

Appendix 4D

The Reject Shop Limited

(ABN 33 006 122 676)

Current reporting period: 26 week period ended 29 December 2024

Prior corresponding period: 26 week period ended 31 December 2023

Results for announcement to the market

		Percentage Change %	Amount \$'000
Revenue from ordinary activities	up	+2.9% to	471,716
Profit from ordinary activities after tax attributable to shareholders	up	10.1% to	15,945
Net profit for the period attributable to shareholders	up	10.1% to	15,945
Dividends	Amount per share	Franked amount per share	
Interim dividend (fully franked)	12.0 cents	12.0 cents	
Record date for determining entitlements to interim dividend	Thursday, 17 April 2025		
Dividend payment date	Thursday, 1 May 2025		

For further commentary on the half-year results refer to the accompanying Half Year Financial Report and the Half Year Results announcement and presentation released in conjunction with this report.

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DIRECTORS' REPORT

The directors present their report on The Reject Shop Limited and its subsidiaries (the "Company") for the 26 week period ended 29 December 2024 (the "half-year").

Directors

The directors of The Reject Shop Limited during the whole of the half-year, and up to the date of this report, are set out below.

Steven Fisher
David Grant
Nicholas Perkins
Margaret Zabel

Review of operations

A review of the operations and results of the Company and its controlled entities are contained in the Company's results announcement and presentation released to the ASX in conjunction with this report. The half-year ended 29 December 2024 incorporated 26 weeks of trading.

Seasonality

The first half of the Company's year traditionally produces a profit result significantly higher than the second half. This is due to the significant sales increase during the peak trading period of November and December.

Dividends

The directors have determined to pay a fully franked interim dividend of 12.0 cents per ordinary share. The interim dividend is payable to shareholders registered at 5.00pm on Thursday, 17 April 2025 and is due to be paid on Thursday, 1 May 2025.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 3.

Rounding of amounts to nearest thousand dollars

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.

Signed in accordance with a resolution of the directors.



Steven Fisher
Chair

20 February 2025



Auditor's Independence Declaration

As lead auditor for the review of The Reject Shop Limited for the 26 week period ended 29 December 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Brad Peake'.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
20 February 2025

Consolidated Statement of Comprehensive Income
For the half-year ended 29 December 2024

		Half-year ended	
	Notes	2024 26 weeks \$'000	2023 26 weeks \$'000
Revenue from continuing operations			
Sales revenue		471,716	458,282
Other income	3	919	1,225
		<u>472,635</u>	<u>459,507</u>
Cost of sales		274,612	272,092
Store expenses		147,173	141,533
Administrative expenses		23,049	21,003
		<u>444,834</u>	<u>434,628</u>
Finance costs	4	5,071	4,194
Profit before income tax		<u>22,730</u>	<u>20,685</u>
Income tax expense	5	6,785	6,202
Profit for the period attributable to shareholders of The Reject Shop Limited		<u>15,945</u>	<u>14,483</u>
Other comprehensive income			
<i>Items that may be re-classified to profit or loss</i>			
Changes in the fair value of cash flow hedges		5,248	(6,557)
Income tax relating to components of other comprehensive income		(1,574)	1,967
Other comprehensive income / (loss) for the half-year, net of tax		<u>3,674</u>	<u>(4,590)</u>
Total comprehensive income attributable to shareholders of The Reject Shop Limited		<u>19,619</u>	<u>9,893</u>
Earnings per share		Cents	Cents
Basic earnings per share	12	42.7	38.0
Diluted earnings per share	12	42.4	37.0

