



## Appendix 4D – Half-year Report for the period ended 31 January 2024

### 1. Company details

Name of entity:	Toys "R" Us ANZ Limited
ABN:	94 063 886 199
Reporting period:	For the half-year ended 31 January 2024
Previous period:	For the half-year ended 31 January 2023

### 2. Results for announcement to the market

	31 January 2024 \$'000	31 January 2023 \$'000	Change \$'000	Change %
Revenues from ordinary activities from continuing operations	9,219	20,217	(10,998)	(54%)
Loss from ordinary activities after tax from continuing operations	(6,579)	(6,426)	(153)	(2%)
Loss from ordinary activities after tax from discontinued operations	(2,968)	(2,697)	(271)	(10%)
Loss from ordinary activities after tax	(9,547)	(9,123)	(424)	(5%)
Loss for the half-year	(9,547)	(9,123)	(424)	(5%)

#### Dividends

There were no dividends paid, recommended or declared during the current financial period and previous financial period.

#### Comments

The loss for the group after providing for income tax amounted to \$9,547,000 (31 January 2023: \$9,123,000).

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(1.37)	0.52

### 4. Control over entities, gained or lost

There were no control changes during the period.

5. Dividend reinvestment plans

Not applicable.

6. Details of associates and joint venture entities

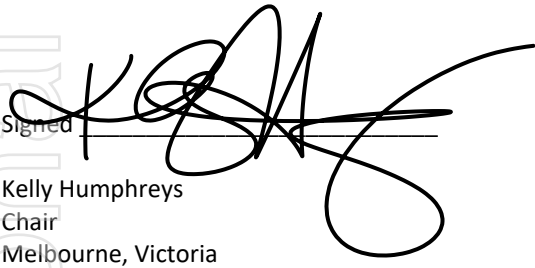
Not applicable.

7. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and a copy of the independent auditor’s review report is included in the accompanying half-year report.

8. Signed

Signed   
Kelly Humphreys  
Chair  
Melbourne, Victoria

Date: 27 March 2024



**TOYS "R" US ANZ LIMITED**

**ABN: 94 063 886 199**

**HALF-YEAR REPORT**

**31 JANUARY 2024**

**Toys "R" Us ANZ Limited**  
**Corporate directory**  
**31 January 2024**

Directors	Kelly Humphreys Kevin Moore John Tripodi
Company secretary	Kim Larkin
Registered office	Level 8, 210 George Street Sydney, NSW 2000
Principal place of business	Unit 3, 45-49 McNaughton Road Clayton, VIC 3168
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000
Auditor	RSM Australia Partners Level 27, 120 Collins Street Melbourne VIC 3000
Solicitors	Rotstein Commercial Lawyers Level 5, 552 Lonsdale Street Melbourne VIC 3000
Bankers	Westpac Banking Corporation 4 Nexus Court Mulgrave VIC 3170
Stock exchange listing	Toys "R" Us ANZ Limited shares are listed on the Australian Securities Exchange (ASX code: TOY)
Website	<a href="https://corporate.toysrus.com.au">corporate.toysrus.com.au</a>
Corporate Governance Statement	Refer to the Company's website for all corporate governance information: <a href="https://corporate.toysrus.com.au/investors/corporate-governance/">https://corporate.toysrus.com.au/investors/corporate-governance/</a>

**Toys "R" Us ANZ Limited**  
**Directors' report**  
**31 January 2024**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Toys "R" Us ANZ Limited (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 January 2024.

**DIRECTORS**

The following persons were directors of Toys "R" Us ANZ Limited during or since the end of the half-year:

Kelly Humphreys - Chair and Independent Non-Executive Director (appointed 5 October 2023 and Chair effective 21 December 2023).  
Kevin Moore - Independent Non-Executive Director (Chair until 21 December 2023)  
John Tripodi - Independent Non-Executive Director  
Silvio Salom - Independent Non-Executive Director (resigned on 2 January 2024);  
Penny Cox - Chief Executive Officer (and Managing Director from 24 August 2023 to 18 October 2023);

**Principal activities**

Toys "R" Us ANZ Limited 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.

**Review of operations**

The Company focused its past 6-months of operations on delivering on the key pillars of its revised strategic plan outlined to shareholders in August 2023 which were:

- Exiting the unsustainable UK market;
- Reducing our overheads and right sizing the cost base;
- Reducing aged inventory;
- Re-building the technology and data stack;
- Creating new channels to market; and
- Improving measurement of operational KPIs and effectiveness

Under the guidance of CEO Penny Cox who was appointed in August 2023, these objectives, and other sizable challenges the company faced as part of its transformation have either been achieved, or are well on the way to being achieved. In addition, the Company has improved access to capital through private placements and convertible loans.

