Appendix 4D

Results for announcement to the market for the half-year ended 31 January 2023

ASX Listing Rule 4.2A.3.

Name of Entity:	**Toys "R" Us ANZ Limited**
ABN:	**94 063 886 199**
Reporting Period:	**Financial Half-Year ended 31 January 2023**
Previous Corresponding Period:	**Financial Half-Year ended 31 January 2022**

Results for Announcement to the Market

	31 JAN 2023 $'000	31 JAN 2022 $'000	UP/DOWN	MOVEMENT
Revenue from ordinary activities from continuing operations	**22,297**	23,377	Down	(4.6%)
Net profit/(loss) from ordinary activities after tax from continuing operations	**(9,044)**	(4,363)	Up	107.3%
Net profit/(loss) from ordinary activities after tax from discontinued operations	**(79)**	43	Down	(281.4%)
Net profit/(loss) from ordinary activities after tax attributable to members of Toys "R" Us ANZ Limited	**(9,123)**	(4,320)	Up	111.2%

Dividends

Dividend Information	Amount per share (cents)	Tax rate for Franking Credit
Interim Dividend – Current reporting period	nil	n/a
Final Dividend – Current reporting period	nil	n/a

Net Tangible Assets (NTA) / Net Tangible Liabilities (NTL) per security

	31 JAN 2023 CENTS	31 JAN 2022 CENTS
NTA / (NTL) per security	**0.52**	2.06

Commentary on the results for the period

Refer to the Director's report attached below.

Control gained over entities

Not applicable

Loss of control over entities

Not applicable

Dividend reinvestment plans

Not applicable

Details of associates and joint venture entities

Not applicable

Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

Attachments

The Interim Financial Report of Toys"R"Us ANZ Ltd for the half-year ended 31 January 2023 is attached.

TOYS "R" US ANZ LIMITED

ABN: 94 063 886 199

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2023

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The Directors present their Report together with the Consolidated Financial Statements of the Group, consisting of Toys“R”Us ANZ Limited (the Company) and its controlled entities (Toys R Us ANZ, TOY, or the Group) for the half-year ended 31 January 2023.

Directors

The names of the Directors of the Company at any time during or since the end of the financial period are set out below. Directors were in office for this entire period unless otherwise stated.

Kevin Moore	Independent Non-Executive Director and Chair
John Tripodi *B Com, B Bus (Hons)*	Independent Non-Executive Director
Silvio Salom *B Eng*	Independent Non-Executive Director (appointed 11 November 2022)
Nicki Anderson *B Bus, EMBA, FAICD*	Independent Non-Executive Director (resigned 31 August 2022)
Louis Mittoni *B Sc (Hons), PhD*	Managing Director and CEO

Mr Wei Si is the Company Secretary of the Company during the reporting period. Mr Si was appointed to the position of Company Secretary on 31 March 2022. On 21 February 2023, Mr Si resigned as Company Secretary and Ms. Kim Clark was appointed as Company Secretary with immediate effect.

Principal activities

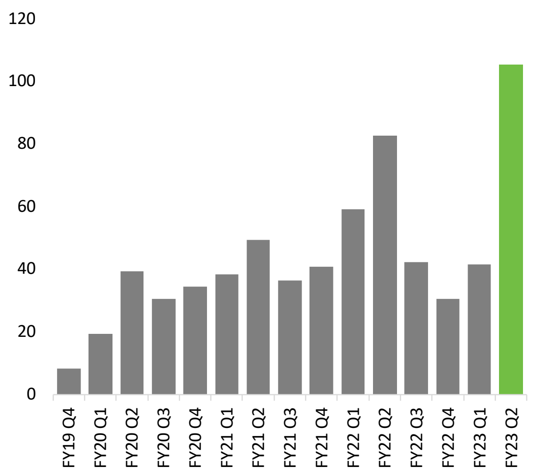
Toys“R”Us ANZ Limited is an Australian based listed company with a mission to enrich the lives of people by encouraging exploration, creativity and living life more fully through the enjoyment of toys and hobbies.
In addition to the online retailing of leading toy, baby and hobby products throughout Australia and the UK via its e-commerce websites Toys“R”Us, Babies“R”Us and Hobby Warehouse, the Company distributes leading IT gaming and e-sports products for its key partners via its trading business Mittoni Pty Ltd.

