Appendix 4E

The Reject Shop Limited

(ABN 33 006 122 676)

Current reporting period: **52 week period ended 30 June 2024**
Prior corresponding period: **52 week period ended 2 July 2023**

Results for announcement to the market

		Percentage Change %		Amount $'000
Revenue from ordinary activities	up	+4.1%	to	852,736
Profit from ordinary activities after tax attributable to shareholders	down	-54.3%	to	4,713
Net profit for the period attributable to shareholders	down	-54.3%	to	4,713

Dividends	Amount per share	Franked amount per share
Interim dividend (fully franked)	10.0 cents	10.0 cents
Final dividend[1]	nil	nil
Record date for determining entitlements to final dividend	n/a	
Final dividend payment date	n/a	

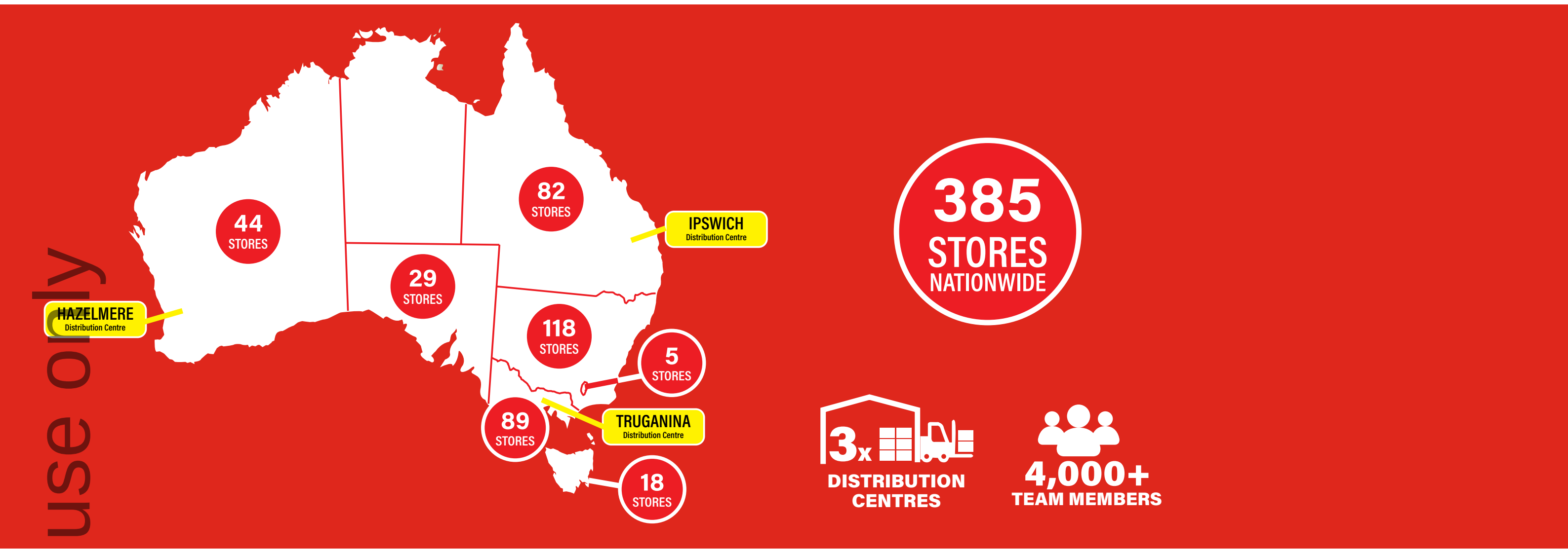
For further commentary on the Group's trading results refer to the accompanying 2024 Annual Report and the FY24 Results announcement and presentation released in conjunction with this report.

1 The Directors have determined not to declare a final dividend in respect of the financial period ended 30 June 2024 as the interim dividend paid in respect of the half year ended 31 December 2023 represents approximately 80% of FY24 net profit after tax and satisfies the Company's dividend policy.

THE REJECT SHOP

Annual Report

2024



About The Reject Shop

The Reject Shop has been delivering value and amazing prices to shoppers for over 40 years. The Reject Shop helps all Australians save money every day by offering our customers the lowest everyday prices on household essentials as well as unique and exciting products at compelling value for every event and occasion in approximately 385 convenient store locations across Australia.

About this Report

This Annual Report is a summary of The Reject Shop Limited's operations, activities and financial position as at 30 June 2024. In this Report, references to 'The Reject Shop', 'Company', 'we', 'us' and 'our' refer to The Reject Shop Limited unless otherwise stated. References in this Report to a 'financial year', 'financial period' and 'FY24' refer to the 52-week period ended 30 June 2024 unless otherwise stated. All dollar amounts are expressed in Australian dollars (AUD) unless otherwise stated. This Report discloses The Reject Shop's financial and non-financial performance for FY24. More information can be found on the Company's website.

DISCLAIMER: This Report contains forward-looking statements, including statements, indications, and guidance regarding future performance. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of The Reject Shop, its Directors and management, and involve elements of subjective judgement and assumptions as to future events which may or may not be correct. Actual performance may differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. The forward-looking statements are based on information available to The Reject Shop as at the date of this Report (22 August 2024). Except as required by law, including the ASX Listing Rules, The Reject Shop does not undertake to provide any additional or updated information, whether as a result of new information, future events, results or otherwise.

[1] 385 stores as at 30 June 2024


THE REJECT SHOP
BIG BRAND ESSENTIALS
REAL LOW PRICES EVERY DAY
BARGAIN BUY
BARGAIN BUY
$5
$2
$2
$3
$3
BARGAIN BUY

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BIG BRAND ESSENTIALS


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PALMOLIVE
VALUE PACK
MORNING
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THE REJECT SHOP

Chair's Review

Dear Shareholders,

The Reject Shop is a merchandise-led business. The FY24 financial year was the first full year during which the new merchandise strategy was meaningfully in place. At the beginning of the financial year, and consistent with the new strategy, we committed to materially improving our merchandise offering.

I am pleased that our new product 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.

Like many Australian retailers, The Reject Shop continues to face near-term margin pressure from rising costs and higher shrinkage, which adversely impacted profitability during FY24. 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.

The Company recorded earnings before interest and tax (EBIT) of $13.8 million and net profit after tax (NPAT) of $4.7 million.

The Company's balance sheet is strong with $49.9 million in cash and no drawn debt at 30 June 2024. During FY24, approximately $15.0 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 capture this opportunity. At 30 June 2024, the Company had 385 stores across Australia, having opened 65 new stores and closed 34 mostly underperforming stores over the past four financial years. In FY25, the Company is targeting to open approximately 15-20 new stores.

On behalf of the Board, I would like to take the opportunity to thank our committed and passionate team members for their hard work in implementing the changes associated with the new merchandise strategy.

Finally, I would like to express my gratitude to my Board colleagues, our shareholders, customers, suppliers and other stakeholders for your continued support and encouragement throughout the year.

Yours sincerely,

Steven Fisher
Non-executive Chair

WE ARE HERE TO HELP ALL AUSTRALIANS SAVE MONEY EVERY DAY

CEO's Update

Dear Shareholders,

The FY24 financial year was the first full year of the new merchandise strategy and my team's key focus was on improving our product offering to drive customer growth and generate comparable store sales growth.

During the year, significant changes were made to the Company's merchandise offering. We launched our Homewares range, which offers our customers a rotation of new and exciting high quality products at amazing value. We grew our seasonal events, including Christmas, Easter, Halloween, Mother's Day and Father's Day, with more variety at lower prices points. We refreshed most of our core ranges and improved the way product is presented to customers in our stores. We also improved 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 these changes. I am pleased to share that, during FY24, the Company generated approximately 2 million more customer transactions than it did in the prior corresponding period, reported record full year sales and recorded positive comparable store sales growth in a challenging economic and trading environment.

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 the year.

While we are pleased with the progress being made in relation to the new merchandise strategy, we recognise that there is an opportunity to improve the profitability of the business. Like many Australian retailers, The Reject Shop is currently facing a number of macroeconomic and inflationary pressures, including higher wages, elevated domestic supply chain costs and shrinkage. 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.

The macroeconomic and consumer environment remains uncertain so 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 with their friends and families.

The Reject Shop is Australia's largest discount variety retailer and has a track record of helping customers save money for over 40 years. I would like to invite all Australians, including our shareholders and customers, to shop at any one of our 385 stores across Australia, experience our new and improved product offering and save money on each and every visit.

Yours sincerely,

Clinton Cahn
Chief Executive Officer

Board of Directors

Steven Fisher
Non-Executive Chair
BAcc, CA

Steven Fisher has more than 30 years' experience in general management positions in the wholesale consumer goods industry and was the former Managing Director of the Voyager Group. Prior to entering the consumer goods industry, Steven was a practising chartered accountant having qualified with a Bachelor of Accounting degree in South Africa.

Steven joined the Board of The Reject Shop in June 2019 and was appointed Chair in October 2019. Steven is a member of the Audit & Risk Committee and the People & Culture Committee.

Current Listed Directorships

- Nil

Former Listed Directorships (last three years)

- Breville Group Limited (from November 2004 to November 2021)
- Laybuy Group Holdings Limited (from July 2020 to July 2023)
- BWX Limited (Chair from December 2022 to April 2023)

David Grant
Non-Executive Director
BCom, CA, GAICD

David Grant is a Chartered Accountant with extensive experience in the accounting profession and the commercial sector. David's executive career included roles with Goodman Fielder Limited and Iluka Resources Limited.

David is currently a Non-executive Director of two other publicly listed entities and is the Chair of the Audit and Risk Committee of both of these entities. David was previously a Non-executive Director of iiNet Limited and Murray Goulburn Co-operative Co. Limited.

David joined the Board of The Reject Shop in May 2020 and is Chair of the Audit & Risk Committee and a member of the People & Culture Committee.

Current Listed Directorships

- EVT Limited (since 2013)
- Retail Food Group Limited (since 2018)

Former Listed Directorships (last three years)

- A2B Australia Limited (from June 2020 to October 2022)

Nicholas (Nick) Perkins
Non-Executive Director
BA, LLB, GAICD

Nick Perkins is the Managing Director and General Counsel of Kin Group Pty Ltd, which is a substantial shareholder of The Reject Shop. The Kin Group is a diversified, global, long-term focused investor with offices in Melbourne and New York.

Nick has held a variety of roles within the Kin Group, and its subsidiary businesses, for over 19 years, including 10 years as the General Counsel of Pact Group Limited.

Nick joined the Board of The Reject Shop in May 2020 and is a member of the Audit & Risk Committee and the People & Culture Committee.

During the last three years, Nick has not served as a director of any other listed company.

Margaret Zabel
Non-Executive Director
BMath, MBA, GAICD

Margaret Zabel is a specialist in customer-centred business transformation, brand strategy, innovation, digital communications, customer experience and change leadership. Margaret has more than 20 years of senior executive experience working across major companies and brands in fast moving consumer goods, food, technology and communications industries, including multinationals, ASX 100 companies and not-for-profits.

Margaret's executive experience includes National Marketing Director for Lion, Vice President of Marketing for McDonald's Australia and Chief Executive Officer of Advertising Council Australia.

Margaret is currently a Non-executive Director of three other publicly listed entities and is also a Non-executive Director on the Boards of Collective Wellness Group and Fairtrade AUNZ.

Margaret joined the Board of The Reject Shop in June 2021 and is Chair of the People & Culture Committee and a member of the Audit & Risk Committee.

Current Listed Directorships

- G8 Education Limited (since 2017)
- Select Harvests Limited (since 2022)
- Australian Vintage Limited (since 2024)

Former Listed Directorships (last three years)

- Nil

Executive Leadership Team

Clinton Cahn
Chief Executive Officer

Clinton Cahn has experience across investment banking at UBS, private equity at TPG Capital and corporate strategy at Crown Resorts.

Clinton was the Chief Financial Officer from 1 May 2020 to 30 June 2024 and was appointed Chief Executive Officer on 24 August 2023, having held the role of Acting Chief Executive Officer from April 2022 to July 2022 and again from February 2023 to August 2023.

Clinton joined The Reject Shop in March 2020.

Amy Eshuys
Chief Operating Officer

Amy Eshuys is an experienced retail professional, with extensive international merchandise experience and deep knowledge of discount variety retail, having worked in both Australia and the United States.

Prior to joining The Reject Shop, Amy held the combined role of Vice President and General Merchandise Manager for Buying, Merchandising & Sourcing at CTS (formerly known as Christmas Tree Shops) based in New Jersey. CTS is a specialty retailer with 80 stores that combines low price every day and seasonal merchandise. In her time with CTS, Amy was responsible for developing and executing a compelling merchandise offer to meet the needs and wants of customers in a very competitive and challenging marketplace.

Amy was appointed Chief Operating Officer of The Reject Shop in April 2022.

Andrew Woolf
Chief Financial Officer

Prior to joining The Reject Shop, Andrew Woolf spent 15 years at PricewaterhouseCoopers (PwC) in the UK and Australia, most recently as a Director in their Financial Assurance practice primarily focused on consumer and retail markets.

Andrew holds a Bachelor of Commerce and is a Chartered Accountant. Andrew joined The Reject Shop in 2020 as the Financial Controller and was appointed Chief Financial Officer in July 2024.

Patrick Myers
Chief Commercial Officer

Patrick Myers is an experienced retail finance professional with 15 years' experience predominately in commercial roles.

Prior to joining The Reject Shop, Patrick was at Swisse Wellness for over three years and at Coles Group for six years. Patrick holds a Bachelor of Economics and Finance and is a Chartered Management Accountant.

Patrick joined The Reject Shop in 2021 as the Head of Commercial and Strategy and was appointed Chief Commercial Officer in July 2024.

Lauren Harris
General Counsel & Company Secretary

Lauren Harris is an experienced legal and governance practitioner, having previously held roles at a top tier law firm (Ashurst) and a number of ASX 100 companies across a range of industries. Lauren has oversight of the Quality & Product Compliance, Legal and Company Secretarial functions at The Reject Shop.

Lauren holds a Bachelor of Laws (Hons) and a Bachelor of Commerce.

Lauren joined The Reject Shop as General Counsel in January 2024 and was appointed Company Secretary in February 2024.

Hamish Briggs
General Manager, Operations

Hamish Briggs is a passionate operational leader and retailer, with 15 years' experience across Woolworths and The Reject Shop.

Joining The Reject Shop in 2018 as an Area Manager, Hamish progressed into the role of National Operations Manager and Head of Central Operations and served as the State Manager for Victoria and Tasmania. Hamish has played a critical role in the transformation journey at The Reject Shop over the past 4 years, leveraging his expertise in retail management to drive operational excellence, simplification, cost optimisation and store engagement.

Hamish was appointed General Manager, Operations in July 2024 and oversees the Store Operations, Central Operations and Loss Prevention functions.

