

18 October 2023

Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Addresses to the Annual General Meeting

Please find attached a copy of each of the addresses to be given by the Chair, Steven Fisher, and the Chief Executive Officer, Clinton Cahn, at today's Annual General Meeting (commencing at 9.30 am (AEDT)) of The Reject Shop Limited.

Shareholders may attend the Annual General Meeting virtually to vote and ask questions with all necessary information available through the Company's [website](#), and contained in the Notice of Annual General Meeting dated 15 September 2023 ([copy of notice](#)).

For the purposes of ASX Listing Rule 15.5, the Company confirms that this document has been authorised for release to the market by the Company Secretary.

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Company Secretary
The Reject Shop Limited

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Steven Fisher – Chair's address to the 2023 Annual General Meeting of The Reject Shop Limited

Results

Your Company reported a strong FY23 result in a challenging macroeconomic environment through an improving merchandise offer, which is now more closely aligned to the Company's core customer. Our management team continues to work hard to embed its new merchandise strategy. This strategy is primarily focused on offering customers low prices on branded household essentials as well as more newness and greater variety, at lower price points, across the general merchandise and seasonal offerings.

The Reject Shop delivered sales of \$819.3 million, pre AASB 16 earnings before interest and tax ("EBIT") of \$13.3 million and pre AASB 16 net profit after tax ("NPAT") of \$10.5 million. The Company's balance sheet remains strong with \$77.3 million in cash and no drawn debt at 2 July 2023.

At the time of the release of the FY23 results, the board was pleased to appoint Clinton Cahn as the Chief Executive Officer of the Company. Shareholders will be very familiar with Clinton as he has been the Company's Chief Financial Officer for the last three years.

Capital Management

Given its strong balance sheet, at the FY23 result, the Company decided to reinstate the payment of dividends and undertake a further on-market share buy-back of up to \$10 million.

The Company has reinstated its previous dividend policy to maintain a minimum dividend payout ratio of 60% of net profit after tax, subject to the underlying profitability and financial requirements of the Company which will be assessed periodically. Going forward, the Company will retain flexibility in deciding how much of the annual dividend is declared as an interim or a final dividend.

The buy-back commenced in mid-September and a fully franked dividend of 16.0 cents per ordinary share (comprising a final dividend of 6.5 cents and a special dividend of 9.5 cents) will be payable to shareholders registered at 5:00pm on Friday, 20 October 2023.

Board

Mark Ward resigned from the board in July 2023. Although only with the Company for a short period, I thank Mark for his contribution to the Company.

Thanks

I would like to thank all of our team members across the country for your continued and sustained 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.

Christmas

Christmas is an important time of the year for many within our community and The Reject Shop is ready to play its part in helping all Australians to save and celebrate. Pleasingly, our initial Christmas stock has arrived, is setup in store, looks terrific and is selling in-line with expectations.

It always feels a little premature to offer Christmas greetings in October. With that said, I sincerely wish all of our shareholders a Merry Christmas and a prosperous and Happy New Year.

Thank you and I will now invite Clinton Cahn to address shareholders.

Clinton Cahn - CEO's address to the 2023 Annual General Meeting of The Reject Shop Limited

Thank you, Steve.

Good morning fellow shareholders,

It is a privilege to have the opportunity to present to you today on behalf of our 4,000+ team members across our 380 stores, three distribution centres and store support centre.

FY23 result

We are pleased to again report that, in FY23, The Reject Shop achieved its strongest profit result in the last five financial years, delivered solid comparable store sales growth and resumed the payment of dividends. Each of our team members played a key part in delivering the FY23 result for our shareholders and we all remain committed to bringing joy to our customers on every visit to The Reject Shop while also helping all Australians save money every day.

I would like to thank each and every one of our team members for their contribution and hard work during FY23.

FY24 priorities

Our priorities in FY24 are simple: continue growing sales by executing our new merchandise strategy and continuing to expand our national store network, all underpinned by a strong culture that is closely aligned to the Company's purpose and values. As usual, the Company will continue to work hard to improve its gross profit margin and manage the cost of doing business, particularly having regard to the high inflation environment that presently exists.

During FY24, we will also 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.

Comments on FY24 year-to-date

As shareholders who have recently visited our stores will know, we have been surprising and delighting our customers in FY24 with low prices on branded household essentials as well as more newness and variety, at lower price points, across The Reject Shop's general merchandise and seasonal offering.

With cost of living pressures remaining elevated, we continue to see strong customer demand for low-priced consumables that represent great value, particularly branded products. We expect this demand to continue throughout FY24 and have increased our stock levels accordingly.

During the first quarter of FY24, the new and improved 'Kitchen', 'Home' and 'Garden' ranges were featured in the promotional space within our stores as part of our 'Spring Event'. We also introduced new core ranges across Party, Garden, Hardware, Kitchen as well as Stationery and Craft. The customer response to these new ranges has been very encouraging.

We are also excited to introduce customers to our new Halloween and Christmas ranges, which launched in store during September. Given the challenging macroeconomic environment, we have been focused on lowering the average selling prices on products within these ranges to ensure that as many Australians as possible can afford to celebrate these events. We are pleased with the performance of our Halloween offering to date and the initial customer response to our Christmas range has been in-line with our expectations.

Pleasingly, comparable store sales growth during the first 15 weeks of FY24 continues to be up on the prior corresponding period and is tracking in-line with our expectations. We also remain focused on improving our profit margin in FY24, noting that, like most Australian retailers, the Company is subject to a number of inflationary headwinds which are putting pressure on its cost base.

We expect total sales growth in FY24 to also be supported by new store openings – the Company is targeting to open 15

new stores in FY24 and to close 8-10 stores. During the half, the Company has so far opened four new stores and closed four stores, which results in the store network currently consisting of 380 stores, up from 372 stores at last year's Annual General Meeting.

As you know, the second quarter is a key trading period for our business and I look forward to providing an update on our performance at the half year result in February 2024.

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 the trading environment.

We are also acutely 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 food. In addition, and as I noted earlier, our team has worked hard to lower the prices of our seasonal offering so that it is more affordable for our customers to celebrate 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.

I would like to invite all Australians, including our shareholders and customers, to shop at any one of our 380 stores across Australia to experience our new product offering and save money.

Thanks

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

I want to acknowledge the privilege and opportunity that I have to lead your Company. I am determined, with the support of 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 Steve for the next part of today's meeting.