Review of Operations

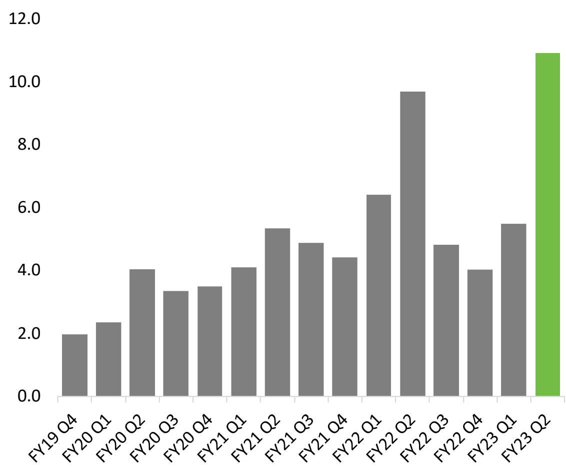
Toys“R”Us ANZ Limited (TOY) achieved year-on-year growth in Group direct-to-consumer order volumes due to expansion into the United Kingdom during the seasonally strong trading period. B2C invoiced revenue for the half-year was $17.1M, representing an increase of 5.7% on the previous corresponding period (pcp). B2B wholesale revenues decreased 27.8% to $5.2M, impacting the total Group reported results. Both segments compare with the peak COVID-19 sales period in the second half of calendar 2021.

The total number of e-commerce orders received and corresponding order revenue in both quarters of H1 FY23 are illustrated in the following two graphs.

E-Commerce # of Orders Received By Quarter



E-Commerce Order Revenue Received By Quarter ($)



The peak December trading period in particular was strong for the Company, with total number of orders received ~41k, +61%

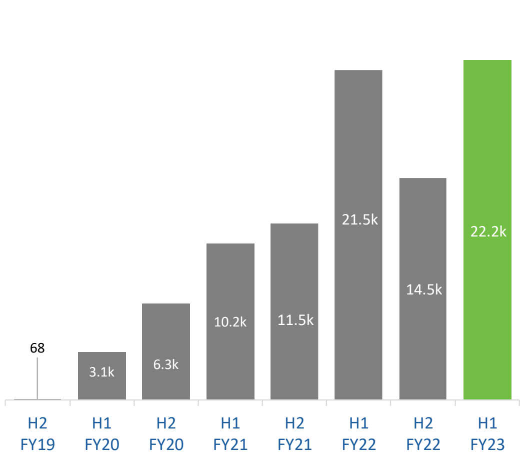
vs. pcp and total value of orders received ~A$3.9 million[1], +36% vs. pcp.

Total number of active customers reached a record 195K at the end of the financial half-year.

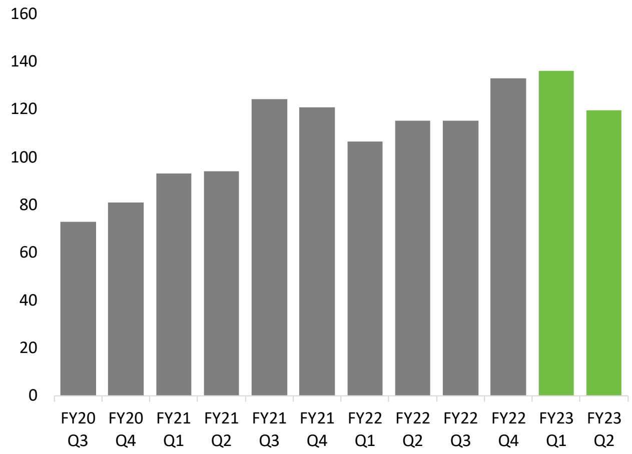
As a digital-first retailer of toy, baby and hobby brands, TOY initially experienced deceleration in order volumes in the post-COVID environment in the final half of FY22 and first quarter of FY23. Aggressive pricing to build market share by global pure online retailers and inventory clearing by national physical, online and omnichannel retailers placed significant downward pressure on margins. In contrast to its competitors, TOY remains a growth company in our licensed territories and shopper sectors. However, even with a scalable low-cost base, this growth has been realised at a significant cost in capital.

Underlying order metrics for the Toys“R”Us ANZ website (toysrus.com.au) remain positive with repeat customers increasing in the post-COVID retail environment to 22.2K. Average Order Values (AOV) remained in-line with the long term trend and fluctuations.

Toysrus.com.au # of Repeat Customers



Toysrus.com.au Average Order Value ($)



Completed AMR Relocation into E-Commerce Distribution Centre

In late September, the Company relocated office and bulk warehouse operations to its new purpose-built distribution facility in Clayton, Victoria. The relocation project was completed in January following the peak trading period, whereby Autonomous Mobile Robot (AMR) assets, packing facilities and inventory were also transferred. The new warehouse and office facilities will enable Toys“R”Us to:

- Consolidate multiple sites to a single premise, realising operating synergies and cost efficiencies;
- Scale its operations by up to four-fold; and
- Deliver improved levels of customer service and experiences to shoppers.

Relocation of AMR equipment and inventory necessitated the temporary closure of website order processing whilst the transfer and re-induction of inventory was undertaken. This closure impacted the Company’s revenue during this transitional period.