Natasha (Tash) Reeve
General Manager, People & Culture

Tash Reeve is an accomplished Human Resources professional who has worked in various industries and sectors in Australia and the United States, including at Hertz, 7-11 and Amazon. Tash specialises in organisational development, talent management and executive coaching. Tash oversees the Safety, Talent Acquisition, People and Culture Business Partnering, Employee Relations and Payroll functions at The Reject Shop.

Tash holds a Bachelor of Business Management specialising in Human Resources Management and Marketing.

Tash joined The Reject Shop in April 2023 as Head of Business Partnering and was appointed General Manager, People & Culture in May 2024.

David (Dave) Newett
General Manager, Technology

Dave Newett has nearly 30 years of technology experience, with over 20 years' experience in retail focused technology roles.

Prior to joining The Reject Shop, Dave held a number of senior technology roles at Kmart. During his time at Kmart, Dave helped define the technology strategy, led major transformation initiatives from a technology and business perspective and was instrumental in enabling the enhanced use of data to drive business outcomes.

Dave joined The Reject Shop as Head of Technology in July 2021 and was appointed General Manager, Technology in October 2023.

Paul Rose
General Manager, Property

Paul Rose is an experienced senior level professional with over 20 years' experience in retail property, working with major retailers and major landlords throughout Australia.

Paul held senior roles for 10 years with leading ASX listed property trusts and commercial agencies in centre management, leasing and development. Paul then held senior property roles with Wesfarmers-owned Kmart Australia from 2009 and incorporated Target Australia from 2016. During this time, Paul was part of the property leadership team that delivered major store network growth to assist with re-positioning Kmart Australia.

Paul joined The Reject Shop in February 2020.

Andrew Stein
Chief Customer Officer

Andrew Stein has more than 25 years of experience in discount variety retail in the United States, New Zealand and Australia.

In the US, Andrew was Chief Marketing Officer at Kmart where he led the brand repositioning, the development of the loyalty program, and creating Cannes Lion award-winning advertising. At Big Lots, Andrew was the Chief Customer Officer and led the brand reinvention, the launch and building of e-commerce, the redevelopment of the loyalty program and several years of comparable store sales growth.

Andrew then moved to the Warehouse Group in New Zealand to lead Customer Strategy and Demand Generation in the new agile structure for The Warehouse, Warehouse Stationery and Noel Leeming brands.

Andrew joined The Reject Shop in March 2022.

John Bacon
General Manager, Supply Chain

John Bacon has over 25 years of retail experience having worked at Coles, Coles Liquor, Lovisa and, as a supply chain consultant with a variety of other retailers. As a consultant, John has worked on a variety of supply chain transformation projects with each of Woolworths, Bras N Things and Pillow Talk while also assisting Forever New and Cotton On.

Since 2017, John has developed his skillset to include managing supply chains in domestic and international contexts where he provides proactive leadership to build supply chain capacity, capability and resilience.

John is keen to contribute to the learning and development of the next generation of retailers through education and mentoring. John is a sessional lecturer at the University of Melbourne in e-commerce and supply chain.

John joined The Reject Shop in December 2022.


THE REJECT SHOP
BIG BRAND BARGAINS
REAL LOW PRICES EVERY DAY
RETHINK YOUR EASTER BASKET FOR LESS
Easter
BARGAIN BUY
$3.25
$3
BARGAIN BUY

Directors' Report

The Directors present their report on The Reject Shop Limited and the entities it controls (collectively, the Group) for the financial period ended 30 June 2024.

Directors

The Directors of The Reject Shop during the whole of the financial period and up to the date of this Directors' Report were:

Steven Fisher
Non-Executive Chair

David Grant
Non-Executive Director

Nicholas (Nick) Perkins
Non-Executive Director

Margaret Zabel
Non-Executive Director

Details of the background and experience of the Directors are outlined on pages 6 to 7.

Company Secretaries

The Company Secretaries of The Reject Shop during the whole of the financial period and up to the date of this Report, unless otherwise stated below, were:

Lauren Harris (appointed 23 February 2024)

Michael Freier (resigned 23 February 2024)

Details of the background and experience of the current Company Secretary are outlined on page 8.

Board and Board Committee Meetings

The number of meetings of the Board and each Board Committee held during the financial period and each director's attendance at those meetings are set out below.

	Director meetings		Audit & Risk Committee meetings		People & Culture Committee meetings	
Director	Attended	Held	Attended	Held	Attended	Held
S Fisher	13	13	4	4	5	5
D Grant	13	13	4	4	5	5
N Perkins	13	13	4	4	5	5
M Zabel	13	13	4	4	5	5

Directors' Relevant Interest in Shares

The relevant interests that each Director has in the Company's ordinary shares or other securities as at the date of this Directors' Report are set out below.

Director	Ordinary Shares	Performance Rights
S Fisher	144,039	Nil
D Grant	23,500	Nil
N Perkins	55,866	Nil
M Zabel	15,000	Nil

Principal Activities

The principal activities of the Company during the financial period were the retailing of discount variety merchandise and no significant change in the nature of these activities occurred during the period.

Operating and Financial Review

The Operating and Financial Review, which forms part of this Directors' Report, is presented on pages 13 to 18.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial period.

Matters Subsequent to the End of the Financial Period

The Company and Australia and New Zealand Banking Group (ANZ) Limited agreed to extend the Company's existing banking facilities to August 2025 (previously August 2024). The limits for the banking facilities are as follows:

- working capital facility: $10 million; and
- seasonal facility: $20 million (the seasonal facility can only be used between October and December each year).

Since the end of the financial period, the Directors have determined not to declare a final dividend in respect of the financial period ended 30 June 2024 as the interim dividend paid in respect of the half year ended 31 December 2023 represents approximately 80% of FY24 net profit after tax and satisfies the Company's dividend policy.

On 1 July 2024, Andrew Woolf was appointed Chief Financial Officer of the Company and Patrick Myers was appointed Chief Commercial Officer of the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group and the expected results of those operations in future financial periods are contained in the Operating and Financial Review on pages 13 to 18.

Environmental Regulation

The Group is not involved in any direct activities that have a marked influence on the environment within its area of operation. As such, the Directors do not consider that the Group's operations are subject to any particular and significant environmental regulation in Australia.

Indemnification and Insurance of Directors and Officers

The Company's Constitution provides that the Company may indemnify any current or former Director, Secretary or Officer of the Company against every liability incurred by the person in that capacity (except a liability for legal costs) and all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity. The indemnity does not apply to the extent that the Company is forbidden by statute to indemnify the person or the indemnity would, if given, be made void by statute.

The Company maintains a Directors' and Officers' insurance policy which, subject to some exceptions, provides insurance cover to past and present Directors, Secretaries and Officers of the Company. During the financial period, the Company paid insurance premiums for the policy. The insurance contract prohibits disclosure of the nature of the insurance cover and the insurance premiums payable.

Indemnification of Auditor

Pursuant to the terms of the engagement letter with PwC, the Company has agreed to reimburse PwC for any liability (including reasonable legal costs) PwC incurs in connection with any claim by a third party arising from the Company's breach of the terms of the engagement letter. No payment has been made to indemnify PwC during, or since the end of, the financial period.

Options

The Company does not have any unissued securities under option as at the date of this Directors' Report, nor has it granted, or issued securities under any options during or since the end of the financial period.

Refer to Note 24 to the financial statements for the number of Performance Rights at the end of the financial period and to the Remuneration Report for details of the Performance Rights held by the Company's Key Management Personnel.

Proceedings on Behalf of the Company

No application for leave has been made in respect of the Company, and no proceedings have been brought or intervened in on behalf of the Company with leave, under section 237 of the *Corporations Act 2001* (Cth) (Corporations Act).

Non-audit Services

The Group may decide to employ its external auditor, PwC, on assignments additional to statutory audit duties where the auditor's expertise and experience with the Group will not compromise auditor independence.

Details of the amounts paid or payable to PwC for statutory audit, assurance and non-audit services provided during the financial year are set out in Note 25 to the financial statements.

Based on advice received from the Audit & Risk Committee, the Board is satisfied that the provision of non-audit services provided by PwC to the Company during the financial period is compatible with, and did not compromise, the general standard of independence for auditors imposed by the Corporations Act for the following reasons:

- the non-audit services and the ratio of non-audit to audit services provided by PwC have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Overview of Operations

The Company operates in the discount variety retail sector in Australia.

The ongoing development of a differentiated merchandise offer that strongly appeals to customers continues to be a key focus.

Our store locations continue to be one of the key strengths of the Company, providing our customers with convenient access to our offer. The Company expects to continue to open new stores in locations that reach new customers and close mostly underperforming stores. The Company generally seeks to close stores that are loss-making or where landlords seek material rent increases that impact the financial viability of a store.

During the year, the Company opened 17 new stores and closed 12 stores, finishing the year with a national store network of 385 stores.

Overview of Financial Performance

$ Amounts are $m / %s are to Sales	FY24 Statutory	FY23 Statutory
Sales	852.7	819.3
Gross Profit(i)(ii)	40.7%	40.9%
Cost of doing business(i)(ii)	26.3%	25.3%
EBITDA(i)(ii)	**123.0**	**127.8**
Depreciation and Amortisation	(109.2)	(107.0)
EBIT(i)(ii)	**13.8**	**20.8**
Net Interest Expense	(6.5)	(6.2)
Profit Before Tax	**7.3**	**14.6**
Income Tax Expense	2.6	(4.3)
Net Profit After Tax	**4.7**	**10.3**

(i) Non IFRS measure and unaudited.
(ii) FY23 includes approximately $4.2 million of non-recurring income from insurance claims relating to stores that were flood damaged during FY22 and FY23.

FY24 Performance

Sales in FY24 were $852.7 million, up 4.1% on the prior period. During FY24, significant changes were made to the Company's merchandise strategy, including:

- launching our Homewares range, which offers our customers a rotation of new and exciting high quality product at amazing value;
- growing our seasonal events (Christmas, Easter, Halloween) with 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.

FY24 was the first full year during which the new merchandise strategy was meaningfully in place and it has shown positive signs, with store sales growth during the year driven by an increase in customer transactions and units per basket.

Gross Profit was $347.4 million, which was up 3.6% on the prior period. Gross Profit margin was 40.7% of sales, which was up approximately 33 basis points on the prior period (excluding approximately $4.2 million of non-recurring income in the prior period from insurance claims relating to stores that were flood damaged during FY22 and FY23).

The Gross Profit margin result was adversely impacted by higher than anticipated shrinkage and product mix shift towards lower margin consumables. Supply chain costs had a mixed impact on gross margin with the benefit from a reduction in international shipping costs, partially offset by increased domestic supply chain costs.

Consistent with many Australian retailers, the Company is facing a number of macroeconomic and inflationary pressures. The Cost of Doing Business (CODB), which consists of store and administrative expenses but excludes depreciation and amortisation, was $224.4 million. The CODB as a percentage of sales in FY24 was higher than the prior period.

The Company generated EBITDA of $123.0 million, EBIT of $13.8 million and NPAT of $4.7 million.

Outlook

The Reject Shop continues to face near-term margin pressure from rising costs and higher shrinkage, which adversely impacted profitability in FY24. In order to address these challenges, management will continue to evolve its merchandise strategy with a key focus on Gross Profit margin improvement. Management will also continue to focus on managing the cost of doing business in a high inflation environment and expanding its store network.

Dividends

On 24 August 2023, the Company 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. The Company retains flexibility in deciding how much of the annual dividend is declared as an interim or a final dividend.

The following dividends were paid to shareholders during the financial period:

Dividend	Total ($m)	Cents per share
Final dividend in respect of the financial year ended 2 July 2023	2.5	6.5
Special dividend in respect of the financial year ended 2 July 2023	3.6	9.5
Interim dividend in respect of the half year ended 31 December 2023	3.8	10.0

Since the end of the financial period, the Directors have determined not to declare a final dividend in respect of the financial period ended 30 June 2024 as the interim dividend paid in respect of the half year ended 31 December 2023 represents approximately 80% of FY24 net profit after tax and satisfies the Company's dividend policy.

On-market Share Buy-back

On 24 August 2023, the Company announced an on-market share buy-back of up to $10 million. Under the buy-back, the Company bought-back and cancelled approximately 1.2 million shares at a cost of approximately $5 million. The buy-back will end on 10 September 2024.

The Company may, at its discretion and at any time, vary the size of the share buy-back by up to 10% of its issued capital or suspend or terminate the share buy-back.

The Board will continue to review the Company's capital management strategy.

Balance Sheet

The Company's balance sheet remains strong with a net cash position at 30 June 2024 of $49.9 million. This compares to a net cash position of $77.3 million at 2 July 2023. During FY24, approximately $15.0 million in cash was paid to shareholders via dividends and the on-market share buy-back.

As at the balance date, and consistent with the position at 2 July 2023, the Company did not have any drawn debt.

Store Network Plans

The Company continues to make good progress in expanding its store network.

During the financial period, the Company opened 17 new stores. The Company continues to look for new locations where it can conveniently serve more Australians and is targeting to open approximately 15-20 new stores in FY25, including approximately 10 stores during the first half of FY25 (mostly in the second quarter).

The Company closed 12 stores during the financial period, which included six underperforming stores, three relocations and three regrettable closures (which were the result of a tenancy remix by the landlord). The Company expects to close approximately five stores during FY25 (mostly in the second half).

At the end of the financial period, The Reject Shop's national store network included 385 stores, up from 380 at the end of FY23. This compares to 354 stores at the end of FY20, after which the Company began more meaningfully expanding its store network.

Class action

The Company is named as the respondent in a class action commenced by a former store manager (the applicant) in the Federal Court of Australia on behalf of store managers and assistant store managers employed by the Company between 24 April 2017 to 18 April 2023. The applicant is represented by Adero Law.

The premise of the initial proceeding is that the General Retail Industry Award 2010 applied to the relevant store manager's employment and that there were alleged underpayments under that award together with alleged associated contraventions of the *Fair Work Act 2009* (Cth) however, the applicant is seeking leave to file an amended statement of claim. The application for leave is currently listed to be heard on 11 October 2024.

The Company is continuing to defend the proceeding.

Business Risks

There are a number of factors, both specific to the Company and of a general nature, which may adversely impact the reputation or future operating and financial performance of the Company and the ability for the Company to achieve its strategic objectives. These factors may impact the outcome of an investment in the Company.

The Company has a risk management framework and internal control systems in place to manage material business risks.

The business risks that may have a material adverse impact on the Company's reputation and operational and financial performance are set out below together with some mitigating strategies. The business risks presented below are not intended as an exhaustive list of all the risks and uncertainties associated with the Company.

Economic Conditions and Consumer Confidence

Economic conditions and the general retail environment may have an adverse impact on consumer confidence and the Company's operational and financial performance.

