued at \$143.30 on average for November 2021 compared to \$116.60 for first time customers, a 23% higher AOV.

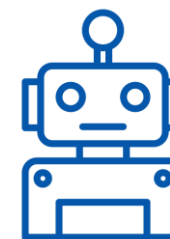


# INNOVATIVE ROBOTICS DEVELOPMENT PROJECT



Video Presentation to Shareholders

- Autonomous Mobile Robot facility installed & commissioned August 2021.
- Highly scalable and efficient picking processes aligned with future e-commerce business focus.
- 10-fold improvement in small-item pick efficiency and accuracy.



<https://vimeo.com/598572893/7e8c3936ad>



**BABIES  RUS®**



# THE STORY SO FAR...

- Babies“R”Us was softly re-launched in August 2021 as an independent e-commerce platform.
- 56 suppliers now onboard.
- 85 brands currently featured on-site, with more brands to come in calendar Q1 2022.
- 4,500 products now shoppable on site, with weekly additions.
- 6,000+ products by end of Q1 2022.

# BABIES'R'US PARTNER BRANDS



**A NEW  
ADVENTURE...**



**UNITED  
KINGDOM**

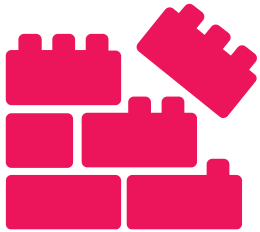
# UK MARKET OPPORTUNITY

The UK is one of the most advanced e-commerce markets in Europe, whereby internet sales account for more than one quarter of all retail sales and is forecast to increase to be one-third of all retail sales by 2025.

The UK is ranked third worldwide by the number of online shoppers per capita, representing around 80% of the UK population; it is ranked fourth worldwide by online B2C revenue, estimated at £99 billion in the 2020 calendar year.

- Total addressable toy market for Toys“R”Us of £3.3 billion, representing the largest toy market in Europe and the fourth largest globally.
- Total addressable baby market for Babies“R”Us of ~£3.4 billion (includes maternity, equipment and clothing; excludes food and baby care).
- Former Toys“R”Us UK sales revenue peaked at £439m in 2015 and £421m in 2016 respectively.
- Toys“R”Us is well-known and much-loved in the UK.

# ...UK PLANS ARE PROGRESSING



- 363 vendors and service provider contacts have registered interest to partner with, supply and support the relaunch of Toys“R”Us UK.
- E-commerce platform, ERP systems (including consumption tax modules) and key international supplier relationships are transferable from Australia across geographies.
- Cash generative and well-funded Australian business can support “capital-light” UK market entry ramp-up strategy.

## COMMENCING H1 2022

Execution of the Toys“R”Us and Babies“R”Us UK strategy will gather pace following passing of resolutions at the AGM and commencement of the long-term UK license.

# SENIOR APPOINTMENT – UK



## MIKE COOGAN

### MARKETING AND E-COMMERCE DIRECTOR

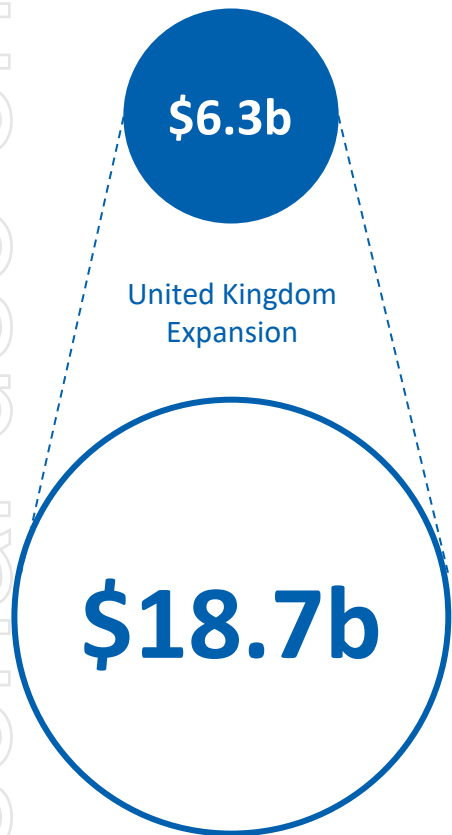
- Experience of 27 years within former Toys“R”Us UK in the position of Marketing and e-Commerce Director, including development and management of e-commerce and marketing teams.
- Extensive expertise in e-commerce and retail including e-fulfilment, web development, call centre operations and digital marketing.
- Intimate understanding the Toys“R”Us and Babies“R”Us brands within the UK toy and baby retail context, and a track record for driving growth and maximising return on investment.

# SUMMARY AND OUTLOOK

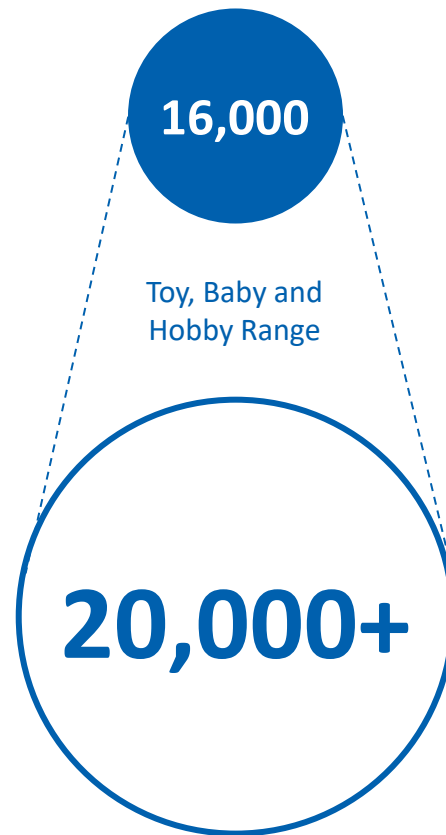


# GROWTH OPPORTUNITIES

## TOTAL ADDRESSABLE MARKET



## VENDOR, BRAND AND PRODUCT RANGE



- Acquisition of the UK region license, very importantly, consolidates the company's growth trajectory for the foreseeable future.
- Ability to leverage combined growth, vendor partnerships and future strength of Australia, New Zealand and United Kingdom territories.
- Increased local and global marketing of Toys“R”Us will promote growth.
- Ongoing expansion of brands and range.

# SUMMARY AND OUTLOOK

*FY22 has commenced strongly with Sep, Oct and Nov months up 60%, 81% and 140% on the pcp respectively with Toys“R”Us Active Customers up ~40% YoY and AOVs up ~30% YoY.*



remains focused on:

- Driving top-line growth over the medium-term through disciplined deployment of capital to achieve 5% market share aspiration in toys, baby and hobby addressable markets in all licensed regions.
- Accelerating Babies“R”Us operations and scale from calendar Q1 2022 onward.
- Re-launching Toys“R”Us in the UK from calendar H1+ 2022 with sufficient capacity and capability to meet shopper demand from launch through to the peak 2022 trading season.
- Refining marketing, logistics, technologies and business systems to support scale and global growth, with improved shopper experience central to decision making.



# TOYS“R”US GLOBAL – AGM VIDEO MESSAGE



**Yehuda Shmidman**

Chair & CEO of WHP Global &  
Toys“R”Us Global

Board Observer of Toys“R”Us ANZ

<https://vimeo.com/655738717/d50c5daf50>

**Video Message to Shareholders**

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*Thank You*