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet
As at 29 December 2024

	Notes	29 December 2024 \$'000	30 June 2024 \$'000
Current Assets			
Cash		74,898	49,883
Inventories		143,109	146,446
Tax receivables		-	2,770
Derivative financial instruments		6,550	1,302
Other assets	6	6,974	3,322
Total Current Assets		231,531	203,723
Non Current Assets			
Property, plant and equipment	7	54,479	53,095
Right-of-use assets		207,048	212,773
Deferred tax assets		21,011	21,144
Total Non Current Assets		282,538	287,012
Total Assets		514,069	490,735
Current Liabilities			
Trade and other payables	8	59,750	59,539
Lease liabilities		79,866	81,309
Tax liabilities		6,731	-
Provisions	9	12,829	11,363
Other liabilities		9,452	9,714
Total Current Liabilities		168,628	161,925
Non Current Liabilities			
Lease liabilities		152,334	154,909
Provisions	10	3,840	3,818
Total Non Current Liabilities		156,174	158,727
Total Liabilities		324,802	320,652
Net Assets		189,267	170,083
Equity			
Contributed equity	11	62,323	62,589
Reserves		15,676	12,172
Retained profits		111,268	95,322
Total Equity		189,267	170,083

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
For the half-year ended 29 December 2024**

2024

	Contributed Equity \$'000	Capital Profits \$'000	Share Based Payments \$'000	Hedging Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balances as at 30 June 2024	62,589	739	10,521	912	95,322	170,083
Profit for the period	-	-	-	-	15,945	15,945
Other comprehensive income	-	-	-	3,674	-	3,674
Transaction with owners in their capacity as owners:						
Shares bought back	(266)	-	-	-	-	(266)
Dividends paid	-	-	-	-	-	-
Share based remuneration	-	-	(193)	-	-	(193)
Tax credited directly to equity	-	-	24	-	-	24
Balances as at 29 December 2024	62,323	739	10,352	4,586	111,267	189,267

2023

	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	-	-	-	-	14,483	14,483
Other comprehensive loss	-	-	-	(4,590)	-	(4,590)
Transaction with owners in their capacity as owners:						
Shares bought back	(1,392)	-	-	-	-	(1,392)
Dividends paid	-	-	-	-	(6,113)	(6,113)
Share based remuneration	-	-	609	-	-	609
Tax credited directly to equity	-	-	470	-	-	470
Balances as at 31 December 2023	66,206	739	10,063	(484)	108,878	185,402

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half-year ended 29 December 2024

	Half-year ended	
	2024	2023
	26 weeks	26 weeks
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	518,888	504,110
Payments to suppliers and employees (inclusive of goods and services tax)	(431,431)	(426,641)
Interest received	919	1,225
Borrowing costs and facilities fees paid	(114)	(206)
Interest on lease liabilities	(4,957)	(3,988)
Income tax received / (paid)	1,299	(7,226)
Net cash inflows from operating activities	84,604	67,274
Cash flows from investing activities		
Payments for property, plant and equipment	(7,738)	(7,784)
Net cash outflows used in investing activities	(7,738)	(7,784)
Cash flows from financing activities		
Principal elements of lease payments	(51,585)	(48,649)
Payments for shares bought back	(266)	(1,392)
Dividends paid	-	(6,113)
Net cash outflows used in financing activities	(51,851)	(56,154)
Net increase in cash held	25,015	3,336
Cash at the beginning of the half-year	49,883	77,335
Cash at the end of the half-year	74,898	80,671

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements
For the half-year ended 29 December 2024

Note 1: Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 29 December 2024 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2024 and any public announcements made by The Reject Shop Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. There are no new or amended standards that became applicable for the current reporting period and there are no new standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods.

Note 2: Critical accounting estimates and judgements

Critical accounting estimates and judgements are consistent with those presented in the Annual Report for the year ended 30 June 2024.