A deterioration in consumer confidence due to macroeconomic conditions, including cost of living pressures, rising interest rates and inflation, may reduce consumer spending, particularly in discretionary categories. This could adversely impact profitability and sales, and the Company's operational and financial performance. The deterioration in economic conditions during FY24 has also resulted in an increase in the cost of doing business and retail crime (including theft), which can adversely impact profit margins and the Company's financial performance.

The Company plays a critical role in supporting Australians who are currently faced with significant cost of living pressures, by helping customers save money on branded everyday essential items. The Company's strategy is focused on continuously improving its merchandise offering. The Company also continues to invest in shrink mitigation initiatives.

Competition

The Company operates in a highly competitive retail environment where price and value are critical to the customers it serves and is subject to changing customer demand and preferences. Increased competition and competitive offerings from new and existing retailers, including online retailers and marketplaces, may lead to price deflation and a decline in sales and profitability which could adversely impact the Company's operational and financial performance.

The Company closely monitors price and quality to ensure it maintains its competitive stance. The Company's strategy is focused on improving its merchandise offering and expanding its store network in new locations where it can conveniently serve more Australians.

Business Interruption

Unanticipated events such as natural disasters, weather events, wars, terrorism, strikes and epidemics may impact the Company's supply chain and operations as well as consumer behaviour, which could have a material adverse impact on the Company's operational and financial performance.

The Company continues to review its plans and insurance coverage to manage risks associated with extreme weather events, however, in some instances, insurance coverage is limited or not available. An increase in the frequency and intensity of extreme weather events may impact the cost and availability of insurance. For context, the Company's Queensland distribution centre was subject to flooding in January 2011 and four stores were subject to flooding in calendar year 2022 which has limited the Company's current flood insurance coverage.

The Company also continues to monitor for other events which may present a key risk to the business and develops appropriate control measures.

Supply Chain

The Company's supply chain is important to ensuring the availability of products in store for customers. Domestic and international supply chain disruptions and poor supply chain management could adversely impact the Company's operational and financial performance.

The Company has a dedicated Supply Chain team and continues to monitor and respond to risks relating to its domestic and international supply chain. The Company also continues to invest in logistics and technology systems to support its supply chain operations and create efficiency. The Company has implemented a new warehouse booking system and is currently in the process of implementing a new warehouse management system at each of its distribution centres.

The Company also sources a mix of local and imported products and is exposed to various risks in relation to raw material costs and supply chain delays. Additionally, a deterioration in the Company's relationships with key suppliers could adversely impact the Company's ability to source products at competitive prices.

The Company also has a dedicated Merchandise team and continues to focus on managing relationships with suppliers.

Cyber Security and Information Technology

The Company relies on information technology systems, communication carriers and data providers to operate in a rapidly changing digital environment. Failure of these systems or network disruptions could have a material adverse impact on the Company's operational and financial performance, including through the inability to process customer transactions in stores and limiting the Company's ability to receive or distribute inventory.

In addition, the inability to adequately protect the Company's systems from cyber-attack, theft or other malicious or accidental act (from internal or external sources) could result in a data breach or prevent the operation of information technology systems which could have a material adverse impact on the Company's reputation and operational and financial performance.

The Company has a dedicated Technology team, supported by external advisers, and continues to focus on enhancing its cyber governance framework and investing in cyber security and information technology systems, including through data centre migration, network modernisation and penetration testing. Team members are also required to complete regular cyber security awareness training.

The Company continues to invest in new technology systems. During FY25, the Company is undertaking two key technology projects: network modernisation (WAN/LAN) and implementation of a new warehouse management system at each of its distribution centres.

Failure to implement technology changes effectively or to manage and complete projects as planned could disrupt operations and result in unforeseen costs and a failure to achieve anticipated benefits. This could adversely impact the Company's operational and financial performance.

The Company has appropriate project management and resourcing to oversee and manage these projects.

Property

The Company continues to focus on expanding its store network in new locations where it can conveniently serve more Australians. This is dependent on the availability of suitable sites and the ability of the Company to negotiate acceptable lease terms. In addition, as Company stores are leased, retaining a store is subject to successful negotiation with the landlord at the end of a lease term. Failure to secure new sites and store closures, including regrettable closures (e.g. the result of a tenancy remix by a landlord) or closure of underperforming stores, could impact the Company's ability to achieve its growth strategy and have a material adverse impact on its reputation and operational and financial performance. Increasing store fit-out costs may also impact the Company's profitability.

The Company actively manages its store portfolio against established financial and operational criteria which must be met for both new and existing stores. The Company's property strategy is centred around: renegotiating expired leases to better reflect the current sales opportunity at each location, closing unprofitable stores, opening new stores to replace closures, and building a pipeline of new stores to drive growth in the medium-term. The Company employs experienced Property and Store Development teams to support the execution of this strategy.

The Company's distribution centres are leased and subject to negotiation at the end of each lease term. There is no guarantee a distribution centre lease will be renewed at the end of each lease term on terms acceptable to the Company. Each of the Company's distribution centres are operated either by the Company or a third party. In either case, there is a risk that, due to circumstances outside the control of the Company, inventory located at the distribution centre could be damaged, or that access to the distribution centre could be restricted, meaning that such inventory is unable to be retrieved. This could have a material adverse impact on the Company's financial and operational performance.

During the year, the Company extended the lease at its Queensland Distribution Centre from February 2025 to February 2030 (with an option to surrender the lease from August 2027). The Company's leases at its Melbourne and Perth Distribution Centres expire in November 2026 and August 2029 respectively. The Company continues to review its long-term plan for its distribution centre network having regard to its growth strategy and its distribution centre lease expiry profile.

Safety, Health & Wellbeing

The Company is committed to providing a safe working environment for its team members and contractors and a safe shopping environment for its customers.

The Company has over 4,000 team members across its stores and distribution centre network, as well as thousands of customers who visit its stores nationwide. Team member or customer safety incidents or injuries, or failure to manage safety, health and wellbeing risks could have an adverse impact on the Company's financial performance and reputation.

The Company has a dedicated Safety team, supported by representatives in appropriate geographic locations to oversee the application of relevant policies and work safe procedures across the business. Team members are required to complete workplace health and safety training and are educated on existing and emerging safety risks.

People

The Company has over 4,000 team members across its stores, store support centre and distribution centre network. The Company's performance may depend on key team members, and its ability to attract and retain experienced and high performing team members. Failure to retain the requisite team members could adversely impact the Company's operational and financial performance and the ability for the Company to achieve its strategic objectives.

The Company continues to focus on the attraction and retention of key team members.

Legal, Regulatory and Compliance

The Company is subject to laws and regulations, including competition and consumer, taxation, employment, and workplace health and safety laws as well as ethical sourcing and governance requirements.

The Company sells many products which must comply with the Australian Consumer Law, mandatory product safety standards and general product safety requirements under applicable law, as well as meet the expectations of customers. Notwithstanding the product compliance protocols established by the Company and insurance arrangements, products may not meet relevant legal and regulatory requirements which could result in, among other things, product recalls, material inventory write-offs and significant penalties or fines.

Failure to comply with laws and regulations could result in significant legal costs, penalties, regulatory enforcement action, class actions, litigation and other claims which could have a material adverse impact on the Group's reputation, and operational and financial performance.

As noted on page 15, the Company is named as a defendant in a class action filed in the Federal Court of Australia on behalf of store managers and assistant store managers employed by the Company between 24 April 2017 to 18 April 2023. The Company intends to continue to defend the proceeding.

Changes in legislation or regulations could also adversely impact the Company's operational and financial performance and restrict the Company's business.

The Company monitors for legislative and regulatory changes and is a member of various industry bodies that actively engage with government on policy areas and reform. The Company also provides relevant team members with training on legislative and regulatory changes where applicable.

Financing

As noted on page 11, the Company has working capital and seasonal facilities with ANZ each with an annual renewal requirement. An inability of the Company to comply with the financial covenants, renew these facilities or obtain alternative or additional financing if required could have a material adverse impact on the Company's operational and financial performance.

As at 30 June 2024, the Company's balance sheet remained strong with a net cash position of $49.9 million and no drawn debt. The Company also closely monitors compliance with financial covenants and has strong oversight of balance sheet management and capital management initiatives.

The Company imports a high proportion of products, the costs of which are denominated in foreign currencies. Material adverse fluctuations in foreign exchange rates could impact the Company's profitability. The Company closely manages and monitors its hedging position against foreign exchange rate exposures.

Environmental and Social Responsibility

The sustainability of the Company's business may be impacted by a number of environmental and social matters and the Company's stakeholders, including customers, shareholders, suppliers and team members, may have expectations for the Company on a range of environmental and social matters.

Failure to address these expectations over time could have an adverse impact on the Group's reputation, and operational and financial performance.

The Company monitors for environmental and social responsibility developments and develops plans accordingly. The Company also publishes a Modern Slavery Statement annually and has established an Ethical Sourcing Policy which sets out the minimum ethical requirements that the Company expects of its suppliers, wholesalers and agents when producing and supplying products to the Company.

Rounding of Amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the directors' report and financial report. In accordance with that Instrument, amounts in these reports are rounded to the nearest thousand dollars unless otherwise stated.

Corporate Governance

During FY24, our corporate governance framework was consistent with the 4th edition of th ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The 2024 Corporate Governance Statement can be found at:

https://www.rejectshop.com.au/about/corporate-governance

Remuneration Report

The Remuneration Report, which forms part of this Directors' Report, is presented separately on pages 19 to 27.

This Directors' Report is signed in accordance with a resolution of the Directors.

Steven Fisher
Non-executive Chair

22 August 2024

Remuneration Report

This Remuneration Report outlines the remuneration arrangements for the Company's Key Management Personnel (**KMP**) identified in Section A of this report for the year ended 30 June 2024 in accordance with the requirements of the Corporations Act and the *Corporations Regulations 2001* (Cth).

This Remuneration Report is presented under the following sections:

A – KMP covered in this Remuneration Report

B – Remuneration governance

C – Executive remuneration framework

D – Company performance

E – Executive KMP remuneration

F – Executive KMP employment contracts

G – Non-executive Director remuneration

H – Minimum shareholding policy

I – KMP equity interests

J – KMP loans and other transactions

The information in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act.

A – KMP covered in this Remuneration Report

This Remuneration Report covers the Company's KMP, including Non-executive Directors and those executives deemed to have authority and responsibility for planning, directing and controlling the activities of the Company. The KMP for FY24 are set out below.

All KMP held their positions for the duration of FY24 unless otherwise stated.

Non-Executive Directors	Role as at 30 June 2024
Steven Fisher	Chair
David Grant	Non-executive Director
Nicholas (Nick) Perkins	Non-executive Director
Margaret Zabel	Non-executive Director

Executive KMP	Role as at 30 June 2024
Clinton Cahn	Chief Executive Officer (CEO) and Chief Financial Officer[1]
Amy Eshuys	Chief Operating Officer (COO)

1. Clinton Cahn was appointed CEO of the Company on 24 August 2023 and served as Acting CEO from 1 February 2023 to 23 August 2023. Clinton ceased in his role as Chief Financial Officer with effect from 1 July 2024 following the appointment of Andrew Woolf as Chief Financial Officer.

Other than as indicated above, there have been no changes to the Company's KMP since 30 June 2024.

B – Remuneration governance

The Board is responsible for satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite. To assist the Board with this responsibility, the Board has established the People & Culture Committee (P&C Committee). The P&C Committee's role is to review and make recommendations to the Board on people and remuneration related policies, frameworks and practices, including ensuring Directors and executives are remunerated fairly and within accepted market rates.

The responsibilities of the P&C Committee are outlined in its Charter which is available at:

https://www.rejectshop.com.au/about/corporate-governance

Details of the composition of the P&C Committee and the number of meetings held during FY24 are set out on page 11.

C – Executive remuneration framework

The Company's executive remuneration policies are designed to attract, motivate and retain qualified, experienced and high performing executives with complementary skills.

For FY24, the target remuneration mix opportunity for the CEO[2] is represented below.

Fixed Remuneration	Short-term Incentive	Long-term Incentive[3]
40%	20%	40%

For FY24, the target remuneration mix opportunity for the COO is represented below.

Fixed Remuneration	Short-term Incentive	Long-term Incentive[3]
44.5%	22.2%	33.3%

2. Based on the CEO's remuneration package effective on 24 August 2023.
3. Based on the fair value of the performance rights awarded under the Performance Rights Plan. This does not include one-off allocations of service-based performance rights.

The executive remuneration and reward framework includes the following four components:

Element	Purpose	Performance metrics	Potential value	Changes for FY24
Base (or fixed) remuneration	Provide competitive market salary including non-monetary benefits	Nil	Positioned at median market rate	Reviewed in line with market positioning, scope of role and performance
Other remuneration (such as superannuation payments)	Provide consistent with statutory obligations	Nil	Not applicable	The superannuation guarantee rate increased to 11% on 1 July 2023 and 11.5% on 1 July 2024
Short-term incentive (STI)	Cash reward for in-year performance	Achieving target EBIT, individual performance and safety related measures	CEO: 50% of base at target performance COO: 50% of base at target performance	There were no changes to the nature of the FY24 STI performance metrics
Long-term incentive (LTI)	Alignment to long-term shareholder value through participation in the Company's Performance Rights Plan	3 year Earnings Per Share (EPS) performance	CEO: 100% of base COO: 75%[1] of base	There were no changes to the nature of the LTI performance metrics

1. The COO's LTI opportunity increased from 50% in FY23 to 75% in FY24.

The framework seeks to align executive reward with achievement of the Company's strategic objectives and the creation of value for shareholders.

The objective of the Company's executive reward framework is to ensure every payment, either monetary or in the form of equity, is on the basis of reward for performance and appropriate for the results delivered.

Base pay and benefits

Executive KMP salaries are structured as a total employment cost (TEC) package.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed to ensure competitiveness with the market. There are no guaranteed base pay increases in the employment contracts of any of the executives. The Company's process for reviewing the performance of executives is outlined in the Company's 2024 Corporate Governance Statement. An executive's pay is also reviewed when appropriate, including on promotion.

Short-term incentive (STI)

For FY24, the STI consisted of performance hurdles, including safety related measures, financial performance through achieving targeted EBIT and individual performance ratings. Access to the STI was contingent on the achievement of targeted EBIT. If targeted EBIT was achieved as well as the other performance hurdles, cash payments of 50% of total fixed remuneration may have been made to the CEO and COO. The Company's overperformance against stretch targets may result in STI cash payments increasing above the target level. In FY24, the maximum STI opportunity as a percentage of the target opportunity was up to two times for the CEO and COO.

The audited financial statements are the basis for measuring achievement against the EBIT target.