E-Commerce Distribution Centre Sub-Lease

Toys“R”Us ANZ Limited executed a sub-lease to a third party on 12 December 2022 for 3,470 sqm space at its new distribution centre in Clayton, currently in excess of the company’s requirements. Income of $468,450 per annum plus outgoings, greater than the Head Lease cost, will assist the Company to offset a proportion of its fixed costs.

[1] GBP to AUD conversion rate of 1.75 has been utilised to calculate Australian Dollar amounts for UK operations.

United Kingdom Expansion Progress

On 27 October 2021, the Company and WHP Global announced a landmark long-term exclusive licence agreement for Toys"R"Us ANZ Limited to operate digital and physical retail commerce for Toys"R"Us and Babies"R"Us in the United Kingdom. The UK Toys"R"Us and Babies"R"Us websites officially launched in late October 2022.

The Company's expansion to the UK represents a significant near-term growth opportunity for Toys"R"Us. The UK is the largest toy market in Europe and the fourth largest globally, with a total addressable toy market valued at approximately £3.7 billion, and total addressable baby market for Babies"R"Us valued at approximately £3.4 billion, including maternity, equipment, and clothing and excluding food and baby care. Former Toys"R"Us UK sales revenue peaked at £439M in 2015 and £421M in 2016 respectively, and Toys"R"Us remains an iconic brand in the UK, well-known and much-loved.

Complementing the digital-first operating model, on 21 October 2022, the Company announced that it had signed an exclusive sub-licence agreement with WH Smith High Street Limited (WHS HS) to trial nine Toys"R"Us store-in-store (SIS) implants in the United Kingdom. WHS HS will pay TOY a fixed percentage royalty fee based on sales revenue generated within these 'beacon sites' and the costs associated with operating SIS implants will be borne by WHS HS.

Upon successful completion of the trial period and achievement of mutually agreed key performance indicators, there may be a stage 2 roll-out of further SIS implants over the initial term of the agreement of approximately 10 years (with the ability to grant a further term of 5 years subject to certain conditions being met). The agreement is subject to customary termination agreement clauses and events, including loss of exclusivity if certain key performance indicators are not satisfied. The agreement restricts WHS HS and its affiliates to using Toys"R"Us trademarks and other intellectual property for the purpose of the physical SIS implants and excludes e-commerce.

Significant One-Off Costs

Several significant one-off expenses were incurred during the financial half-year period, including:

- Elevated Warehouse and Distribution expenses attributable to the setup of UK based logistics operations, initial induction of inventory and other costs associated with the first peak season trading period; and
- Consolidation of Australian based operations to the Clayton distribution facility, including the closure of two other sites and relation of AMR facilities.

The Board of Directors is confident that the majority of these one-off costs are complete and the Company will be able to leverage these investments and territories to target profitable operational and revenue growth.

Outlook and Strategic Plan

With key company strategies now executed, including consolidation of Australian distribution operations into the purpose-built E-Commerce facility and the launch of operations in the UK, TOY's Board of Directors and Executive Management have refined key strategies to continue growth of Toys"R"Us ANZ Limited in Australia and the UK, with the explicit support of key stakeholders. The plan is supported by a chronology of seven steps to place TOY in the best position through the seasonally strong 2023 holiday period and into 2024. The seven steps comprise:

- Significant cost reduction of c.$4 million for the remainder of calendar year 2023;
- Release of c.$1 million of previously secured working capital;
- Increased debt facilities of c.$5 million in new funds;
- Investment in deeper Australia & UK retail and e-commerce leadership;
- Improvement in Australia & UK margin and marketing support from our suppliers; and
- Board renewal to deliver deeper sector and international market, governance and fund-raising capabilities.
- Focus on brand building, increasing the visibility and awareness of Toys"R"Us in licensed territories.

TOY will concentrate on deploying capital conservatively with the short-term focus on margin and a pathway to achieving a balanced combination of growth and profitability. The medium-term goal remains achievement of 5% market penetration in the toys, baby and hobby markets in all licensed regions.

