



## UK EXIT AND RENEGOTIATION OF FINANCE FACILITY

- TOY and TRUK Execute Agreements for Smooth UK Exit
- \$2.8M of Loan Obligations to be Satisfied with UK Assets
- UK Exit Removes TOYS Required \$7M UK Working Capital Commitment
- TOY to Support UK Transition under 12mth Services Deed

**Monday 5 February 2024 – Toys “R” Us ANZ Limited (ASX: TOY) (Company):**

Further to the announcement to the ASX on 15 August 2023, TOY is pleased to announce that it has finalised Agreements with Tru Kids Inc (**TRUK**), to facilitate a smooth exit from its UK business and associated License. While TOY is concluding its operations in the UK, the Toys”R”Us business is anticipated to continue in the UK where it will transition to a new partner for continued service for UK customers.

The UK business division was estimated to require approximately \$7M of initial working capital to fund the UK expansion which was expected to incur an initial operating loss of \$6M in the first 12 months as the division built to scale. The operational and financial resources required to make the UK market sustainable were not within TOY’s reach. TOY’s leadership decided that the exit of the UK was in the best interests of the business, as it proved to be a distraction from the ANZ market and negatively impacted the rest of the Group.

Toys’R’Us ANZ Limited CEO **Penny Cox** commented:

*“The TOYs UK division requires significant operational and financial resources to ensure its success in the market. As I outlined last year, we are transforming the TOY business model to reduce its overheads and its cost base to the right-size to ensure it has a sustainable base to build from.*

*We’re fortunate to have a strong relationship with TRUK which has enabled us to implement a smooth exit of the UK market to allow TOYs to focus its efforts on the transformation and growth of our Australian activities through the creation of new channels to market.”*



Under the Agreements which have been executed, TOY will transfer ownership of all UK business assets to TRUK in settlement of its US\$1.8 million outstanding loan balance, which TRUK provided to support the transition of the UK business. TRUK has agreed to release TOY and its Australian subsidiary entities from all remaining liabilities and obligations under the existing guarantee, indemnity, and security deed which were previously in place.

TOY and TRUK have also entered into a 12-month Services Deed under which TOY will provide operational support to the UK business under TRUK's guidance to facilitate the license transfer.

The Company is also pleased to advise that it has negotiated an Amended Facility Agreement with its major finance partner with the key variations being:

- The Amended Facility limit has reduced to \$13 million;
- The interest rate will be set at 11.5% per annum, subject to there being no subsisting event of default;
- The security previously provided has been amended to reflect the revised security arrangements between TRUK and TOY following TOY's UK business exit;
- A lump sum repayment of \$3M will be due by 31 May 2024; and
- The exercise price of the Warrants over 18,000,000 ordinary shares, previously issued to the financier, will be re-priced to be exercisable at \$0.011 per share.

***This ASX release has been authorised by the Board of Directors.***

For further information please contact: [investor-relations@toysrus.com.au](mailto:investor-relations@toysrus.com.au)

#### **About Toys"R"Us ANZ Limited:**

Toys"R"Us ANZ Limited (ASX: TOY) is an Australian-based listed company with a vision 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 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)