**Operating Results**

During the first half of FY2024, the Group achieved Sales Revenues of \$13.8m (\$9.2m from continuing operations, \$4.6m from discontinued operations) as compared to \$22.3 million in the previous comparative period (\$20.2 million from continuing operations, \$2.1 million from discontinued operations). These sales were a combination of clearing aged inventory, selling down fresh inventory to be replenished, and generating cash for the business (against a provision of \$1.5m for aged inventory made in FY23). Loss after income tax for the half year ended 31 January 2024 was \$9.5 million (2023: \$9.1 million). As at 31 January 2024, the Group's net liabilities were \$6.7 million (31 July 2023: net assets of \$1.5 million).

**Customers & Sales:**

- 45,000 New Customers subscribed to the Toys "R" Us database during Q2;
- 88% of Customers during the quarter were New Customers to Toys "R" Us;
- Customer Service Satisfaction score (CSAT) remained above 4.3 (out of 5) throughout Nov/Dec; and
- 98%+ of orders were shipped out on time, even during the very busy Black Friday period.

**Overhead Cost Reduction and Operational Efficiency**

The Company will continue to reduce overheads and is beginning to see the benefits flowing from the reduced cost base without revenues being negatively impacted.

**Toys "R" Us ANZ Limited**  
**Directors' report**  
**31 January 2024**

Back-end technology upgrades to stabilise, rebuild and improve the sales channel and back-end platforms have resulted in an improved customer experience, more efficient marketing channels and a more stable and efficient order-to-fulfilment process, with a lean fulfilment team.

Profitability continues to be impacted as we work through the process of right-sizing our team, operations and overall cost base. Whilst we have entered into an agreement with TRU Kids Inc. (TRUK) to exit the UK business, with their support, the performance of the UK Business is still included in our consolidated accounts until such time as the entity is wound down.

Other ongoing operational cost-reduction initiatives include:

- sub-leasing of excess space within its premises and transfer of the head-leases on two premises;
- sale of unused assets;
- adding of complementary profitable product lines / product mix to the portfolio to improve profitability and cashflow; and
- assessing opportunities for portfolio expansion to better leverage existing assets, infrastructure and workforce through potential collaborations and/or M&A opportunities.

Capital & Financing:

- **Private Placements Raised a Combined \$1.4M**
  - \$658,000 from existing shareholders in August 2023.
  - \$550,000 from 2 new strategic and one existing major shareholder in Feb 2024.
  - \$200,000 via a private placement in March 2024 to a US-based Investment Fund.
- **Convertible Loans from Directors and CEO Raised a Combined \$755,000**
  - \$655,000 was invested in August 2023 by Directors via Convertible Loan facilities which were subsequently converted into equity following shareholder approval at the EGM on the 18<sup>th</sup> of October 2023;
  - \$100,000 was invested by TOY CEO Penny Cox via a Convertible Loan Facility in March 2024 Off the back of the resurgence of Toys"R"Us in the US through their Macy's in-store partnerships, our US-based shareholders have led the way in supporting the Australian arm of the brand where US-based investors now own approx. 18.5% of the Company's registered shares.
- **Up to \$4.2 Additional Funding from Mercer Street Global Fund**

Following their initial Placement Investments of \$450,000, plus the provision of an unsecured \$600,000 Loan, US-based Investment Fund Mercer has agreed to provide up to a further \$4.2 million in funding via Convertible Securities subject to the mutual agreement of the parties and subject to shareholder approval being provided.
- **TRUK Loan Facility**

The Company's loan facility with its Licensor (TRUK) as at 31 January 2024 totalled USD\$1.8M. As TRUK continues to fund incremental operating expenditure and working capital for the UK through to the transfer of the license to another party, this loan facility represented an AUD\$2.8M liability on the Balance Sheet of TOY.

Under the Exit Agreements the Company 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 the Group from all remaining liabilities and obligations.

**Significant changes in the state of affairs**

Apart from the developments outlined above, there were no significant changes in the state of affairs of the group during the financial half-year ended 31 January 2024.