Note 3: Other Income

Interest

Half-year ended	
2024	2023
26 weeks	26 weeks
\$'000	\$'000
919	1,225
<u>919</u>	<u>1,225</u>

Notes to the consolidated financial statements
For the half-year ended 29 December 2024 (cont'd)

	Half-year ended	
	2024	2023
	26 weeks	26 weeks
	\$'000	\$'000

Note 4: Expenses

Profit before income tax expense includes the following expenses:

Finance costs:

Interest and finance charges paid/payable for borrowing costs and facilities fees	114	206
Interest and finance charges paid/payable for lease liabilities	4,957	3,988
	5,071	4,194

Depreciation of property, plant and equipment included in:

Cost of sales	149	109
Store expenses	6,089	5,645
Administrative expenses	252	351
	6,490	6,105

Depreciation of right-of-use assets included in:

Cost of sales	3,136	2,890
Store expenses	45,649	45,131
Administrative expenses	324	381
	49,109	48,402

Store exit costs ⁽ⁱ⁾	24	447
Employee benefits expense	96,101	91,350
Store opening and relocation costs	751	558

⁽ⁱ⁾ Included within store exit costs are assets written-off and movements in provisions for future store closures.

Note 5: Income Tax Expense

Income tax expense is recognised based on management's effective annual income tax rate expected for the full financial year. The effective tax rate for the 26 week period to 29 December 2024 was 30%, compared to 30% for the 26 week period ended 31 December 2023.

	29 December	30 June
	2024	2024
	\$'000	\$'000
Note 6: Current Assets – Other assets		
Prepayments	4,342	2,644
Other current assets	2,632	678
	6,974	3,322

Notes to the consolidated financial statements
For the half-year ended 29 December 2024 (cont'd)

	29 December 2024	30 June 2024
	\$'000	\$'000
Note 7: Non-Current Assets – Property, plant and equipment		
Leasehold improvements		
At cost	103,938	100,357
Less accumulated depreciation and impairment	(85,829)	(82,690)
Net book amount	18,109	17,667
Plant and equipment		
At cost	185,508	181,878
Less accumulated depreciation and impairment	(149,138)	(146,450)
Net book amount	36,370	35,428
Total property, plant and equipment	54,479	53,095
	29 December 2024	30 June 2024
	\$'000	\$'000
Note 8: Current Liabilities – Trade and other payables		
Trade payables	44,705	50,590
Payroll tax and other statutory liabilities	12,113	5,141
Sundry payables	2,932	3,808
	59,750	59,539
	29 December 2024	30 June 2024
	\$'000	\$'000
Note 9: Current Liabilities – Provisions		
Employee entitlements	12,458	10,971
Provision for make good	371	392
	12,829	11,363
	29 December 2024	30 June 2024
	\$'000	\$'000
Note 10: Non-Current Liabilities – Provisions		
Employee entitlements	1,242	1,296
Provision for make good	2,598	2,522
	3,840	3,818

Notes to the consolidated financial statements
For the half-year ended 29 December 2024 (cont'd)

Note 11: Equity – Contributed Equity

Movements in ordinary share capital:

Date	Details	No. of shares	Issue Price per share	Contributed Equity \$000's
2 July 2023	Balance	37,776,075	-	67,598
11 September 2023 to 1 December 2023	Shares bought back	(250,510)	-	(1,392)
24 August 2023	Exercise of performance rights	571,842	-	-
8 November 2023	Exercise of performance rights	33,000	-	-
31 December 2023	Balance	38,130,407	-	66,206
1 March 2024	Exercise of performance rights	120,342	-	-
23 February 2024 to 28 June 2024	Shares bought back	(935,857)	-	(3,617)
30 June 2024	Balance	37,314,892	-	62,589
23 August 2024 to 10 September 2024	Shares bought back	(83,975)	-	(266)
26 August 2024	Exercise of performance rights	60,000	-	-
29 December 2024	Balance	37,290,917	-	62,323

All ordinary 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 Company does not have a limited amount of authorised capital.

During August 2024 and September 2024, the Company purchased 83,975 shares through an on-market share buy-back which was announced on 24 August 2023 and ended on 10 September 2024. The shares were acquired at an average price of \$3.17 per share, with prices ranging from \$3.08 to \$3.29 per share. The total cost of the shares bought back during the half-year was \$266,371. All the acquired shares were cancelled prior to the end of the period.