As the Company did not achieve its EBIT target in FY24, no STI payment was awarded to the Executive KMP in respect of FY24 (i.e. each Executive KMP forfeited 100% of their FY24 STI opportunity).

Long-term incentive (LTI) - Performance Rights Plan

The Company's Performance Rights Plan forms the basis of the Company's ongoing LTI scheme for certain team members.

For performance rights granted under the Performance Rights Plan, a $1.00 exercise price is payable by the relevant participant for each tranche exercised on a particular day, regardless of the number of performance rights exercised on that day. Upon vesting, the holder is entitled to one share in the Company for each performance right held.

Until the performance rights vest, each participant has no entitlement to receive any dividends and has no voting rights associated with the underlying shares.

The Company's Share Trading Policy prohibits each participant from entering into transactions involving products associated with the Company's securities which operate to limit the economic risk of their security holding in the Company (e.g. hedging arrangements).

FY24 LTI grant

The FY24 LTI grant was made to the Executive KMP and certain other team members in August 2023.

The financial criteria upon which the performance rights under the FY24 LTI grant are eligible to vest concern achieving EPS growth measured over a three-year period. The audited financial statements are the basis for measuring achievement against the financial performance target.

If the vesting conditions are satisfied, there will be pro-rata straight line vesting between 50% and 100% depending on the EPS growth and the relevant performance rights will vest within 5 business days of the date of the FY26 results announcement. The Board may accelerate the vesting of any unvested performance rights in the event of a change of control (i.e. a person and their associates holding a relevant interest in more than 50% of the ordinary shares in the Company).

The Board retains the right to assess all aspects of the vesting conditions for future LTI grants.

The number of performance rights issued in FY24 was based on a specified percentage of each Executive KMP's total fixed remuneration (100% for the CEO and 75% for the COO) divided by the volume weighted average market price between 1 June 2023 and 31 July 2023.

For financial reporting purposes, the value of each performance right granted is measured using a Black-Scholes option pricing model.

For details on the performance rights granted under the FY24 LTI grant to each Executive KMP, refer to the Performance Rights table in section I of this Remuneration Report.

FY21 LTI grant outcomes

The financial criteria upon which the performance rights issued under the FY21 LTI grant were eligible to vest concern achieving EPS growth measured over a three year period.

As the EPS growth measure was not achieved at 2 July 2023, the performance rights issued under the FY21 LTI grant lapsed in August 2023.

For details on the lapse of performance rights in FY24 issued under the FY21 LTI grant to the Executive KMP, refer to the Performance Rights table in section I of this Remuneration Report.

FY22 LTI grant outcomes

The financial criteria upon which the performance rights issued under the FY22 LTI grant were eligible to vest concern achieving EPS growth measured over a three year period with the ability to accelerate (33% of rights) at year two if a specified EPS hurdle was achieved.

As the EPS growth measure was achieved at 2 July 2023, vesting of 33% of the performance rights issued under the FY22 LTI grant accelerated, with the performance rights exercised in August 2023.

The remaining performance rights issued under the FY22 LTI grant were tested at 30 June 2024. The EPS growth measure was not achieved and the vesting outcome was nil in respect of these performance rights. These performance rights are expected to lapse following the release of the FY24 results announcement.

For details on the performance rights issued under the FY22 LTI grant to the Executive KMP, refer to the Performance Rights table in section I of this Remuneration Report.

One-off allocations to Executive KMP in FY24

In August 2023, the Board granted 150,000 performance rights to the CEO and 100,000 performance rights to the COO with no financial criteria to ensure the retention of their services for a three year period.

If the vesting condition is satisfied, the relevant performance rights will vest after the FY26 results announcement. The Board will accelerate the vesting of any unvested performance rights in the event of a change of control (i.e. a person and their associates holding a relevant interest in more than 50% of the ordinary shares in the Company).

For details on the one-off allocation of performance rights granted to each Executive KMP in FY24, refer to the Performance Rights table in section I of this Remuneration Report.

One-off allocations vesting outcomes in FY24

In May 2022, the Board granted performance rights with no financial criteria as a one-off allocation to certain team members, including the CEO and COO, to ensure the retention of their services for specified periods. During FY24, a number of those performance rights vested and were exercised in August 2023 (50,000 for the CEO and 15,000 for the COO) and February 2024 (25,000 for the CEO).

In February 2023, the Board granted performance rights with no financial criteria as a one-off allocation to certain team members, including the CEO and COO, to ensure the retention of their services for specified periods. One third of those performance rights vested and were exercised in August 2023 (50,000 for the CEO and 25,000 for the COO), one third of those performance rights vested and were exercised in February 2024 (50,000 for the CEO and 25,000 for the COO) and the remaining third of those performance rights are exercisable after the half year results announcement in February 2025.

For details on the vesting of one-off allocations of performance rights in FY24 granted to each Executive KMP, refer to the Performance Rights table in section I of this Remuneration Report.

D – Company performance

The following table outlines the Company's earnings and share performance over the last five financial periods:

	FY20	FY21	FY22	FY23	FY24
Sales ($m)	820.6	778.7	788.2	819.3	852.7
NPAT (post AASB 16) ($m)	1.1	8.3	7.9	10.3	4.7
EPS (cents)	3.6	21.7	20.6	27.2	12.4
Share price at end of period ($)[1]	7.46	5.37	3.23	4.55	3.39
Share price growth	307.7%	(28.0%)	(39.9%)	40.9%	(25.5%)
Dividend per share (cents)[2]	-	-	-	16.0	10.0

1. Share price at the start of FY20 was $1.83.
2. Includes interim, final and special dividends declared in respect of that financial year.

E – Executive KMP remuneration

The table below sets out the statutory remuneration of the Executive KMP, including related parties, for FY24 and FY23. This has been prepared in accordance with the requirements of the Corporations Act and relevant Australian Accounting Standards. The amounts in the performance rights column in the table below are accounting values and do not reflect actual payments received during the financial period.

		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG TERM SHARE BASED BENEFITS	TERMINATION BENEFITS	
Executive KMP	Financial Year	Salary and fees	Non-monetary	STI and Other	Super-annuation	Performance Rights[1]		Total
		$	$	$	$	$	$	$
C Cahn[2]	FY24	565,972	-	-	27,399	756,774	-	1,350,145
	FY23	526,432	-	-	25,292	578,792	-	1,130,516
A Eshuys[3]	FY24	475,188	-	-	27,399	530,056	-	1,032,643
	FY23	184,261	-	-	8,984	196,456	-	389,701
TOTAL	**FY24**	**1,041,160**	**-**	**-**	**54,798**	**1,286,830**	**-**	**2,382,788**
	FY23[4]	**710,693**	**-**	**-**	**34,276**	**775,248**	**-**	**1,520,217**

1. The value of the performance rights shown in the table above for accounting purposes is determined using the Black-Scholes option pricing model and is generally subject to performance and/or service conditions.
2. Effective 24 August 2023, C Cahn's fixed remuneration increased from $553,830 to $600,000 on appointment as CEO.
3. A Eshuys became an Executive KMP on 1 February 2023. Effective 1 July 2023, A Eshuys' fixed remuneration increased from $500,000 to $502,107.
4. Total Executive KMP remuneration for FY23 excludes Executive KMP who ceased being an Executive in FY23. Total remuneration for these Executive KMP in FY23 was $691,506.

For the purposes of this Remuneration Report, the amount reported as "Share-based Benefits" is the accounting expense under AASB 2 (referred to in AASB 2 as "Share-based Payments").

The fair value of Share-based Benefits is determined using a Black-Scholes option pricing model and will generally be different to the volume weighted average market price, which is used to determine the number of rights that are granted. No adjustment to the reported remuneration amounts is made in the event that the actual market price of shares on the vesting of performance rights exceeds the fair value of those performance rights on their grant date. Similarly, no reduction is made to remuneration where the market price of shares on the vesting of Performance Rights is lower than the market price of shares on the date that performance rights are granted.

F – Executive KMP employment contracts

Each Executive KMP has an employment contract with the Company specifying, among other matters, remuneration arrangements, benefits, notice periods and other terms and conditions. The employment contracts do not have a fixed term and continue until notice is given by either party.

The table below summarises the notice period and termination provisions, and treatment of short-term and long-term incentives on termination.

Notice period	Either party may terminate employment at any time on six months' notice (or by the Company making a payment in lieu of notice). In certain circumstances, the Company may reduce the notice period for the COO by a period of one to two months in duration.
Termination for cause	The Company may immediately terminate employment without notice in circumstances justifying summary dismissal.
Treatment of STI on termination	STI will be forfeited.
Treatment of unvested performance rights on termination	Unvested performance rights will lapse unless the Board determines otherwise.
Treatment of vested performance rights on termination	On cessation of employment for any reason, vested but unexercised performance rights will remain on foot subject to the original offer terms, including discretion in relation to malus and clawback.
Treatment of one-off allocation of sign-on performance rights granted to the CEO in August 2023 (150,000 rights) on termination	▪ Summary termination by the Company: unvested rights will lapse. ▪ Termination by the Company (other than summary termination): accelerated vesting of rights. ▪ Termination by employee: lapse or vesting of rights is subject to Board discretion. ▪ Change of control of the Company: accelerated vesting of rights.

G – Non-executive Director remuneration

Non-executive Director remuneration policy

Non-executive Director fees are determined having regard to time commitment, workload and external benchmarking. Non-executive Directors do not participate in the Company's short or long-term incentive schemes.

The maximum annual aggregate director fee pool is $950,000 as approved by shareholders at the 2015 Annual General Meeting of the Company.

Non-executive Directors are entitled to be reimbursed for reasonable expenses, including travel expenses, that may be incurred when discharging their duties. Non-executive Directors may also be paid additional remuneration for performing additional or special duties.

Non-executive Directors fees are reviewed from time to time. There is no guaranteed annual increase in Non-executive Director fees.

Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

Non-executive Director fees

The annual base Non-executive Director fees (inclusive of superannuation) are set out below.

	FY24 fees per annum ($)
Chair of the Board	240,000
Non-executive Director	120,438
Chair of a Board Committee	20,000
Member of a Board Committee	nil

The total amount of fees paid to Non-executive Directors in FY24 was within the aggregate director fee pool.

Non-executive Director remuneration

The remuneration of the Non-executive Directors, including related parties, for the current and prior financial periods is set out below.

		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS[1]	LONG TERM SHARE BASED BENEFITS	TERMINATION BENEFITS	
Non-Executive Director	**Financial Year**	**Salary and fees**	**Non-monetary**	**STI and Other**	**Super-annuation**	**Performance Rights**		**Total**
		$	**$**	**$**	**$**	**$**	**$**	**$**
S Fisher	FY24	216,216	-	-	23,784	-	-	240,000
	FY23	217,084	-	-	22,794	-	-	239,878
D Grant	FY24	140,438	-	-	-	-	-	140,438
	FY23	140,438	-	-	-	-	-	140,438
N Perkins	FY24	120,438	-	-	-	-	-	120,438
	FY23	120,323	-	-	-	-	-	120,323
M Zabel	FY24	126,521	-	-	13,917	-	-	140,438
	FY23	127,566	-	-	13,394	-	-	140,960
TOTAL	**FY24**	**603,613**	**-**	**-**	**37,701**	**-**	**-**	**641,314**
	FY23[2]	**605,411**	**-**	**-**	**36,188**	**-**	**-**	**641,599**

1. Non-executive Directors do not receive post-employment benefits other than statutory superannuation contributions. Excludes Australian Taxation Office approved exemptions.
2. Total Non-executive Director remuneration for FY23 excludes Non-executive Directors who ceased being a Non-executive Director in FY23. Total remuneration for these Non-executive Directors in FY23 was $120,985.

H – Minimum shareholding policy

The Board implemented a Minimum Shareholding Policy in February 2022 to assist in aligning the interests of Non-executive Directors with the interests of shareholders of the Company.

The policy encourages Non-executive Directors to acquire and hold a minimum shareholding in the Company approximately equivalent to 100% of the annual base fee (excluding any committee fees, superannuation contributions and higher duties fees (e.g. Chair of the Board fee)) paid to Non-executive Directors within a reasonable timeframe (i.e. approximately 5 years from the time of appointment or the date of the policy, whichever is the later).

For the purposes of calculating whether the minimum shareholding has been met, the calculation is based on the Company's share price at the time of acquisition.

I – KMP equity interests

Ordinary shares

The tables below outline the number of shares in the Company held by KMP, including their related parties.

Non-executive Directors	Balance at the start of FY24	Changes during FY24	Balance at the end of FY24
S Fisher	134,039	10,000	144,039
D Grant	17,000	6,500	23,500
N Perkins	41,938	13,928	55,866
M Zabel	6,000	9,000	15,000

Executive KMP	Balance at the start of FY24	Received during FY24 on the exercise of performance rights	Other changes during FY24	Balance at the end of FY24
C Cahn	75,000	343,133	-	418,133
A Eshuys	649	65,000	-	65,649

Performance rights

The table below outlines the number of performance rights held by each Executive KMP, including their related parties.

			Number of Rights					Value of Rights ($)			
Grant date	Fair value[1] per right at grant date ($)	Vesting date	Balance of rights at start of FY24	Rights granted in FY24	Rights vested in FY24	Rights lapsed / forfeited in FY24	Balance of rights at end of FY24	Rights granted in FY24	Rights vested in FY24	Rights lapsed / forfeited in FY24	Maximum total value of grants that may vest
C Cahn											
23 Aug 2023	5.19	Aug 2026	-	130,400	-	-	130,400	676,372	-	-	676,372
23 Aug 2023	5.19	Aug 2026	-	150,000	-	-	150,000	778,035	-	-	778,035
2 Feb 2023	3.97	Feb 2025	50,000	-	-	-	50,000	-	-	-	198,715
2 Feb 2023	4.03	Feb 2024	50,000	-	50,000	-	-	-	201,715	-	-
2 Feb 2023	4.06	Aug 2023	50,000	-	50,000	-	-	-	203,230	-	-
21 Sept 2022	3.71	Aug 2025	120,300	-	-	-	120,300	-	-	-	446,590
11 May 2022	3.50	Feb 2024	25,000	-	25,000	-	-	-	87,595	-	-
11 May 2022	3.53	Aug 2023	50,000	-	50,000	-	-	-	176,515	-	-
5 Nov 2021	5.95	Aug 2023	18,133	-	18,133	-	-	-	107,837	-	-
5 Nov 2021	5.86	Aug 2024	36,267	-	-	-	36,267	-	-	-	212,459
30 Sep 2020	6.17	Aug 2023	63,700	-	-	63,700	-	-	-	392,755	-
27 Mar 2020	4.05	Mar 2023	150,000	-	150,000	-	-	-	607,500	-	-
TOTAL			**613,400**	**280,400**	**343,133**	**63,700**	**486,967**	**1,454,407**	**1,384,392**	**392,755**	**2,312,171**
A Eshuys											
23 Aug 2023	5.19	Aug 2026	-	81,900	-	-	81,900	424,807	-	-	424,807
23 Aug 2023	5.19	Aug 2026	-	100,000	-	-	100,000	518,690	-	-	518,690
2 Feb 2023	3.97	Feb 2025	25,000	-	-	-	25,000	-	-	-	99,358
2 Feb 2023	4.03	Feb 2024	25,000	-	25,000	-	-	-	100,858	-	-
2 Feb 2023	4.06	Aug 2023	25,000	-	25,000	-	-	-	101,615	-	-
21 Sept 2022	3.71	Aug 2025	65,700	-	-	-	65,700	-	-	-	243,898
11 May 2022	3.43	Aug 2025	17,500	-	-	-	17,500	-	-	-	59,953
11 May 2022	3.48	Aug 2024	10,000	-	-	-	10,000	-	-	-	34,776
11 May 2022	3.53	Aug 2023	15,000	-	15,000	-	-	-	52,955	-	-
TOTAL			**183,200**	**181,900**	**65,000**	**-**	**300,100**	**943,497**	**255,428**	**-**	**1,381,482**

1. The fair value for accounting purposes is determined using the Black-Scholes option pricing model.

Options

There are no options over shares in the Company as at the date of this Remuneration Report.

