



**ASX RELEASE**

**CHAIRMAN'S ADDRESS TO EXTRAORDINARY GENERAL MEETING**

**Wednesday, 18 October 2023:** In accordance with ASX Listing Rules, Toys'R'Us ANZ Limited (ASX:TOY) provides a copy of the Chairman's addresses to the Extraordinary General Meeting.

**This announcement has been approved for release by the Board of Directors.**

**- ENDS -**

For further information please contact:

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## Chairman's Address

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The meeting has been convened primarily to allow your company to validate the re-capitalisation of its balance sheet via an entitlement offer made available to all shareholders in July of this year, and to appoint your new CEO Penny Cox to the Board of Directors. Penny's appointment as a Director alongside Kelly Humphreys recent appoint, and our Company Secretary Kim Clark, would take your company to a gender balanced board with 50/50 female/male representation.

Firstly, thank you to all shareholders who supported this equity raising. Together with the majority of your directors at the time, we raised \$1.3 million of new equity to support the company's new plan under new CEO Penny Cox to build a pathway to profitable growth. The Director's equity required appropriate approvals and as such was contributed in the form of convertible loans.

As three of the Directors of the Company, John Tripodi, Silvio Salom, and myself, as well as our families are related parties, the ASX requires that shareholders must be asked to support, by a simple majority of votes cast, the conversion of \$655,000 of convertible loans into equity. That is Item 3 on the EGM agenda. The conversion of this debt into equity strengthens your company's financial position, was the original intent under the rights issue, is mandated by our lender and is supported by your Board.

A new CEO has been appointed and has since instigated a number of initiatives that included the development of a business model to reach breakeven in Australia & New Zealand by 2025 through the reduction of fixed operating costs, a focus on margin improvement, several strategic marketing and partnership initiatives, exiting the UK business, clearing of aged inventory, the upgrade of business systems and a review of goodwill.

The short-term priority for the Company is to reduce fixed overheads, implement strategic marketing initiatives on a new platform to profitably grow the top line. Since August, the Company has decreased annualised overhead by c.\$1.3m, replacing fixed costs with variable costs, and exited warehousing in NSW.

The Company's near-term focus of improving productivity through a step-change in e-commerce conversion rates and automating marketing activities to target additional revenue streams such as gift cards and drop shipping. The migration from its old OsCommerce website infrastructure to Shopify Plus is on track for late October 2023, offering a step change in shopper experience and conversion rates. Drop shipping will allow additional products to be offered to our customers, without the need to tie up cash in inventory and warehousing.

Since August 2023 the Company began optimising its marketing spend, reducing customer acquisition costs by 50% without impacting customer acquisition performance. The Company is increasing its shopper reach through partner programs, targeting a doubling of its current shopper database from c.1M to 2M over the next 12 months.

The Company plans to accelerate and scale the Toys"R"Us, Babies"R"Us and Hobby Warehouse operations in Australia and in New Zealand over the next 12 months under new functional leadership, improved merchant and marketing capability, more productive technology and roll out the sub-licensing of its brands through physical retail partners in Australia & New Zealand.

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