Significant changes in the state of affairs

There are no significant changes in the state of affairs of the Group that occurred during the half-year ended 31 January 2023.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Events subsequent to reporting date

No matter or circumstance has arisen since 31 January 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

Rounding of amounts to nearest thousand dollars

Toys R Us ANZ Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument amounts in the director's report and financial statements are rounded off to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the half-year ended 31 January 2023 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the Directors:

Kevin A Moore

Kevin A Moore
Chair of the Board

Gold Coast, 30 March 2023

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Toys"R"Us ANZ Limited and its controlled entities for the half-year ended 31 January 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

R B MIANO
Partner

Dated: 30 March 2023
Melbourne, Victoria

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 January 2023

	Note	For the half-year ended 31 January 2023 $'000	31 January 2022 $'000
Continuing Operations			
Revenue	4	22,297	23,377
Cost of goods sold		(18,258)	(18,155)
Gross profit		**4,039**	**5,222**
Other Income		39	-
Warehouse and distribution expenses		(2,025)	(1,346)
Marketing and selling expenses		(4,439)	(3,431)
Employee benefits expenses		(3,231)	(3,403)
Administration expenses		(1,042)	(814)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**(6,659)**	**(3,772)**
Finance income		40	2
Depreciation and amortisation expenses		(1,377)	(725)
Finance costs		(1,207)	-
Loss before income tax expense from continuing operations		**(9,203)**	**(4,495)**
Income tax (expense) / benefit		159	132
Loss after income tax from continuing operations		**(9,044)**	**(4,363)**
Discontinued operations			
Profit / (loss) for the period from discontinued operations	5	(79)	43
Profit/(loss) for the period		**(9,123)**	**(4,320)**
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		-	-
Other comprehensive income for the period, net of tax		**-**	**-**
Total comprehensive income/(loss) for the period attributable to members of Toys"R"Us ANZ Limited		**(9,123)**	**(4,320)**
Total comprehensive income / (loss) for the half year is attributable to:			
Continuing operations		(9,044)	(4,363)
Discontinued operations		(79)	43
		(9,123)	**(4,320)**
Earnings per share		Cents	Cents
Basic earnings / (loss) per share (cents per share)		(1.06)	(0.51)
Diluted earnings / (loss) per share (cents per share)		(1.06)	(0.51)
Earnings per share - continuing operations			
Basic earnings / (loss) per share (cents per share)		(1.05)	(0.51)
Diluted earnings / (loss) per share (cents per share)		(1.05)	(0.51)
Earnings per share – discontinued operations			
Basic earnings / (loss) per share (cents per share)		(0.01)	0.00
Diluted earnings / (loss) per share (cents per share)		(0.01)	0.00

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position as at 31 January 2023

	Note	As at 31 January 2023 $'000	As at 31 July 2022 $'000
Current assets			
Cash and cash equivalents		5,623	12,538
Trade and other receivables		1,147	794
Inventories		8,357	9,851
Other current assets		1,302	679
Total current assets		**16,429**	**23,862**
Non-current assets			
Property, plant and equipment		2,575	2,384
Goodwill and other intangibles	6	20,838	21,447
Other non-current assets	7	3,764	3,763
Right of use asset	8 (a)	11,779	-
Total non-current assets		**38,956**	**27,594**
Total Assets		**55,385**	**51,456**
Current liabilities			
Trade and other payables		4,257	3,263
Contract liabilities		261	422
Provisions		424	393
Other current liabilities		1,975	1,884
Lease liabilities	8 (b)	681	281
Total current liabilities		**7,598**	**6,243**
Non-current liabilities			
Interest bearing liability		10,000	10,000
Provisions		9	11
Deferred tax		895	1,054
Lease liabilities	8 (b)	11,568	-
Total non-current liabilities		**22,472**	**11,065**
Total liabilities		**30,070**	**17,308**
Net Assets		**25,315**	**34,148**
Equity			
Issued capital	9	293,027	292,965
Accumulated losses		(270,081)	(260,958)
Reserves		2,369	2,141
Total Equity		**25,315**	**34,148**

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

	Note	Share Capital $'000	Accumulated Losses $'000	Reserve $'000	Equity- settled Employee Benefits Reserve $'000	Total $'000
Balance at 1 August 2021		**290,545**	**(236,199)**	**-**	**1,454**	**55,800**
(Loss) for the period		-	(4,320)	-	-	(4,320)
Other comprehensive income for the period, net of tax		-	-	-	-	-
Total comprehensive income / (loss)		-	(4,320)	-	-	(4,320)
Issue of ordinary shares	9	2,431	-	-	-	2,431
Share issue costs		(11)	-	-	-	(11)
Issue of share appreciation rights		-	-	-	15	15
Issue of employee options		-	-	-	403	403
Balance at 31 January 2022	**9**	**292,965**	**(240,519)**	**-**	**1,872**	**54,318**
Balance at 1 August 2022		**292,965**	**(260,958)**	**20**	**2,121**	**34,148**
(Loss) for the period		-	(9,123)	-	-	(9,123)
Other comprehensive income for the period, net of tax		-	-	-	-	-
Total comprehensive income / (loss)		**-**	**(9,123)**	**-**	**-**	**(9,123)**
Issue of ordinary shares	9	62	-	-	(62)	-
Share issue costs		-	-	-	-	-
Issue of service rights		-	-	-	138	138
Issue of share warrants					56	56
Issue of employee options		-	-	-	96	96
Balance at 31 January 2023	**9**	**293,027**	**(270,081)**	**20**	**2,349**	**25,315**