**Matters subsequent to the end of the financial half-year**

The following events occurred post the end of the financial half-year:

- 5 February 2024 – Agreement with TRUK to facilitate a smooth exit from its UK business and Licence.
- 5 February 2024 – Amended Facility Agreement with the major finance partner with variations to reduce facility limited to \$13M, set Interest Rate at 11.5%, release security in alignment to UK exit, make a lump sum payment of \$3M by 31 May 2024, and change of the exercise price of 18M warrants to \$0.011 per share.
- 20 February 2024 – Private Placement of 84,615,385 new fully paid ordinary shares at \$0.0065 per share raising \$550,000 before cost. 2,307,692 new fully paid ordinary shares were also issued to an advisor of the raise.
- 20 March 2024 – Agreement to acquire RIOT Arts and Crafts for \$300K in cash and 35M shares at \$0.01 per share (\$350,000).

**Toys "R" Us ANZ Limited**  
**Directors' report**  
**31 January 2024**

- 20 March 2024 – Agreement with Mercer Street Global Opportunity Fund II LP for up to \$5M in funding via, \$200,000 Private Placement at \$0.0112, \$600,000 Unsecured Loan, and \$700,000 Convertible Loan subject to shareholder approval. Up to a further \$3.5M will be provided subject to shareholder agreement and mutual agreement between the parties.
- On 20 March 2024 – Unsecured convertible loan agreement with CEO Penny Cox to provide \$100,000 of funding to the Company which, subject to shareholder approval, will convert into new shares in TOY at \$0.0094 per share.

No other matter or circumstance has arisen since 31 January 2024 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

**Rounding of amounts**

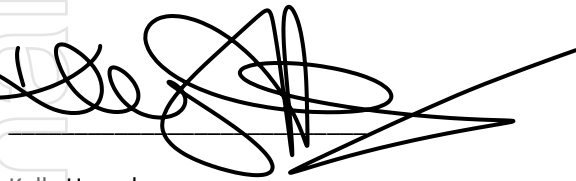
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this director's report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Kelly Humphreys  
Chair

27 March 2024  
Melbourne, Victoria

**RSM Australia Partners**

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[www.rsm.com.au](http://www.rsm.com.au)**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 2024, 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.

A blue ink signature, likely of a representative of RSM Australia Partners.**RSM AUSTRALIA PARTNERS**A blue ink signature, likely of R B Miano.**R B MIANO**

Partner

Dated: 27 March 2024

Melbourne, Victoria



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

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### **General information**

The financial statements cover Toys "R" Us ANZ Limited as a Group consisting of Toys "R" Us ANZ Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Toys "R" Us ANZ Limited's functional and presentation currency.

Toys "R" Us ANZ Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### **Registered office**

Level 8, 210 George Street  
Sydney, NSW 2000

#### **Principal place of business**

Unit 3, 45-49 McNaughton Road  
Clayton, VIC 3168

A description of the nature of the Group's operations and its principal activities are included in the director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 March 2024.

**Toys "R" Us ANZ Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 January 2024**

	<b>Consolidated</b>	
	<b>31 January</b>	<b>31 January</b>
<b>Note</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from continuing operations</b>		
Revenue from contracts with customers	9,219	20,216
Cost of goods sold	(7,719)	(16,656)
Gross profit	1,500	3,560
Other Income	295	39
<b>Expenses</b>		
Administration expense	(1,547)	(859)
Employee benefits expense	(2,094)	(2,731)
Marketing and selling expenses	(1,218)	(2,771)
Warehouse and distribution expenses	(921)	(1,279)
Total expenses	(5,780)	(7,640)
<b>Earnings before interest, taxation, depreciation and amortisation (EBITDA)</b>	(3,985)	(4,041)
Finance income	60	40
Depreciation & amortisation expense	(1,527)	(1,377)
Finance costs	(1,286)	(1,207)
<b>Loss before income tax benefit from continuing operations</b>	(6,738)	(6,585)
Income tax benefit	159	159
Loss after income tax benefit from continuing operations	(6,579)	(6,426)
Loss after income tax expense from discontinued operations	5 (2,968)	(2,697)
<b>Loss after income tax benefit for the half-year</b>	(9,547)	(9,123)
<b>Other comprehensive income/loss</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(73)	-
Other comprehensive income/loss for the half-year, net of tax	(73)	-
<b>Total comprehensive loss for the half-year</b>	<b>(9,620)</b>	<b>(9,123)</b>
Total comprehensive loss for the half-year is attributable to:		
Continuing operations	(6,652)	(6,426)
Discontinued operations	(2,968)	(2,697)
	<b>(9,620)</b>	<b>(9,123)</b>