J – KMP loans and other transactions

No loans were made to or from KMP, including related parties, or are outstanding as at 30 June 2024 (FY23 - $Nil).

No other transactions were undertaken with KMP, including related parties, during FY24 (FY23 - $Nil).


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Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of The Reject Shop Limited for the 52 week period ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Reject Shop Limited and the entities it controlled during the period.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
22 August 2024

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Consolidated Statement of Comprehensive Income

For the 52 week period ended 30 June 2024

	Note	2024 $'000	2023 $'000
Revenue from continuing operations			
Sales revenue	2	**852,736**	819,340
Other income	3	**2,507**	6,062
		855,243	825,402
Expenses			
Cost of sales		**511,665**	494,167
Store expenses		**280,853**	261,204
Administrative expenses		**46,440**	47,350
		838,958	802,721
Finance costs	4	**8,937**	8,050
Profit before income tax		**7,348**	14,631
Income tax expense	5	**2,635**	4,321
Profit for the period attributable to shareholders of The Reject Shop		**4,713**	10,310
Other comprehensive income			
Items that may be re-classified to profit or loss			
Changes in the fair value of cash flow hedges		**(4,563)**	(6,902)
Income tax relating to components of other comprehensive income		**1,369**	2,071
Other comprehensive income for the period, net of tax		**(3,194)**	(4,831)
Total comprehensive income attributable to shareholders of The Reject Shop		**1,519**	5,479
Earnings per share		**Cents**	Cents
Basic earnings per share	27	**12.4**	27.2
Diluted earnings per share	27	**12.1**	26.4

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2024

	Note	2024 $'000	2023 $'000
Current Assets			
Cash and cash equivalents	6	**49,883**	77,335
Inventories	7	**146,446**	135,550
Tax receivables		**2,770**	-
Derivative financial instruments	22	**1,302**	5,864
Other assets	8	**3,322**	4,056
Total Current Assets		**203,723**	222,805
Non-current Assets			
Property, plant and equipment	9	**53,095**	50,631
Right-of-use assets	10	**212,773**	205,786
Deferred tax assets	11	**21,144**	20,050
Total Non-current Assets		**287,012**	276,467
Total Assets		**490,735**	499,272
Current Liabilities			
Trade and other payables	12	**59,539**	59,765
Lease liabilities	10	**81,309**	84,305
Tax liabilities		**-**	3,300
Provisions	14	**11,363**	11,080
Other liabilities	15	**9,714**	11,428
Total Current Liabilities		**161,925**	169,878
Non-current Liabilities			
Lease liabilities	10	**154,909**	144,124
Provisions	14	**3,818**	3,335
Total Non-current Liabilities		**158,727**	147,459
Total Liabilities		**320,652**	317,337
Net Assets		**170,083**	181,935
Equity			
Contributed equity	16	**62,589**	67,598
Reserves	17	**12,172**	13,829
Retained profits	18	**95,322**	100,508
Total Equity		**170,083**	181,935

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the 52 week period ended 30 June 2024

2024

	Contributed Equity $'000	Capital Profits $'000	Share Based Payments $'000	Hedging Reserve $'000	Retained Earnings $'000	Total $'000
Balances as at 2 July 2023	**67,598**	**739**	**8,984**	**4,106**	**100,508**	**181,935**
Profit for the period	**-**	**-**	**-**	**-**	**4,713**	**4,713**
Other comprehensive income	**-**	**-**	**-**	**(3,194)**	**-**	**(3,194)**
Transaction with owners in their capacity as owners:						
Shares bought back	**(5,009)**	**-**	**-**	**-**	**-**	**(5,009)**
Dividends Paid	**-**	**-**	**-**	**-**	**(9,899)**	**(9,899)**
Share based remuneration	**-**	**-**	**1,357**	**-**	**-**	**1,357**
Tax credited directly to equity	**-**	**-**	**180**	**-**	**-**	**180**
Balances as at 30 June 2024	**62,589**	**739**	**10,521**	**912**	**95,322**	**170,083**

2023

	Contributed Equity $'000	Capital Profits $'000	Share Based Payments $'000	Hedging Reserve $'000	Retained Earnings $'000	Total $'000
Balances as at 3 July 2022	**70,326**	**739**	**6,603**	**8,937**	**90,198**	**176,803**
Profit for the period	-	-	-	-	10,310	10,310
Other comprehensive income	-	-	-	(4,831)	-	(4,831)
Transaction with owners in their capacity as owners:						
Shares bought back	(2,728)	-	-	-	-	(2,728)
Share based remuneration	-	-	2,025	-	-	2,025
Tax credited directly to equity	-	-	356	-	-	356
Balances as at 2 July 2023	**67,598**	**739**	**8,984**	**4,106**	**100,508**	**181,935**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the 52 week period ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**938,010**	901,274
Payments to suppliers and employees (inclusive of goods and services tax)		**(821,141)**	(789,302)
Interest received	3	**2,460**	1,842
Insurance income received	3	**47**	4,220
Borrowing costs and facilities fees paid	4	**(270)**	(279)
Interest on lease liabilities	4	**(8,667)**	(7,771)
Income tax (paid) / received		**(8,332)**	1,036
Net cash inflows from operating activities	21	**102,107**	111,020
Cash flows from investing activities			
Payments for property, plant and equipment		**(15,741)**	(12,126)
Net cash outflows used in investing activities		**(15,741)**	(12,126)
Cash flows from financing activities			
Principal elements of lease payments		**(98,910)**	(96,300)
Payments for shares bought back		**(5,009)**	(2,728)
Dividends paid		**(9,899)**	-
Net cash outflows used in financing activities		**(113,818)**	(99,028)
Net decrease in cash held		**(27,452)**	(134)
Cash at the beginning of the financial period		**77,335**	77,469
Cash at the end of the financial period		**49,883**	77,335

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Note 1: Summary of Material Accounting Policies

The principal accounting policies adopted in the preparation of the Consolidated Financial Statements (Financial Statements) are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The Financial Statements are for the consolidated entity, consisting of The Reject Shop Limited and its subsidiaries (the Group). All information presented within these Financial Statements relates to the Group, unless otherwise stated.

(a) Basis of Preparation

The general purpose Financial Statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth), as appropriate for for-profit oriented entities.

Compliance with IFRS

Additionally, the Financial Statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These Financial Statements have been prepared under the historical cost convention, as modified for:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- certain classes of property, plant and equipment and right-of-use assets that are measured at historical cost less depreciation and impairment (where applicable).

Critical accounting estimates

The preparation of Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its professional judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed further in Note 1 (z).

(b) Principles of Consolidation

(i) Subsidiaries

The Financial Statements incorporate all the assets and liabilities of the subsidiaries of The Reject Shop Limited as at 30 June 2024 and the results of the subsidiaries for the period. As previously indicated, The Reject Shop Limited and its subsidiaries are referred to in the Financial Statements as the Group.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Reject Shop Limited has a 100% owned non-operating subsidiary, TRS Trading Group Pty Ltd (ABN: 20059935465), which has not traded since 2003 and is domiciled in Australia.

The Reject Shop Limited has a 100% owned non-operating subsidiary, TRS Sourcing Limited, which is domiciled in Hong Kong. This subsidiary last provided procurement services to the Group in 2019. The Group is currently working through a process to deregister TRS Sourcing Limited.

(ii) Employee Share Trust

The Reject Shop Limited has formed a trust to administer the Group's Performance Rights Plan. This trust is consolidated as it is controlled by the Group.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management personnel. The Group has only one operating business segment. Refer to Note 30 for further information.

(d) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the current income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets and liabilities are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The head entity, The Reject Shop Limited, and the controlled entity in the tax consolidated Group, account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a standalone taxpayer in its own right.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a weighted average basis and include an appropriate proportion of freight inwards, logistics, discounts, supplier rebates and foreign exchange.

Storage, administrative overheads, selling and abnormal costs are expensed in the period when they are incurred.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. The depreciable amount of all fixed assets, including capitalised leased assets, is depreciated on a straight-line basis over their estimated useful lives. The useful life for each class of asset is as follows:

Class of fixed asset	Useful Life
- Leasehold Improvements and Office Equipment	5 – 13 years
- Fixtures and Fittings	5 – 13 years
- Computer Equipment	3 years

(g) Leases

The Group leases various retail stores, distribution centres, offices and vehicles. Lease agreements are typically made for fixed periods of tenure (usually three to six years) and the arrangements may have an option for a further term as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any landlord incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any landlord incentives received; and
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are those leases with a term of 12 months or less.

(h) Employee Benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and vested sick leave are recognised in respect of employees' services up to the reporting date and are measured at the amounts reasonably expected to be settled.

(ii) Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities on the Consolidated Balance Sheet if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised when there is a contractual or constructive liability and at least one of the following conditions are met:

- there are formal terms in the plan for determining the amount of the benefit, including relevant hurdles;
- the amounts to be paid are determined before the time of completion of the Financial Statements; or
- past practice has created a constructive obligation.

Liabilities for short term cash incentives are expected to be settled within 12 months and are measured at amounts expected to be paid when settled.

(iv) Equity-based compensation benefits

Equity-based compensation benefits are provided to selected employees through the Performance Rights Plan.

The fair value of performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to exercise those rights, adjusted for the fair value of any rights which do not ultimately vest.

The fair value at the grant date is determined using a Black-Scholes option pricing model that takes into account:

- exercise price;
- term of the Performance Rights;
- vesting and performance criteria;
- impact of dilution;
- non-tradeable nature of the Performance Rights;
- share price at the grant date and expected price volatility of the underlying share;
- expected dividend yield; and
- risk-free interest rate for the term of the Performance Rights.

The fair value of the Performance Rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of Performance Rights that are expected to vest, net of any Performance Rights that have been forfeited or lapsed throughout the period. The employee benefit expense recognised each period takes into account the most recent estimate.

(i) Cash and Cash Equivalents

For presentation of Consolidated Statement of Cash Flows, cash and cash equivalents includes, cash on hand, cash in transit and at call, short-term deposits with banks and financial institutions, and investments in money market instruments maturing within two months, net of bank overdrafts. Bank overdrafts (if any) are shown with borrowings in current liabilities on the Consolidated Balance Sheet.

(j) Revenue

Revenue from the sale of goods is recognised at the point in time the sale occurs. All revenue is stated net of the amount of goods and services tax (GST), returns and discounts.

(k) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of the cash flows of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction, the Group documents the relationship between the hedging instrument and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be effective in offsetting changes in cash flows of hedged items.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are transferred out of equity and included in the cost of the hedged item when the forecast purchase that is hedged takes place.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(l) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The Financial Statements are presented in Australian dollars, which is the Group's primary functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement, except derivatives which comprise effective hedges.

(m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30-60 days of recognition.

(n) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

(o) Impairment of Property, Plant and Equipment and Right-Of-Use Assets

Assets that are subject to amortisation are reviewed for impairment at each reporting date and when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(p) Dividends

Provision is made for the amount of any dividends declared, determined or publicly recommended by the Directors on or before the end of the financial period but not distributed at balance date.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate.

(r) Contributed Equity

Ordinary shares are classified as equity.

(s) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares (including Performance Rights) and the weighted average number of shares assumed to have been issued in relation to dilutive potential ordinary shares.

(t) Software Costs

Costs in relation to software development, including website costs and cloud computing, are charged as expenses in the period in which they are incurred unless they relate to the acquisition or development of a Group controlled asset, in which case they are capitalised and amortised over the useful life which is generally three years.

(u) Restoration Costs

An expense is provided for in the period in which the legal, equitable or constructive obligation arises, usually on a lease being agreed. The provision is measured at the present value of management's best estimate of make-good costs with a corresponding asset added to the cost of the fit out with the asset amortised over the lease life.

(v) Store Opening Costs

Non-capital costs associated with the setup of a new store are expensed in the period in which they are incurred.

(w) Cost of Sales

The Group includes warehousing and logistics costs as part of its "Cost of Sales" line in the Consolidated Statement of Comprehensive Income.

The Group considers that all costs associated with getting stock to stores ready for sale is a cost attributable to the sale of such inventory.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables on the Consolidated Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(y) Rounding of Amounts

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the Directors' Report and Financial Statements. In accordance with that instrument, amounts in these reports are rounded to the nearest thousand dollars unless otherwise stated.

(z) Critical Accounting Estimates and Judgements

For the 30 June 2024 reporting period, certain accounting estimates and judgements were made in relation to the following:

(i) Impairment test of store assets

The Group offers a wide range of discount variety merchandise through its network of 385 stores (FY2023: 380) and store assets, including the right-of-use asset, which represents one of the largest amounts on the Consolidated Balance Sheet.

The assessment of impairment on store assets is a critical judgement. A test for impairment is triggered by a change in a number of indicators, both internal and external. These indicators include, but are not limited to, physical damage to the asset, declining economic performance of the asset, technological changes, market or economic changes and plans to discontinue or restructure operations.

Impairment testing can only be done for an individual asset that generates cash inflows that are largely independent of cash inflows from other assets. A 'cash generating unit' (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Group has defined each individual store as a CGU as the cash inflows from an individual store are largely independent from the inflows of any other store. Accordingly, the assessment of the carrying value of the relevant assets is on an individual store basis for store fixtures and fittings and right-of-use assets.

The recoverable amount is defined as the higher of the asset's fair value less costs of disposal or its value in use. The Group determines value in use by making certain assumptions relating to forecast future cash flows and discount rates. The assumptions on future cash flows have been developed based on past performance and reasonable expectations in relation to the future. The discount rate has been determined using market information relevant to the industry in which the Group operates.