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

Condensed Consolidated Statement of Cash Flows for the Half-Year Ended 31 January 2023

	For the half-year ended 31 January 2023 $'000	31 January 2022 $'000
Cash flows from operating activities		
Receipts from customers	24,012	26,090
Payments to suppliers	(26,081)	(25,620)
Payments to employees	(2,913)	(2,976)
Cash utilised in operations	(4,982)	(2,506)
Interest and other costs of finance paid	(724)	-
Net cash outflow from operating activities	**(5,706)**	**(2,506)**
Cash flows from investing activities		
Interest and other investment income received	79	2
Payments for plant and equipment	(487)	(733)
Payments for security deposits	-	(2,549)
Payments for other intangible assets	-	(34)
Net cash inflow / (outflow) from investing activities	**(408)**	**(3,314)**
Cash flows from financing activities		
Repayment of lease liabilities	(801)	(148)
Net cash inflow / (outflow) from financing activities	**(801)**	**(148)**
Net increase/(decrease) in cash and cash equivalents	**(6,915)**	**(5,968)**
Cash and cash equivalents at the beginning of the half-year	12,538	17,338
Cash and cash equivalents at the end of the half-year	**5,623**	**11,370**

The above condensed cashflows include cashflow in relation to discontinued operations. Refer to Note 5 for further details.

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

NOTE 1: Significant accounting policies

Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *'Interim Financial Reporting, as appropriate for for-profit oriented entities.* Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *'Interim Financial Reporting'.* The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half-year in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001.*

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a Company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 31 July 2022, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the payment of liabilities in the normal course of business.

As disclosed in the financial statements, the Group has incurred a net loss after income tax of $9.12 million and cash outflows from operating activities of $5.71 million for the half-year ended 31 January 2023.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group holds cash and cash equivalents of $5.6 million as at 31 January 2023;
- The Group has an undrawn facility of $5 million to support its working capital and capital expenditure requirements; and
- The budget and cashflow forecast prepared by the Group for the twelve-month period from the date of signing the financial statements, which are based on the directors' estimates and assumptions about certain economic factors, and the operating and trading performance of the Group, support the Directors' assertion, and suggest that the group will have cash and other financial resources sufficient to support its operations for the relevant period.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Any new or amended Accounting Standard or Interpretations that are not yet mandatory have not been early adopted.

NOTE 2: Critical Accounting Judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

➢ ***Impairment of goodwill and intangible assets***

The Group tests annually, or when impairment indicators are identified, whether goodwill and other intangible assets have suffered any impairment in accordance with the accounting policy. The recoverable amount of the cash generating units has been determined based on either relief from royalty models or the present value of the expected cash flows. These calculations require the use of assumptions. A significant change to these assumptions as reflected in note 6 may affect the recoverable amount of the cash generating units.

The Group defines its cash generating units (CGU) as the smallest identifiable group of assets that generates cash inflows. Under this interpretation, for the purpose of impairment of goodwill, the Group has identified two CGUs, being the business to consumer (B2C) and business-to-business (B2B) CGUs. This goodwill was assessed for indicators of impairment and no indicators were present.

➢ ***Recoverability of inventory***

The Group regularly assesses whether the net realisable value (NRV) of its inventories is reasonable in light of changing market conditions. Whilst the Group has provided to recognise the best estimate for the amount for which its inventory will be realised, the final amounts will be subject to the prevailing market conditions and may differ from the amounts provided.

➢ ***Intangible assets and goodwill***

Intangible assets are amortised, based on the useful life assessed by management, as follows:

Software	3 years
Customer database	5 years
Patents	20 years
Trademarks	3-5 years
Licensed distribution agreements	1-20 years

Whilst the current useful lives are management's best estimate, a periodic review is undertaken to ensure these remain appropriate.

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

NOTE 3: Segment information

Determination and presentation of operating segments

Identification of reportable operating segments
Based on the internal reports reviewed by the Board of Directors and key managerial personnel (who are identified as the Chief Operating Decision Makers ('CODM') to make strategic and operating decisions, assess business performance and in determining the allocation of resources, management has determined that the Group has two operating segments, being Business to Consumer (B2C) and Business to Business (B2B).

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

Information about products and services
The principal products of each of these operating segments are as follows:
- B2C – direct-to-consumer sale of consumer products (toys, hobby and baby goods); and
- B2B – wholesaling* and distribution of IT products.
- Corporate – relates to the corporate running costs of the Group

*includes the results from the erstwhile Funtastic business (discontinued operations)

Intersegment transactions were made at market rates and are eliminated on consolidation. All intersegment balances are eliminated on consolidation. There were no intersegment transactions during the year or account balances at 31 January 2023.

