



Strategic Partnership Secured

17 February 2025: Toys"R"Us ANZ Limited (ASX:TOY) ("TOY" or "Company") is excited to announce that it has entered into a strategic commercial agreement with Directed Electronics Australia Pty Ltd, (**Directed**) a leader in consumer electronics and innovation.

Key Highlights:

- Commercial Services Agreement with an initial term of 3 years and the option to extend for two additional 12 month periods.
- The Agreement enables the co-development of products, packaging and marketing services for TOY and its retail brands.
- This partnership represents a significant milestone in accelerating TOY's strategic roadmap, particularly in the development of private label products and the expansion of the Company's product portfolio.
- TOY will own all rights to materials developed under this agreement.
- There are no conditions precedent to commencement of the agreement.

Key Terms of the Agreement:

Directed will provide comprehensive support that will enable the acceleration of TOY's strategic roadmap including:

- Market analysis and product development;
- Sourcing and manufacturing assistance;
- Quality control and testing;
- Packaging design and development;
- Marketing and website design support; and
- Supply of goods.

Financial Terms:

- The supply of goods to TOY with an aggregate value of \$400,000 per annum during the agreement term.
- Annual fee of \$1.2 million, to be paid through the issuance of options convertible to ordinary shares in the Company on each anniversary of the agreement term, subject to TOY having available capacity under ASX Listing Rule 7.1 or receiving shareholder approval for the issuance at a general meeting of the Company (which must be held not more than 3 months prior to the anniversary date).

- The number of options to be issued will be calculated using the annual fee divided by the 30 day VWAP immediately prior to the relevant anniversary date.
- The Options to be issued will have an exercise price equal to 120% of the 30 day VWAP leading up to the relevant anniversary date of the agreement term.
- All options will have 60 month term and will be unlisted.
- If, for any reason, shareholder approval is not received or TOY is unable to issue the options utilising its available capacity under ASX Listing Rule 7.1, then TOY must, at the election of Directed, immediately pay the amount in cash equal to the annual fee.

Alignment with Strategic Roadmap:

This partnership directly supports key elements of the Company's strategic roadmap for FY25 and beyond, particularly the focus on accelerating new product development, including Private Label initiatives. The expertise and resources provided by Directed will be instrumental in fast-tracking our private label product development process, from market analysis and design to manufacturing and quality control. In particular, the agreement will allow TOY to access and develop exclusive products that are not available elsewhere in the market, providing a significant point of differentiation to competitors and supporting revenue growth.

Business Impact:

The strategic partnership with Directed is expected to have a transformative impact on the Company's business operations and market position. The collaboration extends beyond product development, encompassing marketing and digital initiatives that will help to strengthen our omnichannel presence. Kelly Humphreys, Chair of TOY commented:

"This partnership marks a pivotal moment in our transformation, and in delivering on our strategy. By entering into this agreement, the Company will be able to accelerate product development and deliver on our initiatives much faster than anticipated."

"By combining our deep understanding of the toy market with Directed's innovation and manufacturing expertise, we are poised to offer unique, high-quality products that will delight our customers and drive stronger growth. This will not only diversify our product offering but also enhance margins and brand differentiation."

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

For further information please contact: 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 of 'A lifetime journey with every child'. The Company operates as House of Brands strategy via its Australian e-commerce websites Toys"R"Us, Babies"R"Us, RIOT Art and Craft and Hobby Warehouse. 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