The impairment assessments could be sensitive to the judgements made in the impairment test and the assumptions outlined above. Refer to Note 9 for details.

(ii) Impairment test for corporate and distribution centre assets

Due to impairment indicators at year end, corporate and distribution centre assets were tested for impairment using a discounted cash flow model. The Group determines value in use by making certain assumptions relating to forecast future cash flows and discount rates, giving regard to past performance, external industry forecasts and board approved budgets. The discount rate has been determined using market information relevant to the industry in which the Group operates.

The impairment assessments could be sensitive to the judgements made in the impairment test and the assumptions outlined above. Refer to Note 9 for details.

(iii) Determining the lease term for the lease liability

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an option for a further term, or vacate the premises at lease expiry. An option for a further term is only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of distribution centres and stores, the following factors are most relevant:

- if there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate); and
- otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Group's practice is not to exercise an option for a further term, unless there is a site-specific and commercial rationale for doing so. Typically the Group negotiates a new lease at the end of the term.

The lease term is reassessed if an option for a further term is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(iv) Net realisable value of inventory

The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell. The key assumptions require the use of management's judgement. These key assumptions are the variables affecting the expected selling price. Any reassessment of the selling price in a particular period will affect the cost of goods sold.

This provision is calculated by applying an assumed percentage markdown to certain inventory on hand at period end. The specific write-down amount depends, in part, on the age of the inventory and estimated inventory weeks cover and incorporates information on known loss-making products.

(v) Provisioning for shrinkage expense

The Group provides for shrinkage expense, recognised net against inventory, for the period by applying an estimated shrink loss percentage to the sales since the date of the last stock count to period-end, on a store-by-store basis. Stock counts are performed across stores to calculate the estimated shrink loss percentage for the whole store network. This estimate includes stock count information obtained from counts performed during the financial period and those completed post period-end. Factors that could impact the estimated provision include the length of the time period since a store last completed a stock take or a change in the actual stocktake results ultimately recognised.

Other than the matters outlined above, there are no other accounting estimates or judgements within these accounts which have a significant effect on the amounts recognised in the Financial Statements.

(aa) New accounting standards and interpretations

There are no new standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

Note 2: Revenue from Continuing Operations	2024 $'000	2023 $'000
Sales of goods	**852,736**	819,340

Note 3: Other Income	2024 $'000	2023 $'000
Interest	**2,460**	1,842
Insurance recovery(i)	**47**	4,220
	2,507	6,062

(i) Insurance recoveries relate to insured losses of property, plant and equipment, inventory and loss of profit from four stores that were flood/water damaged in FY2022 and one in FY2023.

Note 4: Expenses	2024 $'000	2023 $'000
Profit before income tax expense includes the following expenses:		
Finance Costs:		
Interest and finance charges paid/payable for borrowing costs and facilities fees	**270**	279
Interest and finance charges paid/payable for lease liabilities	**8,667**	7,771
	8,937	8,050
Depreciation of Property, plant and equipment included in:		
Cost of sales	**256**	72
Store expenses	**11,314**	11,387
Administrative expenses	**688**	601
	12,258	12,060
Depreciation of Right-of-use assets included in:		
Cost of sales	**5,979**	5,820
Store expenses	**90,186**	88,303
Administrative expenses	**729**	772
	96,894	94,895
Other expenses:		
Store exit costs	**974**	117
Employee benefits expense	**180,849**	166,028
Store opening and relocation costs	**1,480**	796

Note 5: Income tax expense

	2024 $'000	2023 $'000
(a) Income tax expense		
Current tax	**1,369**	4,140
Deferred tax	**842**	188
Adjustments relating to prior periods	**424**	(7)
	2,635	4,321
Deferred income tax expense included in income tax expense comprises:		
Decrease in net deferred tax assets	**842**	188
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**7,348**	14,631
Tax at the Australian tax rate of 30% (FY2023: 30%)	**2,204**	4,389
Tax effect of amounts which are not deductible in calculating taxable income:		
Other	**7**	(61)
Adjustments for current tax of prior periods	**424**	(7)
Income tax expense	**2,635**	4,321
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited in equity	**180**	356
(d) Income tax relating to items of other comprehensive income		
Cash flow hedges	**(1,369)**	(2,071)

Note 6: Current Assets – Cash and cash equivalents

	2024 $'000	2023 $'000
Cash on hand	**1,610**	1,607
Cash at bank	**48,273**	75,728
	49,883	77,335

Note 7: Current Assets – Inventories

	2024 $'000	2023 $'000
Inventory at cost	**139,964**	129,945
Inventory at net realisable value	**6,482**	5,605
	146,446	135,550

Inventories recognised as an expense during the period ended 30 June 2024 amounted to $437,486,000 (FY2023: $429,191,000). These were included in the 'Cost of sales'. Write-downs of inventories to net realisable value amounted to $2,051,000 (FY2023: $3,179,000). These were recognised as an expense during the period ended 30 June 2024 and included in 'Cost of sales'.

Note 8: Current Assets – Other assets	2024 $'000	2023 $'000
Prepayments	**2,644**	2,961
Other current assets	**678**	1,095
	3,322	4,056

Note 9: Non-Current Assets – Property, plant and equipment	2024 $'000	2023 $'000
Leasehold improvements		
At cost	**100,357**	95,135
Less accumulated depreciation and impairment	**(82,690)**	(80,447)
Net book amount	**17,667**	14,688
Plant and equipment		
At cost	**181,878**	177,460
Less accumulated depreciation and impairment	**(146,450)**	(141,517)
Net book amount	**35,428**	35,943
Total Property, plant and equipment	**53,095**	50,631

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period are as follows:

	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balances as at 2 July 2023	**14,688**	**35,943**	**50,631**
Additions at cost	**8,606**	**7,135**	**15,741**
Asset write offs	**(435)**	**(584)**	**(1,019)**
Depreciation expense	**(5,192)**	**(7,066)**	**(12,258)**
Balances as at 30 June 2024	**17,667**	**35,428**	**53,095**

	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balances as at 3 July 2022	14,702	36,441	51,143
Additions at cost	5,760	6,366	12,126
Asset write offs	(221)	(357)	(578)
Depreciation expense	(5,553)	(6,507)	(12,060)
Balances as at 2 July 2023	14,688	35,943	50,631

During the period, there was no impairment recognised by the Group in relation to stores (FY2023: $Nil).

Impairment testing of Property, plant and equipment (PP&E) and Right-of-use assets

The Group assesses Property, plant and equipment and the Right-of-use assets (see Note 10) for indicators of impairment at each reporting date in accordance with *AASB 136 Impairment of Assets*.

The Group performed the review for indicators of impairment first at the CGU level. This consists of individual stores as this is the smallest group of assets for which independent cash flows can be determined (the "Stores CGU"). For indicators at the individual store level, the Group calculated the recoverable amount of the Stores CGU using a value-in-use ("VIU") discounted cash flow model. The model uses cash flow projections based on board approved budgets.

For testing of the distribution centre and corporate assets, the Group determined a CGU comprising these assets along with the store assets as it is only at this level that independent cash flows can be determined (the "Corporate CGU"). The Group calculated the recoverable amount of the Corporate CGU using a VIU discounted cash flow model. The model uses cash flow projections based on board approved budgets.

The Group determined that no reasonable change in the key assumptions used in the impairment assessments would result in an impairment charge at the reporting date.

Note 10: Leases

	2024 $'000	2023 $'000
Right-of-use assets		
Property	**212,773**	205,725
Vehicles	**-**	61
	212,773	205,786
Lease Liabilities		
Current	**81,309**	84,305
Non-current	**154,909**	144,124
	236,218	228,429
Interest expense (included in finance costs)	**8,667**	7,771

Additions to the right-of-use assets during the year ended 30 June 2024 were $99,801,000 (FY2023: $100,928,000).

The total cash outflow for leases during the year was $102,101,000 (FY2023: $100,057,000).

The Group assesses these assets with property, plant and equipment for indicators of impairment at each reporting date in accordance with *AASB 136 Impairment of Assets*. For details of this assessment see Note 9.

Note 11: Non-Current Assets – Deferred tax assets	2024 $'000	2023 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Employee benefits	**6,776**	7,022
Leases	**7,033**	6,793
Inventories	**1,390**	1,249
Property, plant and equipment	**6,232**	5,469
Other provisions and accruals	**957**	1,282
Employee share trust	**679**	1,294
Sundry items	**57**	57
	23,124	23,166
Set-off of deferred tax liabilities of Group pursuant to set-off provisions		
Other current assets	**(392)**	75
Derivative financial instruments	**(159)**	(1,760)
Sundry items	**(1,429)**	(1,431)
Net deferred tax assets	**21,144**	20,050
Movements:		
Carrying amount at beginning of period	**20,050**	17,712
(Charged) / credited to profit or loss and direct to equity	**(275)**	173
Charged to other comprehensive income	**1,369**	2,071
Under / (over) provision from prior years	**-**	94
Carrying amount at end of period	**21,144**	20,050

Note 12: Current Liabilities – Trade and other payables	2024 $'000	2023 $'000
Trade payables	**50,590**	52,202
Payroll tax and other statutory liabilities	**5,141**	4,031
Sundry payables	**3,808**	3,532
	59,539	59,765

Note 13: Current Liabilities – Borrowings

The Group has banking facilities with ANZ Bank. These facilities include an interchangeable facility with a limit of $10 million while the limit for the seasonal facility is $20 million. The seasonal facility can only be drawn between October and December each year.

The Group has fully complied with all of its banking covenants at the balance sheet date.

In August 2024, subsequent to the period-end, the Group extended its existing banking facilities with ANZ Bank from August 2024 to August 2025.

All secured liabilities listed within Notes 13 and 21, including bank overdraft and bank loans, finance purchases and hire purchase agreements, are secured by The Reject Shop Limited and TRS Trading Group Pty Ltd.

Note 14: Liabilities – Provisions

	2024			2023		
	Current $'000	**Non-Current $'000**	**Total $'000**	Current $'000	Non-Current $'000	Total $'000
Provision for make good	**392**	**2,522**	**2,914**	350	2,067	2,417
Employee entitlement	**10,971**	**1,296**	**12,267**	10,730	1,268	11,998
	11,363	**3,818**	**15,181**	11,080	3,335	14,415

Amounts not expected to be settled within the next 12 months

The current provision for employee entitlements includes annual leave, long service leave and bonus accruals. For long service leave, it covers all unconditional entitlements where employees have completed the required period of service and where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision for annual leave is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. The provision for long service leave has both a current and non-current portion. However, based on past experience, the Group does not expect all employees to take the full amount of accrued annual leave or require payment within the next 12 months. Expected future payments are discounted using appropriate market yields at the end of the reporting period that match, as closely as possible, the estimated future cash outflows. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2024 $'000	2023 $'000
Leave obligations expected to be settled after 12 months	**4,217**	4,031

Note 15: Current Liabilities - Other Liabilities

	2024 $'000	2023 $'000
Accrued expenses	**9,586**	11,203
Deferred income	**128**	225
	9,714	11,428

Note 16: Contributed Equity

Movements in ordinary share capital:

Date	**Details**	**Number of issued shares**	**Contributed Equity $'000**
3 July 2022	**Balance**	**38,326,622**	**70,326**
24 August 2022	Exercise of performance rights	96,675	-
9 September 2022 to 3 February 2023	Shares bought back	(647,222)	(2,728)
2 July 2023	**Balance**	**37,776,075**	**67,598**
24 August 2023	Exercise of performance rights	571,842	-
9 November 2023	Exercise of performance rights	33,000	-
1 March 2024	Exercise of performance rights	120,342	-
11 September 2023 to 28 June 2024	Shares bought back	(1,186,367)	(5,009)
30 June 2024	**Balance**	**37,314,892**	**62,589**

All shares carry one vote per share and rank equally in terms of dividends and on winding up. Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

Between September 2023 and June 2024, the Company purchased 1,186,367 shares through an on-market share buy-back. The buy-back was announced on 24 August 2023. The shares were acquired at an average price of $4.22 per share, with prices ranging from $3.07 to $5.85 per share. The total cost of the shares bought back was $5,009,055. All the acquired shares were cancelled prior to the end of the period.

The on-market share buy-back will end on 10 September 2024.

Note 17: Equity – Reserves	2024 $'000	2023 $'000
Capital profits reserve	739	739
Share based payments reserve(i)	10,521	8,984
Hedging reserve – cash flow hedges(ii)	912	4,106
	12,172	13,829
Movements:		
Share based payments reserve(i)		
Balance at beginning of period	8,984	6,603
Performance Rights expense	1,357	2,025
Deferred tax – share based payments	180	356
	10,521	8,984
Hedging reserve – cash flow hedges(ii)		
Balance at beginning of period	4,106	8,937
Transfer to inventory	(4,106)	(8,937)
Revaluation of cash flow hedges	912	4,106
	912	4,106

(i) The share-based payments reserve is used to recognise the fair value of performance rights issued.

(ii) The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 22. Amounts accumulated in equity are included in the cost of the hedged item when the forecast purchase that is hedged takes place.

Note 18: Equity – Retained Profits	2024 $'000	2023 $'000
Retained profits at the beginning of the financial period	100,508	90,198
Net profit attributable to the shareholders of the Group	4,713	10,310
Fully franked dividends paid during period	(9,899)	-
Retained profits at end of financial period	95,322	100,508

Note 19: Capital Commitments

The Group has capital commitments totalling $8,173,000 (FY2023: $5,287,000) all payable within one year.

Note 20: Contingent Assets and Liabilities

The Company is named as the respondent in a class action commenced by a former store manager in the Federal Court of Australia (filed on 18 April 2023) on behalf of store managers and assistant store managers employed by the Company between 24 April 2017 to 18 April 2023. The applicant is represented by Adero Law.

The premise of the initial proceeding is that the General Retail Industry Award 2010 applied to the relevant store manager's employment and that there was an underpayment under that award together with alleged associated contraventions of the Fair Work Act 2009 (Cth) however, the applicant is seeking leave to file an amended statement of claim. The application for leave is currently listed to be heard on 11 October 2024.

The Company is continuing to defend the proceeding and any potential financial impact is presently unknown.