The directors have assessed that there are no major customers.

NOTE 3: Segment information (cont'd)

Operating segment Information

Half Year ended 31 January 2023	**B2C[1] $'000**	**B2B[2] $'000**	**Corporate $'000**	**Total $'000**
Revenue	17,092	5,205	-	22,297
Other income	-	-	39	39
Cost of goods sold	(14,178)	(4,080)	-	(18,258)
Other expenses	(9,400)	(833)	(583)	(10,816)
EBITDA	**(6,486)**	**292**	**(544)**	**(6,738)**

Half Year ended 31 January 2022	**B2C $'000**	**B2B $'000**	**Corporate $'000**	**Total $'000**
Revenue	16,165	8,412	-	24,577
Other income	-	-	2	2
Cost of goods sold	(12,502)	(6,674)	-	(19,176)
Other expenses	(6,214)	(683)	(2,231)	(9,128)
EBITDA	**(2,551)**	**1,055**	**(2,229)**	**(3,725)**

[1]: B2C operating segment in H1 FY 2023 included UK Toys R Us which launched in October 2022. The UK operation contributed Revenue $2.1M and EBITDA loss ($2.6M) in the current half year.
[2]: B2B operating segment in H1 FY 2022 included discontinued operations pertaining to the Funtastic business, which contributed Revenue $1.2M and EBITDA $45K to the prior reporting period.

Reconciliation from segment reporting to net profit/(loss) after tax

	Period ended 31 January 2023 $'000	**Period ended 31 January 2022 $'000**
EBITDA	(6,738)	(3,725)
Depreciation and amortisation expenses	(1,377)	(727)
Finance costs (net)	(1,167)	-
Loss before income tax	**(9,282)**	**(4,452)**
Income tax benefit	159	132
Profit on sale of business	-	-
Loss after income tax	**(9,123)**	**(4,320)**

Depreciation, amortisation and impairment expense by segment

	Period ended 31 January 2023 $'000	**Period ended 31 January 2022 $'000**
B2C	783	716
B2B	-	11
Corporate	594	-
	1,377	**727**

NOTE 3: Segment information (cont'd)

Geographical information

The Group operates in multiple geographical areas – Australia, New Zealand and the UK. The Group's non-current assets are situated in Australia. The geographical non-current assets below are exclusive of, where applicable, financial instruments.

Non-current assets information

	As at 31 January 2023 $'000	As at 31 July 2022 $'000
B2C	15,192	19,764
B2B	4,067	4,067
Corporate	19,697	-
Total	**38,956**	**23,831**

NOTE 4: Revenue

	Period ended 31 January 2023 $'000	Period ended 31 January 2022 $'000
Revenue		
Continuing Operations		
Revenue from contracts with customers		
Revenue from sale of goods	**22,297**	**23,377**

Disaggregation of revenues

The disaggregation of revenue from contracts with customers from continuing operations is as follows:

Operating segments		
B2C	17,092	16,165
B2B	5,205	7,212
	22,297	**23,377**
Timing of revenue recognition		
Goods transferred at a point in time	**22,297**	**23,377**
Geographical regions – UK	**2,081**	**-**
Geographical regions – Australia	**20,216**	**23,377**
	22,297	**23,377**

NOTE 5: Discontinued Operations

During the prior period, the Group:

a) sold its confectionery business effective 22 January 2021;
b) sold its Chill Factor business effective 5 July 2021;
c) announced that its distribution agreement with Razor USA LLC would be discontinued effective from 1 May 2021; and
d) commenced the winding down of its overseas subsidiaries in USA and Hong Kong.

Consequent to the above, the entire business operations of the erstwhile Funtastic business have been reclassified as discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Profit for the period from Discontinued Operations	**Period ended 31 January 2023 $'000**	**Period ended 31 January 2022 $'000**
Revenue	-	1,200
Cost of goods sold	-	(1,021)
	-	**179**
Other Income (including government grants)	-	-
Warehouse and distribution expenses	(33)	(129)
Employee benefits expenses	(2)	-
Administration expenses	(44)	(5)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**(79)**	**45**
Finance costs	-	-
Depreciation and impairment expenses	-	(2)
Profit / (loss) before income taxes	**(79)**	**43**
Income tax expense	-	-
Profit / (loss) for the period after income taxes	**(79)**	**43**
Profit on sale of business before income taxes	-	-
Income tax expense	-	-
Profit on sale of business after income taxes	-	-
Profit / (loss) for the period from discontinued operations	**(79)**	**43**
Cash flows information relating to discontinued operations		
Net cash from / (used in) operating activities	**(44)**	**714**
Net cash from / (used in) investing activities	-	-
Net cash used in financing activities	**(129)**	**(129)**
Net increase / (decrease) in cash and cash equivalents from discontinued operations	**(173)**	**585**