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

**Toys "R" Us ANZ Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 January 2024**

		<b>Consolidated</b>	
		<b>31 January</b>	<b>31 January</b>
		<b>2024</b>	<b>2023</b>
	<b>Note</b>	<b>Cents</b>	<b>Cents</b>
<b>Loss per share from continuing operations</b>			
Basic loss per share	18	(0.70)	(0.75)
Diluted loss per share	18	(0.70)	(0.75)
<b>Loss per share from discontinued operations</b>			
Basic loss per share	18	(0.31)	(0.31)
Diluted loss per share	18	(0.31)	(0.31)
<b>Loss per share</b>			
Basic loss per share	18	(1.01)	(1.06)
Diluted loss per share	18	(1.01)	(1.06)

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

**Toys "R" Us ANZ Limited**  
**Statement of financial position**  
**As at 31 January 2024**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,100	1,766
Trade and other receivables		371	837
Inventories		857	4,905
Other current assets	7	190	208
		2,518	7,716
Assets of disposal group classified as held for sale	8	1,692	3,119
Total current assets		4,210	10,835
<b>Non-current assets</b>			
Property, plant and equipment		2,259	2,767
Right-of-use assets	6	10,554	11,167
Goodwill and other intangibles	9	6,709	6,899
Other non-current assets	7	2,756	2,935
Total non-current assets		22,278	23,768
<b>Total assets</b>		26,488	34,603
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,880	3,405
Contract liabilities/deferred revenue		98	114
Borrowings	10	4,780	12,084
Lease liabilities		613	576
Employee benefits	11	346	460
Provisions		280	280
Other current liabilities		912	2,044
		8,909	18,963
Liabilities directly associated with assets classified as held for sale	12	1,925	1,565
Total current liabilities		10,834	20,528
<b>Non-current liabilities</b>			
Borrowings	10	10,873	526
Lease liabilities		10,955	11,284
Deferred tax		579	738
Employee benefits	11	-	9
Total non-current liabilities		22,407	12,557
<b>Total liabilities</b>		33,241	33,085
<b>Net assets/(liabilities)</b>		(6,753)	1,518
<b>Equity</b>			
Issued capital	13	294,215	292,920
Reserves		457	476
Accumulated losses		(301,425)	(291,878)
<b>Total equity/(deficiency)</b>		(6,753)	1,518

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

**Toys "R" Us ANZ Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 January 2024**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Equity -settled employee benefits reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 August 2022	292,965	20	2,121	(260,958)	34,148
Loss after income tax benefit for the half-year	-	-	-	(9,123)	(9,123)
Other comprehensive income/loss for the half-year, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	(9,123)	(9,123)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of ordinary shares	62	-	(62)	-	-
Issue of service rights	-	-	138	-	138
Issue of share warrants	-	-	56	-	56
Issue of employee options	-	-	96	-	96
Balance at 31 January 2023	<u>293,027</u>	<u>20</u>	<u>2,349</u>	<u>(270,081)</u>	<u>25,315</u>

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Foreign currency translation Reserve \$'000</b>	<b>Equity settled Employee benefits Reserve \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total deficiency in equity \$'000</b>
Balance at 1 August 2023	292,920	(214)	690	(291,878)	1,518
Loss after income tax benefit for the half-year	-	-	-	(9,547)	(9,547)
Other comprehensive income/loss for the half-year, net of tax	-	(73)	-	-	(71)
Total comprehensive loss for the half-year	-	(73)	-	(9,547)	(9,620)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of ordinary shares, net of issue costs	1,240	-	-	-	1,240
Sale of unmarketable parcels	55	-	-	-	55
Share-based payments	-	-	54	-	54
Balance at 31 January 2024	<u>294,215</u>	<u>(287)</u>	<u>744</u>	<u>(301,425)</u>	<u>(6,753)</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Toys "R" Us ANZ Limited**  
**Statement of cash flows**  
**For the half-year ended 31 January 2024**

	Note	Consolidated	
		31 January 2024 \$'000	31 January 2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		15,842	24,012
Payments to suppliers (inclusive of GST)		(16,692)	(26,081)
Payments to employees (inclusive of GST)		(2,899)	(2,913)
Cash utilised in operations		(3,749)	(4,982)
Interest received		60	79
Other revenue		295	-
Interest and other finance costs paid		(729)	(724)
Net cash used in operating activities		(4,123)	(5,627)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(158)	(487)
Proceeds from refund of security deposits		145	-
Net cash from / (used in) investing activities		(13)	(487)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	13	1,368	-
Proceeds from borrowings		3,024	-
Share issue transaction costs		(73)	-
Repayment of lease liabilities		(849)	(801)
Net cash from/(used in) financing activities		3,470	(801)
Net decrease in cash and cash equivalents		(666)	(6,915)
Cash and cash equivalents at the beginning of the financial half-year		1,766	12,538
Cash and cash equivalents at the end of the financial half-year		<u>1,100</u>	<u>5,623</u>