Note 21: Consolidated Statement of Cash Flow Information

	2024 $'000	2023 $'000
Reconciliation of Cash Flow from operating activities with profit after income tax from ordinary activities:		
Profit from ordinary activities after income tax	**4,713**	10,310
Non-cash items in profit from ordinary activities		
Depreciation – Property, plant and equipment	**12,258**	12,060
Depreciation – Right-of-use assets	**96,894**	94,895
Assets written off	**1,019**	578
Non-cash share-based payments expense	**1,357**	2,025
Tax credited directly to equity	**180**	356
Changes in assets and liabilities		
Decrease in other assets	**2,102**	2,496
(Increase) in inventories	**(10,896)**	(22,536)
Decrease in right-of-use assets net of lease liabilities	**802**	3,695
(Increase) in deferred tax assets	**(1,094)**	(2,338)
Decrease in trade and other payables, provisions and other liabilities	**842**	4,286
(Decrease) / increase in tax liabilities	**(6,070)**	5,193
Net cash provided by operations	**102,107**	111,020

Credit standby arrangement and loan facilities

The ongoing funding requirements of the Group, reviewed annually, are provided under the terms of a facility agreement. The key facilities and their utilisation are as follows:

	2024		2023	
	Limit $'000	Utilised $'000	Limit $'000	Utilised $'000
Interchangeable Facility(i)	**10,000**	**-**	10,000	-
Seasonal Facility(ii)	**-**	**-**	-	-
Other Facilities(iii)	**550**	**258**	550	420
Total Facilities	**10,550**	**258**	10,550	420

(i) The interchangeable facility may be allocated to the following sub-facilities: documentary credit issuance/documents surrendered facility, foreign currency overdraft facility and loan facility.

(ii) A seasonal facility of $20,000,000 was available to the Group from October to December 2023. The facility was unutilised during the period (FY2023: unutilised).

(iii) Other facilities include an ANZ Bank indemnity guarantee of $550,000 of which $258,000 (FY2023: $420,000) was utilised in relation to property leases at 30 June 2024.

Note 22: Financial Instruments and Financial Risk Management

Derivative Financial Instruments	2024 $'000	2023 $'000
Current assets and (liabilities)		
Forward foreign exchange contracts – cash flow hedges	**1,302**	5,864

Forward exchange contracts – cash flow hedges

The Group imports product from overseas. In order to protect against exchange rate movements, the Group enters into forward exchange contracts to purchase foreign currency for most overseas purchases. These contracts are hedging contracts for highly probable forecast purchases for the ensuing financial period. The contracts are timed to mature when payments for shipments of products are scheduled to be made.

At the balance date, the details of outstanding forward exchange contracts to be settled within 12 months are:

				Average Exchange Rate	
		2024	2023	**2024**	2023
Sell	**Buy**	**AUD $'000**	AUD $'000	**$**	$
Australian Dollars	United States Dollars	**126,259**	131,672	**0.67**	0.70

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the Consolidated Balance Sheet by the related amount deferred in equity.

At the balance sheet date, the revaluation of these contracts to fair value resulted in an asset of $1,302,000 (FY2023: asset of $5,864,000).

During the period, $4,106,000 (FY2023: $8,937,000) was transferred from equity and included in inventory and a net gain of $Nil (FY2023: net $Nil) was transferred to the Consolidated Statement of Comprehensive Income.

Exposure to Foreign Currency Risk

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	2024 USD $'000	2023 USD $'000
Cash at bank	**14**	532
Trade and other payables	**9,966**	9,920

Forward exchange contracts – Balance Date Sensitivity Analysis

The following table summarises the sensitivity of the Group as at balance date to movements in the value of the Australian Dollar compared to the United States Dollar, the principal currency that the Group has an exposure to. The sensitivity analysis as at balance date relates to the conversion of the United States Dollar foreign currency bank account and foreign currency payables and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges as follows:

Sensitivity Analysis – foreign exchange AUD/USD	2024 $'000	2023 $'000
For every 1c increase in AUD:USD rate, total exposures (increase) / decrease by:		
Income Statement	**223**	210
Equity	**(1,908)**	(2,062)
For every 1c decrease in AUD:USD rate, total exposures (increase) / decrease by:		
Income Statement	**(230)**	(217)
Equity	**1,967**	2,125

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2024	Weighted Average Effective Interest Rate(i)	Floating Interest Rate $'000	Fixed Interest Rate Maturing within 1 Year $'000	Fixed Interest Rate Maturing 1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	**4.62%**	**42,770**	**-**	**-**	**7,113**	**49,883**
Total Financial Assets	**-**	**42,770**	**-**	**-**	**7,113**	**49,883**
Financial Liabilities						
Bank loans and overdrafts	**-**	**-**	**-**	**-**	**-**	**-**
Trade, sundry and other creditors	**-**	**-**	**-**	**-**	**69,125**	**69,125**
Lease liabilities	**-**	**-**	**-**	**-**	**236,218**	**236,218**
Total Financial Liabilities	**-**	**-**	**-**	**-**	**305,343**	**305,343**

(i) There were no borrowings throughout the period.

2023	Weighted Average Effective Interest Rate(i)	Floating Interest Rate $'000	Fixed Interest Rate Maturing within 1 Year $'000	Fixed Interest Rate Maturing 1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	3.17%	69,477	-	-	7,858	77,335
Total Financial Assets	-	69,477	-	-	7,858	77,335
Financial Liabilities						
Bank loans and overdrafts	-	-	-	-	-	-
Trade, sundry and other creditors	-	-	-	-	70,968	70,968
Lease liabilities	-	-	-	-	228,429	228,429
Total Financial Liabilities	-	-	-	-	299,397	299,397

(i) There were no borrowings throughout the period.

Applying a sensitivity of 50 basis points to the Group's period-end interest rate results in an immaterial impact on post tax profit and equity.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date in respect of recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the Consolidated Balance Sheet and Notes to the Financial Statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratios at 30 June 2024 and 2 July 2023 were as follows:

	2024	2023
	$'000	$'000
Net debt (cash and cash equivalents)	**(49,883)**	(77,335)
Total equity	**170,083**	181,935
Net debt to equity ratio(i)	**0%**	0%

(i) The Group has no net debt so debt to equity ratio is not applicable

Liquidity Risk

The Group manages liquidity risk by continuously monitoring forecast and actual cashflow and matching the maturity profiles of financial assets and liabilities.

The tables below analyse the Group's financial liabilities as well as net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2024	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets) / liabilities $'000
Non-derivatives							
Non-interest bearing (including lease liabilities)	**118,703**	**42,689**	**67,827**	**91,748**	**7,189**	**328,156**	**305,343**
Total non-derivatives	**118,703**	**42,689**	**67,827**	**91,748**	**7,189**	**328,156**	**305,343**
Derivatives							
Gross settled							
- (inflow)	**(97,606)**	**(29,954)**	**-**	**-**	**-**	**(127,560)**	**(1,302)**
- outflow	**96,275**	**29,983**	**-**	**-**	**-**	**126,258**	**-**
Total derivatives	**(1,331)**	**29**	**-**	**-**	**-**	**(1,302)**	**(1,302)**

2 July 2023	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets) / liabilities $'000
Non-derivatives							
Non-interest bearing (including lease liabilities)	120,046	43,089	67,848	77,962	1,374	310,319	299,397
Total non-derivatives	120,046	43,089	67,848	77,962	1,374	310,319	299,397
Derivatives							
Gross settled							
- (inflow)	(95,519)	(42,018)	-	-	-	(137,537)	(5,864)
- outflow	91,588	40,085	-	-	-	131,673	-
Total derivatives	**(3,931)**	**(1,933)**	**-**	**-**	**-**	**(5,864)**	**(5,864)**

Net Fair Values

For other assets and other liabilities the net fair value approximates their carrying value.

Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

The following table presents the Group's assets and liabilities measured and recognised at fair value:

	2024 **$'000** **Level 2**	2023 $'000 Level 2
Derivatives used for hedging	**1,302**	5,864

Note 23: Key Management Personnel (KMP) Disclosures

Non-Executive Directors

Steven Fisher (Chair)

David Grant

Nicholas Perkins

Margaret Zabel

All of the above persons were directors of The Reject Shop Limited for the entire period ended 30 June 2024, unless otherwise stated.

Other Key Management Personnel

The following persons had authority and responsibility for planning, directing, and controlling the activities of the Group directly or indirectly during the financial period:

Clinton Cahn – Chief Executive Officer(i) and Chief Financial Officer(ii)

Amy Eshuys – Chief Operating Officer

(i) Clinton Cahn was appointed Chief Executive Officer on 24 August 2023 and served as Acting Chief Executive Officer from 1 February 2023 to 23 August 2023.

(ii) Following the appointment of Andrew Woolf on 1 July 2024, Clinton Cahn ceased as the Group's Chief Financial Officer.

All of the above persons were employed by The Reject Shop Limited and were key management personnel for the entire period ended 30 June 2024 unless otherwise stated.

Remuneration of Directors and Key Management Personnel

	2024 $	2023 $
Short-term cash rewards	**-**	-
Short-term employee benefits	**1,644,773**	1,773,987
Post-employment benefits	**92,499**	100,072
Termination benefits	**-**	325,000
Share-based payments	**1,286,830**	775,248
	3,024,102	2,974,307

No other long-term or termination benefits were paid or payable with respect to the current or prior period.

Note 24: Share-based Payments

Performance Rights Plan (PRP)

The PRP is the basis of the Group's long-term reward scheme for selected employees. In summary, eligible employees identified by the Directors may be granted performance rights, which is an entitlement to a share subject to satisfaction of exercise conditions on terms determined by the Directors.

The details of all grants made and outstanding for each financial period are detailed in the tables below:

2024

Date of Grant	Expiry Date	Date Exercisable	Fair Value at Grant Date	Balance at the Start of Period	Granted During Period	Exercised During The Period	Lapsed forfeited or cancelled during the Period	Balance at the End of the Period	Vested and Exercisable at the End of Period
27 March 2020	28 March 2025	27 March 2023	4.05	150,000	-	(150,000)	-	-	-
30 September 2020	31 August 2025	31 August 2023	6.17	185,300	-	-	(185,300)	-	-
5 November 2021	31 August 2025	31 August 2023	5.95	65,767	-	(62,467)	(3,300)	-	-
5 November 2021	1 November 2024	5 November 2023	5.92	66,000	-	(33,000)	(33,000)	-	-
5 November 2021	31 August 2026	31 August 2024	5.86	131,533	-	-	(54,800)	76,733	-
11 May 2022	28 February 2025	31 August 2023	3.53	50,000	-	(50,000)	-	-	-
11 May 2022	14 September 2023	31 August 2023	3.53	55,000	-	(55,000)	-	-	-
11 May 2022	13 September 2024	31 August 2023	3.53	166,875	-	(166,875)	-	-	-
11 May 2022	28 February 2025	28 February 2024	3.50	25,000	-	(25,000)	-	-	-
11 May 2022	13 September 2024	31 August 2024	3.48	95,000	-	(7,842)	(27,158)	60,000	-
11 May 2022	12 September 2025	29 August 2025	3.43	17,500	-	-	-	17,500	-
21 September 2022	31 October 2025	31 August 2025	3.71	638,100	-	-	(186,300)	451,800	-
28 November 2022	31 October 2025	31 August 2025	4.37	28,700	-	-	(7,300)	21,400	-
2 February 2023	31 October 2023	31 August 2023	4.06	87,500	-	(87,500)	-	-	-
2 February 2023	30 April 2024	29 February 2024	4.03	87,500	-	(87,500)	-	-	-
2 February 2023	30 April 2025	28 February 2025	3.97	87,500	-	-	(12,500)	75,000	-
23 August 2023	5 September 2026	31 August 2026	5.19	-	751,600	-	(130,500)	621,100	-
22 February 2024	4 March 2027	28 February 2027	4.13	-	30,000	-	-	30,000	-
Total				**1,937,275**	**781,600**	**(725,184)**	**(640,158)**	**1,353,533**	**-**

2023

Date of Grant	Expiry Date	Date Exercisable	Fair Value at Grant Date	Balance at the Start of Period	Granted During Period	Exercised During The Period	Lapsed forfeited or cancelled during the Period	Balance at the End of the Period	Vested and Exercisable at the End of Period
18 October 2019	16 October 2023	1 July 2022	2.07	21,675	-	(21,675)	-	-	-
27 March 2020	28 March 2025	27 March 2023	4.05	150,000	-	-	-	150,000	150,000
30 September 2020	31 August 2025	31 August 2023	6.17	198,200	-	-	(12,900)	185,300	-
5 November 2021	31 August 2025	31 August 2023	5.95	69,466	-	-	(3,700)	65,766	-
5 November 2021	1 November 2024	5 November 2023	5.92	66,000	-	-	-	66,000	-
5 November 2021	31 August 2026	31 August 2024	5.86	138,934	-	-	(7,400)	131,534	-
11 May 2022	31 August 2022	31 August 2022	3.60	75,000	-	(75,000)	-	-	-
11 May 2022	28 February 2025	31 August 2023	3.53	50,000	-	-	-	50,000	-
11 May 2022	14 September 2023	31 August 2023	3.53	75,000	-	-	(20,000)	55,000	-
11 May 2022	13 September 2024	31 August 2023	3.53	190,000	-	-	(23,125)	166,875	-
11 May 2022	28 February 2025	28 February 2024	3.50	25,000	-	-	-	25,000	-
11 May 2022	13 September 2024	31 August 2024	3.48	110,000	-	-	(15,000)	95,000	-
11 May 2022	12 September 2025	29 August 2025	3.43	17,500	-	-	-	17,500	-
22 July 2022	31 October 2024	31 August 2024	2.76	-	40,000	-	(40,000)	-	-
22 July 2022	31 October 2025	31 August 2025	2.72	-	40,000	-	(40,000)	-	-
22 July 2022	31 October 2026	31 August 2026	2.68	-	20,000	-	(20,000)	-	-
21 September 2022	31 October 2025	31 August 2025	3.71	-	869,600	-	(231,500)	638,100	-
28 November 2022	31 October 2025	31 August 2025	4.37	-	28,700	-	-	28,700	-
2 February 2023	31 October 2023	31 August 2023	4.06	-	87,500	-	-	87,500	-
2 February 2023	30 April 2024	29 February 2024	4.03	-	87,500	-	-	87,500	-
2 February 2023	30 April 2025	28 February 2025	3.97	-	87,500	-	-	87,500	-
Total				**1,186,775**	**1,260,800**	**(96,675)**	**(413,625)**	**1,937,275**	**150,000**

For the grants made during the period, the fair value was determined using the Black-Scholes option pricing model, taking into account the following inputs:

Date of new grants	**23 August 2023**	**22 February 2024**
Exercise price	-	-
Share price	$5.70	$4.54
Expected dividend yield	3.1%	3.1%

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

Performance rights do not carry voting or dividend entitlements.