NOTE 6: Goodwill and other intangibles

	31 January 2023 $'000	31 July 2022 $'000
Goodwill	**15,195**	**15,195**
Software costs	**38**	**45**
Customer database	**2,984**	**3,515**
Other licenses and trademarks	**2,621**	**2,692**
	20,838	**21,447**

Reconciliations

Reconciliations of the carrying amounts of each class of intangibles at the beginning and end of the current financial half-year are set out below:

Half-year ended 31 January 2023	**Goodwill $'000**	**Software costs $'000**	**Customer Database $'000**	**Other licenses and trademarks $'000**	**Total $'000**
Opening Balance	**15,195**	**44**	**3,515**	**2,693**	**21,447**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation	-	**(6)**	**(531)**	**(72)**	**(609)**
Closing Balance	**15,195**	**38**	**2,984**	**2,621**	**20,838**

Impairment testing – Goodwill
Directors and Management have considered and assessed reasonably possible changes to the key assumptions listed below and have not identified any instances that could cause the carrying amount of the two cash generating units to exceed their recoverable amounts as at 31 January 2023.

Key assumptions
Key assumptions are those to which the recoverable amount of the cash-generating units is most sensitive. The following key assumptions were used in the discounted cash flow model for the CGUs:

Key assumptions	**B2C**	**B2B**
Revenue and expenses for FY 2023	Based on approved budgets	Based on approved budgets
Projected revenue and cost of sales average growth rate per annum after budget period	19%	8%
Projected operating costs and overheads increase after budget period	2.4%	2.4%
Pre-tax discount rate	19.3%	19.3%
Long-term growth rate	3.0%	3.0%

The pre-tax discount rates reflect management's estimate of the time value of money and the Group's weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Management believes the projected revenue growth rates are prudent and justified, based on historical performance of the businesses.

Sensitivity
The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur, the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

B2C
- Revenue growth during FY 2024 would need to decrease by more than 10% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The pre-tax discount rate would need to increase by 5% or more before goodwill would need to be impaired, with all other assumptions remaining constant.

B2B
- Revenue growth during FY 2024 would need to decrease by more than 20% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The pre-tax discount rate would need to increase by 7% or more before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of both the CGUs' goodwill is based would not cause the CGUs' carrying amount to exceed its recoverable amount.

NOTE 7: Other Non-Current Assets

	31 January 2023 $'000	31 July 2022 $'000
Term Deposits at bank held as Security	**3,764**	**3,763**

NOTE 8 (a): Right-of-Use Assets

	31 January 2023 $'000	31 July 2022 $'000
Right-of-use assets - at cost	**12,252**	-
Less: Accumulated depreciation and impairment	**(473)**	-
	11,779	-
Reconciliation		
Balance at 1 August 2022	-	-
Addition during the period *	**12,252**	-
Depreciation expense	**(473)**	-
Balance at 31 January 2023	**11,779**	-

* Addition during the period represents the recognition of right-of-use asset (and equivalent lease liability) relating to the new lease at Clayton, Victoria. The lease commenced on 12 September 2022 with an annual rental of $2.8 million for an initial term of 10 years with extension options available. The arrangement includes lease incentives of $11.4 million which is to be offset against monthly rental payments over the initial term of the lease.

NOTE 8 (b): Lease Liabilities

	31 January 2023 $'000	31 July 2022 $'000
Current	**681**	**281**
Non-current	**11,568**	-

NOTE 9: Issued capital

	31 January 2023 Shares	31 July 2022 Shares	31 January 2023 $'000	31 July 2022 $'000
Ordinary shares - fully paid	863,086,674	861,861,184	293,027	292,965

Movement in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	1 August 2022	861,861,184		292,965
Shares issued as consideration for remuneration	31 August 2022	1,225,490	$0.051	62
Balance	**31 January 2023**	**863,086,674**		**293,027**

NOTE 10 Share-based payments

(a) Expenses recognised

An expense of $228,000 (31 Jan 2022: $418,000) has been recognised during the half-year in the profit or loss in relation to share-based payments granted.

(b) Share options and share appreciation rights

An employee incentive plan has been established by the Group and approved by shareholders at a general meeting whereby the Group may, at the discretion of the Remuneration and Nomination Committee, grant options and rights over ordinary shares in the company to directors and employees. The grant of options and rights forms a part of the Company's long term incentive objectives to encourage directors and employees to have a greater involvement in the achievement of the Company's objectives. Options and rights provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The options and rights are issued for nil consideration and are only subject to a vesting condition relating to the participant's continued employment with the Company. The options and rights must be exercised before their expiry date, or they will lapse. On the exercise of an option, the holder must pay to the Company the relevant exercise price multiplied by the number of options being exercised by the holder. The Company will issue the holder with a share for each option or right that the participant validly exercises.