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

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. Material accounting policy information**

These general-purpose financial statements for the interim half-year reporting period ended 31 January 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 July 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**Going concern basis of accounting**

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the financial report, the Group has incurred a net loss after income tax of \$9.5 million and has cash outflows from operating activities of \$4.1 million for half-year ended 31 January 2024, and as of that date, the group's current liabilities exceeded its current assets by \$6.6 million and group's total liabilities exceeded its total assets by \$6.7 million.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group holds cash and cash equivalents of \$1.1 million as at 31 January 2024;
- In February 2024 the Group successfully raised \$0.5 million in capital from existing and new investors and intends to raise additional capital in the next 6-12 months;
- In February 2024 the Group finalised agreements to transfer ownership of all UK business assets to TRUK in settlement of its US\$1.8 million outstanding loan balance.
- In March 2024 the Company reached an agreement with Mercer Street Global Opportunity Fund II LP, a US-based investment fund managed by C/M Capital Partners LP, for up to \$5 million of funding (comprising of subscription to equity of \$0.2 million, loan facility of \$0.6 million and convertible securities funding of up to \$4.2 million).
- In March 2024 CEO, Penny Cox, signed an unsecured convertible loan agreement to provide \$100,000 of funding to the Company.
- 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 has cash and other financial resources sufficient to support its operations for the relevant period.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

**New or amended Accounting Standards and Interpretations adopted**

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

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*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.

*Goodwill and other indefinite life 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 9 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. Operating segments**

*Identification of reportable operating segments*

Based on the internal reports reviewed by the Board of Directors and key management 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.



**Note 3. Operating segments (continued)**

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 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 2024.

The directors have assessed that there are no major customers.

*Operating segment information from continuing operations*

<b>Consolidated – Half-year ended 31 January 2024</b>	B2C \$'000	B2B \$'000	Corporate \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	5,972	3,247	-	9,219
Other income	-	-	295	295
Cost of goods sold	(4,868)	(2,851)	-	(7,719)
Other expenses	(4,037)	(823)	(920)	(5,780)
<b>EBITDA</b>	<b>(2,933)</b>	<b>(427)</b>	<b>(625)</b>	<b>(3,985)</b>

<b>Consolidated - Half-year ended 31 January 2023</b>	B2C \$'000	B2B \$'000	Corporate \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	15,011	5,205	-	20,216
Other revenue	-	-	39	39
Cost of goods sold	(12,576)	(4,080)	-	(16,656)
Other expenses	(6,303)	(833)	(504)	(7,640)
<b>EBITDA</b>	<b>(3,868)</b>	<b>292</b>	<b>(465)</b>	<b>(4,041)</b>

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

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 January 2023 \$'000</b>
<b>EBITDA</b>	<b>(3,985)</b>	<b>(4,041)</b>
Depreciation and amortisation expenses	(1,527)	(1,377)
Finance costs (net)	(1,226)	(1,167)
<b>Loss before income tax expense from continuing operations</b>	<b>(6,738)</b>	<b>(6,585)</b>
Income tax benefit	159	159
<b>Loss after income tax expense from continuing operations</b>	<b>(6,579)</b>	<b>(6,426)</b>

**Note 3. Operating segments (continued)**

Depreciation, amortisation and impairment expenses by segment

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 January 2023 \$'000</b>
B2C	795	783
Corporate	732	594
	<u>1,527</u>	<u>1,377</u>

*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*

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
B2C	1,336	4,100
B2B	4,067	4,067
Corporate	16,875	15,601
Total	<u>22,278</u>	<u>23,768</u>

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 January 2023 \$'000</b>
<b>Revenue</b>		
Continuing operations		
Revenues from contracts with customers		
Revenue from the sale of goods	9,219	20,216

**Note 4. Revenue (continued)**

*Disaggregation of revenue*

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

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 January 2023 \$'000</b>
<i>Operating segments</i>		
B2C	5,972	15,011
B2B	3,247	5,205
	<u>9,219</u>	<u>20,216</u>
<i>Geographical regions</i>		
Australia	9,219	20,216
	<u>9,219</u>	<u>20,216</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>9,219</u>	<u>20,216</u>

**Note 5. Discontinued operations**

At the end of the previous financial year, following a strategic review, the Board concluded to restructure its operations in order to reduce its operating costs and has reached agreement in principle with TRU Kids Inc to facilitate an orderly transition of the UK business and the transfer of its UK licence to TRU Kids Inc.

