

23 May 2024

Trading Update

The Reject Shop Limited (ASX:TRS) (the Company or The Reject Shop) provides the following trading update:

	1H24 <i>(Weeks 1 to 26)</i>	2H24 to date <i>(Weeks 27 to 46)</i>	FY24 to date <i>(Weeks 1 to 46)</i>
Comparable store sales growth*	+2.3%	+3.3%	+2.7%
Total sales growth*	+4.2%	+4.1%	+4.2%

*as compared to the prior corresponding period

Sales

Sales during the second half to date (weeks 27 to 46) are up 4.1% on the prior corresponding period (pcp). Comparable store sales for the second half to date are up 3.3% on the pcp.

FY24 is the first period during which the new merchandise strategy has meaningfully been in place and it has shown positive signs.

Growth in both customers and units per basket has driven comparable store sales growth during the second half. This represents a continuation of the positive sales momentum achieved during the first half, notwithstanding the challenging macro and retail trading environment.

Sales growth in consumables categories has remained strong as customers continue to visit The Reject Shop for low-priced consumables that represent great value, particularly branded products.

In general merchandise, the Easter and Mother's Day events performed strongly and the ongoing newness and differentiation in our Home range has continued to resonate well with customers. With cost of living pressures remaining elevated, sales in the more discretionary, commoditised general merchandise products have been softer.

Profit (Pre AASB 16)

The Company expects full-year EBIT (pre AASB-16) for FY24 to be in the range of \$4.0 million and \$5.5 million¹.

The Chief Executive Officer, Clinton Cahn, said: "Our customers continue to respond positively to our new and improved merchandise offering with sales up 4.1% in the second half to date. We are focused on continuing to grow sales in FY25 by further refining our merchandise strategy and continuing to expand our store network."

"Like many Australian retailers, The Reject Shop is currently facing a number of macro and inflationary pressures, including higher wages, domestic supply chain costs and shrinkage. As we prepare for FY25, my team and I are very focused on improving gross profit margin and managing the cost of doing business."

"The Company's strong balance sheet positions us well in the uncertain macroeconomic and consumer environment."

The Company will provide further commentary on its financial performance when it releases its full year results in August.

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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¹ Subject to no material change in economic conditions and finalisation of the FY24 accounts (including year-end statutory adjustments and external audit).