(c) Reconciliation

Set out below are the summaries of options granted under the employee incentive plan as at 31 January 2023:

Grant date	Vesting date	Expiry date	Exercise price	Balance at the start of the half-year	Granted[1]	Exercised	Balance at the end of the half-year
23-Nov-20[1]	23-Nov-20	1-Nov-23	$0.138	10,149,450	-	-	10,149,450
23-Nov-20[1]	1-Nov-21	1-Nov-24	$0.166	10,180,305	-	-	10,180,305
23-Nov-20[1]	1-Nov-22	1-Nov-25	$0.199	10,342,333	14,707	-	10,357,040
1-May-21	1-May-23	1-May-25	$0.138	1,691,956	-	-	1,691,956
				32,364,044	**14,707**	**-**	**32,378,751**
Weighted average exercise price				$0.166	$0.199		$0.166

[1] Total employee options under the employee incentive plan approved at the 2020 AGM, have been entirely granted. The balance at the start of the half year for Tranche 3 was an estimate and has been adjusted for the actual options issued based on the actual shares on issue at 1 November 2022. Option numbers related to options that have been granted and related expenses have been recognised for the current year, based on fair value of options determined at grant date.

Set out below are the summaries of rights granted under the employee incentive plan as at 31 January 2023:

Grant date	Vesting date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised[1]	Cancelled[1]	Balance at the end of the half-year
21-Sep-21	31-Jul-24	21-Sep-26	$0.180	340,000	-	-	-	340,000
23-Nov-20*	31-Jul-23	10-Dec-36	$0.180**	1,000,000		(347,489)	(152,511)	500,000
				1,340,000		**(347,489)**	**(152,511)**	**840,000**
Weighted average exercise price				$0.046		$0.000	$0.000	$0.073

* The Service Rights replaced the Share Appreciation Rights originally granted on 23 November 2020. The Service Rights were approved at the AGM dated 14 December 2021
** Calculated based on the amount of Directors' fee sacrificed. There is no cash payable in relation to these rights.
[1] Service Rights vested upon resignation of Non-Executive Director Nicki Anderson on 31 August 2022. The remaining portion of the Service Rights forfeited and cancelled represent the period from the date of resignation to vesting date.

Set out below is a summary of share warrants granted to the lender of the term loan as at 31 January 2023:

Grant date	Vesting date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Cancelled	Balance at the end of the half-year
28-Jul-22	28-Jul-22	27-Jul-2025	$0.150	18,000,000	-	-	-	18,000,000

NOTE 11: Commitments

Under the terms of various License Agreements, the company guarantees the minimum level of license payments. The commitment in relation to these guarantees not already recognised is as follows:

	31 January 2023	31 July 2022
	$'000	**$'000**
Not later than one year	5,086	1,713
Later than one year but not later than two years	5,086	1,713
Later than two years but not later than five years	15,260	5,138
Later than five years	55,670	26,545
	81,102	**35,109**

Commitments above at 31 January 2023 include payments due under the UK license agreement for an initial term of 15 years ending in December 2036.

NOTE 12: Contingent assets and liabilities

As at 31 January 2023, the Group had issued bank guarantees of $3.665 million (31 July 2022: $3.661 million).

There are no contingent assets as at 31 January 2023 (31 July 2022: $Nil).

NOTE 13: Subsequent events

No matter or circumstance has arisen since 31 January 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs.

The directors declare that:

(a) in the directors' opinion, the attached financial statements and notes thereto are:

i. in accordance with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 "*Interim Financial Reporting",* the Corporations Regulations 2001 and other mandatory professional requirements;

ii. give a true and fair view of the Group's financial position as at 31 January 2023 and of its performance for the financial half-year ended on that date;

(b) in the directors' opinion, 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 the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Kevin A Moore

Kevin A Moore
Chair of the Board

Gold Coast, 30 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Toys"R"Us ANZ Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Toys"R"Us ANZ Limited ("the company") and its controlled entities (together referred to as "the Group") which comprises the consolidated statement of financial position as at 31 January 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 Toys"R"Us ANZ Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 January 2023 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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* ('ASRE 2410'). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Toys"R"Us ANZ Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of Toys“R”Us ANZ Limited 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* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the 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 is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group’s financial position as at 31 January 2023 and of its performance for the half-year ended on that date; and complying with 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.

RSM AUSTRALIA PARTNERS

R B MIANO
Partner

Dated: 30 March 2023
Melbourne, Victoria