Consequent to the above, the UK business operations have been classified as discontinued operations and its assets and liabilities have been classified as disposal group held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The erstwhile Funtastic business continues to be disclosed as discontinued operations.

**Note 5. Discontinued operations (continued)**

*Financial performance information*

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 January 2023 \$'000</b>
Revenue	4,608	2,081
Cost of goods sold	(4,607)	(1,602)
Total revenue	<u>1</u>	<u>479</u>
Marketing and selling expenses	(899)	(1,669)
Warehouse and distribution expenses	(1,325)	(778)
Employee benefits expenses	(683)	(502)
Administration expenses	(62)	(227)
Total expenses	<u>(2,969)</u>	<u>(3,176)</u>
Loss before income tax expense	(2,968)	(2,697)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u><u>(2,968)</u></u>	<u><u>(2,697)</u></u>

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 January 2023 \$'000</b>
Net cash used in operating activities	(1,136)	(2,800)
Net cash used in financing activities	-	(129)
Net decrease in cash and cash equivalents from discontinued operations	<u><u>(1,136)</u></u>	<u><u>(2,929)</u></u>

*Restructuring costs*

As at 31 July 2023, the Group has provided for an amount of \$280,000 towards restructuring and legal costs in association with exiting the UK operations and surrender of the UK licence.

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
Carrying amount at the start of the period	280	-
Provisions recognised during the period	-	280
Provisions utilised during the period	-	-
Carrying amount at the end of the period	<u><u>280</u></u>	<u><u>280</u></u>

**Toys "R" Us ANZ Limited**  
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**31 January 2024**

**Note 6. Right-of-use assets**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
<i>Non-current assets</i>		
Land and buildings - right-of-use	12,252	12,252
Less: Accumulated depreciation	(1,698)	(1,085)
	<u>10,554</u>	<u>11,167</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	<b>Land and buildings \$'000</b>	<b>Total \$'000</b>
<b>Consolidated</b>		
Balance at 1 August 2023	11,167	11,167
Depreciation expense for the half-year	(613)	(613)
Balance at 31 January 2024	<u>10,554</u>	<u>10,554</u>

**Note 7. Other assets**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
<i>Current assets</i>		
Prepaid expenses	190	134
Prepaid deposits for purchase of inventory	-	74
	<u>190</u>	<u>208</u>
<i>Non-current assets</i>		
Bonds and security deposits	<u>2,756</u>	<u>2,935</u>
	<u>2,946</u>	<u>3,143</u>

**Toys "R" Us ANZ Limited**  
**Notes to the financial statements**  
**31 January 2024**

**Note 8. Assets of disposal group classified as held for sale**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
<i>Current assets</i>		
Trade and other receivables	155	336
Inventories	1,274	2,173
Other current assets	263	610
	<u>1,692</u>	<u>3,119</u>

**Note 9. Goodwill and other intangibles**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
<i>Non-current assets</i>		
Goodwill - at cost	4,067	29,695
Less: Accumulated impairment	-	(25,628)
	<u>4,067</u>	<u>4,067</u>
Other licenses and trademarks - at cost	375	375
Less: Accumulated amortisation	(53)	(43)
	<u>322</u>	<u>332</u>
Customer database - at cost	5,271	5,271
Less: Accumulated amortisation	(3,342)	(2,810)
	<u>1,929</u>	<u>2,461</u>
Software - at cost	693	284
Less: Accumulated amortisation	(302)	(245)
	<u>391</u>	<u>39</u>
	<u>6,709</u>	<u>6,899</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>Goodwill \$'000</b>	<b>Other licences and trademarks \$'000</b>	<b>Customer database \$'000</b>	<b>Software \$'000</b>	<b>Total \$'000</b>
Balance at 1 August 2023	4,067	332	2,461	39	6,899
Additions	-	-	-	402	402
Amortisation expense	-	(10)	(532)	(50)	(592)
Balance at 31 January 2024	<u>4,067</u>	<u>322</u>	<u>1,929</u>	<u>391</u>	<u>6,709</u>

**Toys "R" Us ANZ Limited**  
**Notes to the financial statements**  
**31 January 2024**

**Note 9. Goodwill and other intangibles (continued)**

*Impairment testing – Goodwill*

The Group has identified that there are two cash-generating units which are aligned with the operating segments disclosed in Note 3 and against which goodwill and other intangible assets are allocated and tested.

