

The Reject Shop Limited
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Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

2024 AGM Addresses and Trading Update

Attached are copies of the addresses to shareholders, including a trading update, to be delivered by the Chair, Steven Fisher, and the Chief Executive Officer, Clinton Cahn, at The Reject Shop Limited's (ASX:TRS) 2024 Annual General Meeting which will be held virtually today at 9.30am (AEDT).

This document has been authorised for release to the market by the Board.

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The Reject Shop Limited

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Steven Fisher – Chair's address to the 2024 Annual General Meeting of The Reject Shop Limited

Results

The Reject Shop is a merchandise-led business and, at the beginning of the FY24 financial year, we committed to materially improving our merchandise offering.

The new merchandise strategy is primarily focused on offering customers consistently low prices on branded household essentials, as well as more newness and greater variety at compelling price points across our general merchandise and seasonal product offerings.

The FY24 financial year was the first full year during which the new merchandise strategy was meaningfully in place and I am pleased that our new product offering is resonating well with customers.

During FY24, and in a challenging macroeconomic and retail trading environment, the Company delivered record sales of \$852.7 million, up 4.1% on the prior corresponding period.

Last year, like many Australian retailers, The Reject Shop encountered margin pressure from rising costs and higher shrinkage, which adversely impacted profitability. In FY24, The Reject Shop recorded earnings before interest and tax of \$13.8 million and net profit after tax of \$4.7 million.

In order to address these challenges, management has been focused on gross profit margin improvement. Pleasingly, gross profit margin improved in the second half of FY24 and has continued to improve into FY25.

Balance sheet and new store growth

The Company's balance sheet remains strong with \$49.9 million in cash and no drawn debt at 30 June 2024. During FY24, approximately \$15 million in cash was paid to shareholders via dividends and the on-market share buy-back.

My fellow Board members and I believe that the discount variety sector presents a significant opportunity for growth over the medium to long term. As Australia's largest discount variety retailer, and with our strong balance sheet, The Reject Shop is well positioned to continue capturing this opportunity.

The Company currently has 386 stores across Australia, having opened 67 new stores and closed 35 mostly underperforming stores since 30 June 2020.

In FY25, the Company is targeting to open approximately 15-20 new stores.

Thank you

Christmas is an important time of the year for many within our community and The Reject Shop is ready to again play its part in helping all Australians to save and celebrate. Our initial Christmas stock has arrived and is setup in all stores, with customers responding positively to the range both at the register and on social media.

I would like to thank all of our team members across the country for their efforts and express my gratitude to my Board colleagues, our shareholders, customers, suppliers and other stakeholders for your support and encouragement throughout the year. It is very much appreciated.

I will now invite The Reject Shop's CEO, Clinton Cahn, to address shareholders.

Clinton Cahn – CEO's address to the 2024 Annual General Meeting of The Reject Shop Limited

Thank you, Steve.

Good morning fellow shareholders,

It is a privilege to present to you today on behalf of our 4,000+ team members across our 386 (and growing) store network, three distribution centres and store support centre.

New merchandise strategy

Further to what Steve said, during FY24, significant changes were made to our merchandise strategy, including:

- launching our new Homewares range, which offers our customers a rotation of new and exciting high quality product at amazing value;
- growing our seasonal events (including Christmas, Easter and Halloween) by offering customers more variety at compelling price points;
- refreshing most of our core ranges and improving the way product is presented to customers in our stores; and
- improving the breadth and availability of our branded low-priced household essentials range to help our customers save money every day.

Our customers are responding positively to our new and improved merchandise offering. I am pleased to again share that, during FY24, the Company generated around 2 million more customer transactions than it did in the prior year, reported record full year sales and recorded positive comparable store sales growth in a challenging economic and trading environment. We also distributed approximately 80% of net profit after tax to shareholders in the form of a 10 cents per share dividend.

All of this would not have been possible without the hard work and dedication of each and every one of our committed team members. I would like to thank all of our team members for their contribution and efforts during FY24.

Focus on gross profit margin, new store openings and strategic projects

We are pleased with the progress being made in relation to the new merchandise strategy and we recognise that there is an opportunity to improve the profitability of the business.

My team's key focus in FY25 is to continue to improve gross profit margin while also growing sales through the ongoing improvement of the merchandise offering and expanding our national store network.

During FY24, we opened 17 new stores and we continue to look for new locations where we can conveniently serve more Australians. In FY25, we are targeting to open approximately 15-20 new stores.

In addition, we continue to explore and invest in strategic projects across the business, particularly in supply chain and technology, to minimise risk and enable efficiencies and growth. My team is currently focused on implementing a new warehouse management system and modernising our network infrastructure.

FY25 year-to-date performance

As shareholders who have recently visited our stores will know, we have continued to excite our customers in FY25 with low prices on branded household essentials as well as more newness and variety, at incredible value, across our general merchandise and seasonal offering.

During the first quarter of FY25, our team has continued to surprise and delight our customers with our 'Spring Event', which included three unique rotations of our Homewares range in the promotional space within our stores. In addition, we introduced new core ranges across Confectionery, Pet and Home Organisation, with further range enhancements

planned for the second half.

We are again excited to introduce customers to our latest Halloween and Christmas ranges, which launched in store during September. We are confident that customers will love this year's Christmas range – approximately 65% of the range is made up of new products and approximately 80% of the range retails for under \$10.

During the first 15 weeks of FY25, total sales growth, comparable store sales growth and gross profit margin are all up on the prior corresponding period. Pleasingly, the growth in both sales and gross profit margin is being driven by both consumables and general merchandise.

We expect total sales growth in FY25 to also be supported by new store openings – the Company is targeting to open 15-20 new stores this financial year and to close approximately five stores. During this half, the Company has so far opened two new stores and closed one store. This results in the store network currently consisting of 386 stores, up from 380 stores at last year's Annual General Meeting. We expect to open a further seven stores during this half, including our new store in Sunshine, Victoria, which is scheduled to open tomorrow.

As you know, the second quarter is a key trading period for our business, and I look forward to providing a more comprehensive update on our performance at the half year result in February 2025.

The role of The Rejects Shop in a challenging macroeconomic environment

The macroeconomic and consumer environment is uncertain and we are pleased that our strong balance sheet positions us well to navigate through any potential volatility in trading.

We are also very aware that The Reject Shop plays a critical role in supporting Australians who are currently faced with significant cost of living pressures. We do this by helping our customers save money on branded everyday essential items such as cleaning products, toiletries, personal hygiene products, kids lunchbox snacks and pet products. In addition, our team continues to work hard to offer our customers exciting, new general merchandise and seasonal ranges at incredible value. We are focused on offering products that bring joy to our customers during challenging economic times while also making it more affordable for Australians to celebrate seasonal events, including Halloween and Christmas, with their friends and families.

The Reject Shop is Australia's largest discount variety retailer and we have a track record of helping customers save money for over 40 years. We remain committed to ensuring that every visit to The Reject Shop brings joy and savings to our customers.

Thanks

To our shareholders, thank you for your ongoing support and long-term commitment to our business.

I want to again acknowledge the privilege that I have to lead your Company. I am determined, together with my team, to continuously improve The Reject Shop's performance and deliver sustainable long-term value for all shareholders.

I will now hand you back to the Chair for the next part of today's meeting.