Remuneration Expense arising from share-based payment transactions

	2024 **$**	2023 $
Performance rights granted	**1,356,166**	2,025,141

Note 25: Remuneration of Auditors

During the period, the following fees for services were paid or payable to PricewaterhouseCoopers Australia and its related parties as the auditor:

	2024 $	2023 $
Audit and Assurance Related Services		
Audit and review work	**394,740**	389,000
Other assurance services	**47,940**	51,000
	442,680	440,000
Tax Compliance and Consulting Services		
Tax compliance	**30,160**	144,755
Tax consulting advice	**6,200**	81,406
	36,360	226,161
Total remuneration	**479,040**	666,161

Note 26: Dividends

	2024 $'000	2023 $'000
Dividend declared subsequent to the period end	**-**	6,044
Balance of franking account at period end(i)	**63,320**	62,614

(i) Adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent periods based on a tax rate of 30%

Dividends recognised during the reporting period:

During the financial period $9,899,093 was paid to shareholders (FY2023: $Nil).

Note 27: Earnings per share

	2024 Cents	2023 Cents
Basic earnings per share	**12.4**	27.2
Diluted earnings per share	**12.1**	26.4
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**38,049,685**	37,965,407
Adjustments for dilutive portion of performance rights	**995,552**	1,078,176
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	**39,045,237**	39,043,583

Performance rights granted under the Performance Rights Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share, to the extent they are dilutive. Details relating to the performance rights are set out in Note 24.

Note 28: Net Tangible Assets

	2024 Cents	2023 Cents
Net tangible asset backing per ordinary share(i)	**450.2**	481.6

(i) Net tangible assets backing per ordinary share include right-of-use assets.

Note 29: Parent Entity Financial Information

	Parent Entity	
	2024 $'000	2023 $'000
(a) Summary financial information		
The individual financial statements for the parent entity show the following aggregate amounts:		
Balance Sheet		
Current assets	**203,723**	222,805
Total assets	**490,735**	499,272
Current liabilities	**162,537**	170,532
Total liabilities	**321,654**	318,341
Shareholders' equity		
Issued capital	**62,589**	67,598
Reserves	**12,170**	13,862
Retained earnings	**94,322**	99,472
	169,081	180,932
Profit for the financial period	**4,713**	10,828
Total Comprehensive Profit for the financial period	**1,519**	5,997
(b) Guarantees entered into by the parent entity		
Carrying amount included in current liabilities	**-**	-
Refer to Notes 19 and 20 for disclosures concerning contractual commitments and contingent assets and liabilities for the parent entity.		

Note 30: Segment Information

The Group operates within one reportable segment (retailing of discount variety merchandise). Total revenues of $852,736,000 (FY2023: $819,340,000) all relate to the sale of discount variety merchandise in the Group's country of domicile (Australia), in this single reportable segment. The Group is not reliant on any single customer.

Note 31: Subsidiaries

The consolidated financial statements of the Reject Shop Limited include the following subsidiaries:

	% of share capital		
Name of entity	**2024**	**2023**	**Place of incorporation**
TRS Trading Group Pty Ltd	100%	100%	Australia
TRS Sourcing Limited(i)	100%	100%	Hong Kong

(i) TRS Sourcing Limited is in the process of being deregistered.

There were no transactions between the parent entity and its subsidiaries during the period (FY2023: Nil).

In addition, The Reject Shop Limited has effective control over The Reject Shop Limited Employee Share Trust, which administers shares issued through the Group's Performance Rights Plan. This entity is also consolidated.

Note 32: Matters Subsequent to the End of the Financial Period

Subsequent to the end of the financial period:

- The Group extended its existing banking facilities with ANZ Bank from August 2024 to August 2025. See Note 13 for further information.
- The directors have determined not to declare a final dividend in respect of the financial period ended 30 June 2024.
- Andrew Woolf was appointed Chief Financial Officer of the Company and Patrick Myers was appointed as Chief Commercial Officer of the Company.

Other than the above, no other matters or circumstances have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Note 33: Related Party Transactions

During the period, the Group transacted with related parties of Kin Group Pty Ltd to purchase goods. Transactions totalled $1,915,685 (FY2023: $1,380,035). All transactions were on commercial terms and on an arms-length basis. There were no other related party transactions, other than those with key management personnel in the normal course of business, during the period ended 30 June 2024.

Consolidated Entity Disclosure Statement

Name of entity	Type of entity	% of share capital	Place of incorporation	Australian resident or foreign resident	Foreign jurisdiction of foreign residents
The Reject Shop Limited	Body Corporate	n/a	Australia	Australian	n/a
TRS Trading Group Pty Ltd	Body Corporate	100%	Australia	Australian	n/a
The Reject Shop Limited Employee Share Trust	Trust	n/a	n/a	Australian	n/a
TRS Sourcing Limited[(i)]	Body Corporate	100%	Hong Kong	n/a	n/a

(i) TRS Sourcing Limited is currently in the process of being deregistered. The entity's residency is marked as n/a because for Hong Kong local tax purposes, corporate residency is not relevant in determining the taxability of an entity.

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* (Cth) and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with *AASB 10 Consolidated Financial Statements*.

Directors' Declaration

In the Directors' opinion:

(a) the Financial Statements and notes set out on pages 30 to 56 are in accordance with the *Corporations Act 2001* (Cth), including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial period ended on that date; and

(b) the consolidated entity disclosure statement on page 57 is true and correct; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 1(a) to the Financial Statements, which includes a statement of compliance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

The directors have been given a declaration by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001* (Cth).

This declaration is made in accordance with a resolution of the Directors.

Steven Fisher
Non-executive Chair
22 August 2024

Independent Auditor's Report to the Members of The Reject Shop Limited

Independent auditor's report

To the members of The Reject Shop Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of The Reject Shop Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the 52 week period ended 30 June 2024.

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2024
- the consolidated statement of comprehensive income for the 52 week period ended 30 June 2024
- the consolidated statement of changes in equity for the 52 week period ended 30 June 2024
- the consolidated statement of cash flows for the 52 week period ended 30 June 2024
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit scope	*Key audit matters*
• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Carrying Value of Property, Plant and Equipment and Right of Use Assets – Inventory provision - Net Realisable Value – Inventory provision - Shrinkage • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Carrying Value of Property, Plant and Equipment and Right of Use Assets *(Refer to Note 9 Non-Current Assets – Property, Plant and Equipment and Note 10 Leases)* At 30 June 2024, The Group had property, plant and equipment of $53.1 million, and right of use assets of $212.8 million. Due to impairment indicators existing at period end, the Group tested Property, Plant and Equipment, and Right of Use Assets for impairment.	We performed the following procedures, amongst others: • evaluated whether the Group's assessment of the determination of cash generating units was consistent with our knowledge of the Group's operations; • tested the mathematical accuracy of selected significant data included in the models and compared selected significant data to the latest board approved budget; • assessed the appropriateness, with consideration to relevant external indicators and historical Group performance, of

Key audit matter	*How our audit addressed the key audit matter*
The Group performed impairment assessments by preparing value-in-use models ("the models") for each cash generating unit, to determine if the carrying value of these assets was supported by forecast future cash flows discounted to their present value. We considered this to be a key audit matter because of: • the financial significance of Property, Plant and Equipment and Right of Use Assets to the consolidated balance sheet; • the level of judgement involved by the Group in determining the key assumptions used in preparing the models, in particular, estimating future cash flows over the forecast period and the discount rate used to discount the estimated cash flows.	selected significant assumptions used to estimate the future cash flows; • compared actual historical results to the Board approved budgeted figures to assess the level of the Group's accuracy in forecasting cash flows; • considered the appropriateness of the period over which cash flows were projected based on our knowledge of the business and the Group's lease portfolio management strategy; • with the assistance of PwC valuation experts, assessed the appropriateness of the discount rate assumptions used in the models by comparing to market data, comparable companies and industry research; • considered the reasonableness of disclosures made in light of the requirements of Australian Accounting Standards.

Inventory provision - Net Realisable Value *(Refer to Note 1(z)(iv) Net realisable value of inventory and Note 7 Current Assets - Inventories)*
 	
At 30 June 2024, the Group held $146.4 million of inventory, of which $6.5 million was recognised at net realisable value.
 	
The Group assesses the net realisable value ("NRV") of inventory held at balance date, and recognises an NRV provision by applying a percentage markdown to any inventory items expected to sell with an NRV below cost.
 	
We considered this to be a key audit matter because of:
 	
• the financial significance of the inventory balance as at 30 June 2024 and therefore the potential impact of the NRV provision on the
	We performed the following procedures, amongst others:
	
	• developed an understanding of how the Group determines the NRV provision;
	• evaluated the appropriateness of significant assumptions used in developing the assumed markdown percentage to determine the NRV provision in the context of Australian Accounting Standards, by having regard to:
	  ◦ aggregate inventory sold below cost during the financial period;
	  ◦ aggregate inventory wastage incurred during the financial period;
	  ◦ inventory written off subsequent to the end of the financial period and up to the completion of our audit.
	• considered the reasonableness of disclosures made in light of the requirements of Australian Accounting Standards.

pwc

Key audit matter	*How our audit addressed the key audit matter*
consolidated statement of comprehensive income and consolidated balance sheet; • the subjective nature in estimating the assumed percentage markdown applied to certain inventory on hand.	
Inventory provision – Shrinkage *(Refer to Note 1(z)(v) Provisioning for shrinkage expense and Note 7 Current Assets - Inventories)* The Group recognised a provision against inventory at 30 June 2024 for the estimated loss related to shrinkage. The shrinkage provision is calculated by applying an estimated shrink loss percentage to the sales since the date of the last stock count to the end of the financial period, on a store-by-store basis. We considered this to be a key audit matter because of: • the financial significance of the inventory balance as at 30 June 2024 and therefore the potential impact of the provision for shrinkage on the consolidated statement of comprehensive income and the consolidated balance sheet; • the subjective nature in estimating the shrink loss percentage to apply to sales.	We performed the following audit procedures, amongst others: • developed an understanding of how the Group determines the shrinkage provision; • attended stock counts for a selection of stores and developed an understanding of the Group's process for reviewing stock count results for other stores; • evaluated the reasonableness of the shrink loss percentage by comparing the estimated shrink loss to the actual shrinkage results noted from the stock counts performed in the current period; • tested the mathematical accuracy of selected significant data in the shrinkage provision calculation; • considered the appropriateness of the Group's significant assumptions and tested a selection of the significant data used in the Group's calculation by reference to historical performance; • considered the reasonableness of disclosures in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the 52 week period ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001,* including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the 52 week period ended 30 June 2024.

In our opinion, the remuneration report of The Reject Shop Limited for the 52 week period ended 30 June 2024 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
22 August 2024

Shareholder Information

as at 31 July 2024

Distribution of shareholders

Size of holding	Number of Shareholders	Number of Shares	% Issued Capital
1 – 1,000	2,944	1,093,992	2.93
1,001 – 5,000	1,168	2,843,096	7.62
5,001 – 10,000	221	1,667,645	4.47
10,001 – 100,000	183	4,614,564	12.37
100,001 and over	18	27,095,595	72.61
TOTAL	**4,534**	**37,314,892**	**100**

The number of shareholders holding less than a marketable parcel of ordinary shares was 1,019 (based on the closing market price of $3.28 on 31 July 2024).

Substantial shareholders[1]

Name	Date most recent notice received	Number of Shares[2]	% Issued Capital[2]
Bennamon Pty Ltd	17 June 2021	7,651,495	19.99
Bennelong Funds Management Group Pty Ltd	6 January 2022	6,349,779	16.57
Wilson Asset Management Group	5 June 2024	3,960,232	10.52

1. As notified to the Company in accordance with section 671B of the Corporations Act.
2. As disclosed in the most recent substantial holding notice lodged by the substantial shareholder with the ASX.

20 largest shareholders

Name	Number of Shares	% Issued Capital
Citicorp Nominees Pty Ltd	11,470,299	30.74
Bennamon Pty Ltd	7,751,495	20.77
J P Morgan Nominees Australia Pty Limited	2,656,433	7.12
SCJ Pty Ltd <JERMYN FAMILY A/C>	1,500,000	4.02
Bond Street Custodians Limited <CAJ - D64993 A/C>	812,000	2.18
HSBC Custody Nominees (Australia) Limited	485,302	1.30
HLJT Nominees Pty Ltd <CC FAMILY A/C>	418,133	1.12
Dorothy Productions Pty Ltd	300,000	0.80
Mr Mike Fegelson	270,500	0.72
NCH Pty Ltd	266,868	0.72
Violante Pty Ltd <VIOLANTE INVESTMENT A/C>	222,949	0.60
Macren Pty Ltd <MACREN S/F A/C>	149,860	0.40
Danlar Nominees Pty Ltd <S & L FISHER SUPER FUND A/C>	144,039	0.39
Ace Property Holding Pty Ltd	140,000	0.38
BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT>	135,654	0.36
Pacific Custodians Pty Ltd TRS PLANS CTRL A/C	130,501	0.35
National Nominees Limited	127,962	0.34
Kgari Investments Pty Ltd <PORTOFINO SUPER FUND A/C>	113,600	0.30
R I Finances Pty Ltd	89,200	0.24
Mr Gil Yahalom	88,952	0.24
TOTAL	**27,273,747**	**73.09**

Voting rights

The Company's Constitution sets out the voting rights attached to shares. In summary, subject to any rights or restrictions for the time being attached to any class or classes of shares and the Company's Constitution:

- on a show of hands, each shareholder present in person and each other person present as a proxy, attorney or shareholder representative has one vote; and
- on a poll, each shareholder present in person has one vote for each fully paid share held by the shareholder and each person present as proxy, attorney or shareholder representative has one vote for each fully paid share held by the shareholder that the person represents.

Unquoted equity securities

The number of performance rights on issue under The Reject Shop's Performance Rights Plan was 1,353,533 and the number of holders of those performance rights was 31. There are no voting rights attached to performance rights.

Current on-market buy-back

On 24 August 2023, the Company announced an on-market share buy-back of up to $10 million for the period between 11 September 2023 and 10 September 2024.

Corporate Directory

THE REJECT SHOP LIMITED

ABN 33 006 122 676

Board of Directors

Steven Fisher (Chair)
David Grant
Nicholas Perkins
Margaret Zabel

Company Secretary

Lauren Harris

Registered Office

245 Racecourse Road
Kensington VIC 3031
(03) 9371 5555

Share Registry

Link Market Services Limited[1]
Level 10, Tower 4, 727 Collins St
Melbourne VIC 3008

1300 554 474 (within Australia)
+61 1300 554 474 (outside Australia)

Auditor

PricewaterhouseCoopers
2 Riverside Quay
Southbank VIC 3006

Securities Exchange Listing

The Reject Shop Limited shares are listed on the Australian Securities Exchange (ASX code: TRS)

Website

www.rejectshop.com.au

1. Link Market Services Limited is now known as MUFG Pension & Market Services. Over the coming months, Link Market Services will progressively rebrand to its new name MUFG Corporate Markets, a division of MUFG Pension & Market Services.

THE REJECT SHOP

www.rejectshop.com.au