**Goodwill**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
Business to consumer (B2C)	-	-
Business to business (B2B)	4,067	4,067
	<u>4,067</u>	<u>4,067</u>

Directors and Management have considered and assessed reasonable possible changes to the key assumptions and have not identified any instances that could cause the carrying amount of the two cash generating units to exceed their recoverable amount as at 31 January 2024.

**Note 10. Borrowings**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
<i>Current liabilities</i>		
Term loan	3,000	11,500
UK Loan facility	1,780	584
	<u>4,780</u>	<u>12,084</u>
<i>Non-current liabilities</i>		
Term loan	10,000	-
UK loan facility	873	526
	<u>10,873</u>	<u>526</u>
	<u>15,653</u>	<u>12,610</u>

**Toys "R" Us ANZ Limited**  
**Notes to the financial statements**  
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**Note 11. Employee benefits**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
<i>Current liabilities</i>		
Annual leave	242	366
Long service leave	104	94
	<u>346</u>	<u>460</u>
<i>Non-current liabilities</i>		
Long service leave	-	9
	<u>346</u>	<u>469</u>

**Note 12. Liabilities directly associated with assets classified as held for sale**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
<i>Current liabilities</i>		
Trade payables	1,110	1,249
Other payables	815	316
	<u>1,925</u>	<u>1,565</u>

**Note 13. Issued capital**

	<b>Consolidated</b>			
	<b>31 January 2024 Shares</b>	<b>31 July 2023 Shares</b>	<b>31 January 2024 \$'000</b>	<b>31 July 2023 \$'000</b>
Ordinary shares - fully paid	<u>982,463,505</u>	<u>863,086,674</u>	<u>294,215</u>	<u>292,920</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Number of Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 August 2023	863,086,674		292,920
Issue for placement	17-Aug-23	58,670,355	\$0.0110	645
Issue for placement	17-Aug-23	1,161,019	\$0.0110	13
Sale of unmarketable parcels	17-Aug-23	-	-	7
Sale of unmarketable parcels	12-Oct-23	-	-	48
Issue on conversion of convertible loans	27-Oct-23	59,545,457	\$0.0110	655
Capital raising costs		-	-	(73)
Balance	31 January 2024	<u>982,463,505</u>		<u>294,215</u>



**Toys "R" Us ANZ Limited**  
**Notes to the financial statements**  
**31 January 2024**

**Note 14. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 15. Contingent liabilities and contingent assets**

As at 31 January 2024, the Group had issued bank guarantees of \$2.76 million (2023: \$2.96 million). The Group has placed an equivalent amount of cash deposit with the banks in relation to these bank guarantees.

There are no contingent assets as at 31 January 2024 (2023: \$Nil).

**Note 16. Licence guarantee 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:

	<b>Consolidated</b>	
	<b>31 January</b>	<b>31 July 2023</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,803	4,780
One to five years	7,213	24,683
More than five years	25,395	56,781
	<u>34,411</u>	<u>86,244</u>

**Note 17. Events after the reporting period**

The following events occurred post the end of the financial half-year:

- 5 February 2024 – TOY announced the execution of Agreements with Tru Kids Inc (TRUK) to facilitate a smooth exit from its UK business and associated License.
- 5 February 2024 – TOY announced it had executed an Amended Facility Agreement with its major finance partner with variations to reduce facility limited to \$13M, set Interest Rate at 11.5%, release security in alignment to UK Exit, lump sum payment of \$3M by 31 May 2024, and change of exercise price to 18M Warrants to \$0.011 per share.
- 20 February 2024 - TOY announced Private Placement of 84,615,385 new fully paid ordinary shares at \$0.0065 per share raising \$550,000 before cost. 2,307,692 new fully paid ordinary shares were also issued to an advisor of the raise.
- 20 March 2024 – TOY announced it had executed agreements to acquire RIOT Arts and Crafts for \$300K in cash and 35M shares at \$0.01 per share (\$350,000). Management is assessing the accounting implications of this transaction under the requirements of AASB 3 *Business Combinations*.
- 20 March 2024 – TOY announced agreement with Mercer Street Global Opportunity Fund II LP for up to \$5M in funding via, \$200,000 Private Placement at \$0.0112, \$600,000 Unsecured Loan, and \$700,000 Convertible Loan subject to shareholder approval. Up to a further \$3.5M will be provided subject to shareholder agreement and mutual agreement between the parties.
- On 20 March 2024 – TOY announced execution of unsecured convertible loan agreement with TOY CEO Penny Cox to provide \$100,000 of funding to the Company which, subject to shareholder approval will convert into new shares in TOY at \$0.0094 per share.