	Half-year ended	
	2024	2023
Note 12: Earnings per share	26 weeks	26 weeks
	Cents	Cents
Basic earnings per share	42.7	38.0
Diluted earnings per share	42.4	37.0
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	37,307,390	38,117,517
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	37,572,014	39,090,648

Notes to the consolidated financial statements
For the half-year ended 29 December 2024 (cont'd)

	Half-year ended	
	29 December 2024 Cents	30 June 2024 Cents
Note 13: Net Tangible Assets		
Net tangible asset backing per ordinary share ⁽ⁱ⁾	507.5	450.2

⁽ⁱ⁾ The net tangible asset backing per ordinary share includes right-of-use assets.

	2024 26 weeks \$'000	2023 26 weeks \$'000
Note 14: Dividends and franking credits		
Final fully franked dividend paid for the financial year ended 30 June 2024: nil cents per share (2023: 6.5 cents per share)	-	2,483
Special fully franked dividend paid for the financial year ended 30 June 2024: nil cents per share (2023: 9.5 cents per share)	-	3,630
Franking Credits available for subsequent reporting periods based on a tax rate of 30% (2023: 30%) ⁽ⁱ⁾	62,023	60,501

⁽ⁱ⁾ The above amounts are calculated from the balance of the franking account as at the end of the reporting period.

Since the end of the half-year, the directors determined to pay a fully franked interim dividend on ordinary shares of 12.0 cents per share (31 December 2023: 10.0 cents per share). The aggregate amount of the proposed interim dividend of \$4,474,910 has not been recognised as a liability at the half-year (31 December 2023: \$3,813,041).

Note 15: Segment Information

The Reject Shop operates within the one reportable segment (retailing of discount variety merchandise). Total revenues of \$471,716,000 all relate to the sale of discount variety merchandise in the Company's country of domicile (Australia), in this single reportable segment. The Company is not reliant on any single customer.

Note 16: Dividend Reinvestment Plan

The Company does not currently offer a dividend reinvestment plan.

Note 17: Capital Commitments

The Company has contractually committed to approximately \$5,233,000 (30 June 2024: \$8,173,000) in capital expenditure at the end of the reporting period.

Note 18: Matters Subsequent to the end of the half-year

On 20 February 2025, the directors determined to pay a fully franked interim ordinary dividend of 12.0 cents per share. The interim dividend has not been provided for in the half-year financial statements.

No further matters or circumstances have arisen since the end of the half-year that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Notes to the consolidated financial statements
For the half-year ended 29 December 2024 (cont'd)

Note 19: Fair Value Measurements

The directors consider the cash flow hedges to be Level 2 financial instruments because, unlike Level 1 financial instruments, their measurement is derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices). There have been no transfers between levels 1, 2 and 3 for recurring fair value measurements during the half-year. The cash flow hedges fair values have been obtained from third party valuations derived from forward exchange rates at the balance sheet date.

The fair value of the cash flow hedges at 29 December 2024 was an asset of \$6,550,000 (30 June 2024: asset of \$1,302,000).

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

Note 20: Related party transactions

During the half-year, the Company transacted with related parties of Kin Group to purchase goods. Transactions totalled \$655,287 (31 December 2023: \$986,354). 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 26 week period ended 29 December 2024.

Note 21: 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). The applicant sought leave to file an amended statement of claim which was dismissed in December 2024. The Company will continue to defend the matter.

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DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes of the Company set out on pages 4 to 13 are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 29 December 2024 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Steven Fisher
Chair

20 February 2025

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Independent auditor's review report to the members of The Reject Shop Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of The Reject Shop Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 29 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the 26 week period ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of The Reject Shop Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 29 December 2024 and of its performance for the 26 week period ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 29 December 2024 and of its performance for the



half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake

Brad Peake
Partner

Melbourne
20 February 2025

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