No other matter or circumstance has arisen since 31 January 2024 that has significantly affected or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Toys "R" Us ANZ Limited**  
**Notes to the financial statements**  
**31 January 2024**

**Note 18. Earnings per share**

	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 January 2023 \$'000</b>
<i>Loss per share from continuing operations</i>		
Loss after income tax	<u>(6,579)</u>	<u>(6,426)</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.70)	(0.75)
Diluted loss per share	(0.70)	(0.75)
	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 January 2023 \$'000</b>
<i>Loss per share from discontinued operations</i>		
Loss after income tax	<u>(2,968)</u>	<u>(2,697)</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.31)	(0.31)
Diluted loss per share	(0.31)	(0.31)
	<b>Consolidated</b>	
	<b>31 January 2024 \$'000</b>	<b>31 January 2023 \$'000</b>
<i>Loss per share</i>		
Loss after income tax	<u>(9,547)</u>	<u>(9,123)</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(1.01)	(1.06)
Diluted loss per share	(1.01)	(1.06)
	<b>Number</b>	<b>Number</b>
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>948,641,161</u>	<u>861,333,333</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>948,641,161</u>	<u>861,333,333</u>

**Note 19. Share-based payments**

**(a) Expenses recognised**

An expense of \$54,000 (2023: \$228,000) has been recognised in the profit and loss in relation to share-based payments granted.

**(b) Share options and share appreciation rights**

**Note 19. Share-based payments (continued)**

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 2024:

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Expiry date	Exercised/cancelled	Balance at the end of the half-year
23/11/2020	01/11/2023	\$0.1380	1,691,575	-	-	(1,691,575)	-
23/11/2020	01/11/2024	\$0.1660	1,691,956	-	-	-	1,691,956
23/11/2020	01/11/2025	\$0.1990	1,696,717	-	-	-	1,696,717
01/05/2021	01/05/2025	\$0.1380	1,726,173	-	-	-	1,726,173
			6,806,421	-	-	(1,691,575)	5,114,846

Set out below are the summaries of rights granted under the employee incentive plan as at 31 January 2024:

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
21/09/2021	21/09/2026	\$0.1800	130,000	-	-	-	130,000
23/11/2020	10/12/2036	\$0.1800	500,000	-	-	-	500,000
27/12/2023	27/12/2025	\$0.0000	-	8,181,816	-	(2,727,272)	5,454,544
27/12/2023	27/12/2026	\$0.0000	-	8,181,816	-	(2,727,272)	5,454,544
27/12/2023	27/12/2027	\$0.0000	-	8,181,816	-	(2,727,272)	5,454,544
27/12/2023	27/12/2028	\$0.0000	-	14,545,454	-	-	14,545,454
			630,000	39,090,902	-	(8,181,816)	31,539,086

Set out below is a summary of share warrants granted to the lender of the term loan as at 31 January 2024:

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
28/07/2022	27/07/2025	\$0.1500	18,000,000	-	-	-	18,000,000
			18,000,000	-	-	-	18,000,000

**Note 19. Share-based payments (continued)**

For the rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
27/12/2023	27/12/2025	\$0.011	-	100.00%	-	3.70%	\$0.011
27/12/2023	27/12/2026	\$0.011	-	100.00%	-	3.70%	\$0.011
27/12/2023	27/12/2027	\$0.011	-	100.00%	-	3.70%	\$0.011
27/12/2023	27/12/2028	\$0.011	-	100.00%	-	3.70%	\$0.011


**Toys "R" Us ANZ Limited**  
**Directors' declaration**  
**31 January 2024**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 31 January 2024 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Kelly Humphreys  
Chair  
27 March 2024  
Melbourne, Victoria

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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 2024, 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 the Group 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 2024 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 Group 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.

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the interim financial report, which indicates that the Group incurred a loss of \$9.55 million and had net cash outflows from operating activities of \$4.12 million during the half year ended 31 January 2024. Also, as at 31 January 2024, the Group's current liabilities exceeded its current assets by \$6.62 million and Group's total liabilities exceeded its total assets by \$6.75 million. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### *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 2024 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.

A handwritten signature in blue ink, appearing to read "RSM".

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to read "R B Miano".

**R B MIANO**  
Partner

Dated: 27 March 2024  
Melbourne, Victoria