

# MYMYER



Annual Report  
2023

# MYSTORE

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## Annual General Meeting

The fourteenth Annual General Meeting (AGM) of Myer Holdings Limited (ABN 14 119 085 602) (Company or Myer) will be held on Thursday 9 November 2023 at 2:00pm (Melbourne time).

The AGM will be a hybrid meeting, held in-person at The Edge, Fed Square – Swanston Street & Flinders Street, Melbourne VIC 3000, and on an online platform. Shareholders attending in-person will be able to vote and ask questions during the AGM. Shareholders attending online will be able to access a webcast of the AGM, vote and submit questions. A telephone facility will also be available to shareholders to ask a question verbally during the AGM.

The online platform can be accessed at: [meetings.linkgroup.com/MYR23](https://meetings.linkgroup.com/MYR23)

The 2023 Myer Annual Report reflects Myer's financial and sustainability performance for the period 31 July 2022 to 29 July 2023. It covers our retail and store support operations in Australia. The Annual Report is prepared for all Myer stakeholders including shareholders, analysts, customers, suppliers, team members, and the wider community. Content is based on ASX financial and governance reporting guidelines, stakeholder feedback, and Myer's business strategy. Further information is available from [myer.com.au](https://myer.com.au).

## Acknowledgement of Country

In the spirit of reconciliation, Myer acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea, and community. We pay our respects to their Elders past and present and extend that respect to all Aboriginals and Torres Strait Islander people.

# About Myer

**As one of the Country's favourite and most trusted department stores, we are continuing to place customers first in every decision we make and every action we take. We provide friendly, helpful service, high quality and exclusive brands, with compelling value.**

Myer operates 56 department stores across Australia, as well as our online business: [myer.com.au](https://myer.com.au), and with our team members, we are committed to being Australia's favourite department store. Our merchandise offer includes core product categories: Womenswear; Menswear; Childrenswear; Beauty; Homewares; Electrical Goods; Toys and General Merchandise. The majority of Myer's operations are in Australia and encompass Myer department stores, sass & bide and Marcs and David Lawrence. In addition to our Australian operations, we have a sourcing office located in Hong Kong. Myer's online business is a significant asset, now representing 20.5% of total sales.

## About MYER one

Our loyalty program, MYER one, has more than seven million digitally contactable members. Members earn Credits on purchases at Myer that convert into Reward Cards on a quarterly basis. For every 1,000 Credits earned, Members receive a \$10 Reward Card. Further details about the MYER one program are available at: [myerone.com.au](https://myerone.com.au)

## Myer in the community

Myer has a long-standing history of supporting local communities and is proud to partner with more than 58 charities across Australia annually. Myer's founder Sidney Myer was a well-known philanthropist, and it is in his tradition that the Myer Community Fund remains committed and focused on charitable work.

The Myer Community Fund is the national charity of the Myer Group; it is a public ancillary fund and governed by its own Board. The Fund is committed to raising funds through charitable activities involving Myer team members, customers, and suppliers. We believe that by engaging with and contributing to the communities in which we live and work, we can have a positive social impact, make a lasting contribution, and help achieve positive change.

In FY23, the Myer Community Fund was proud to raise over \$2.4 million, to support our charity partners, including The Salvation Army, The Pyjama Foundation and local charity partners nationally. Funds go towards supporting children and families in Australia, including those sadly impacted by family violence.



# Chairman and CEO's Letter

Dear Shareholder,

We are pleased to report that it has been another strong year for Myer, delivering our highest full year sales result since 2005, with continued profitability and a strong balance sheet, which provides a solid foundation to deliver our future plans and growth opportunities under our successful Customer First Plan.

All of this, despite a softer trading outcome in the fourth quarter as a result of current economic conditions all retailers are facing.

Our multi-channel offer continues to be a key strength as we continue to capitalise on customers returning to stores after COVID-19 pandemic enforced closures in the prior year, underpinned by our leading customer loyalty proposition in MYER one. Our online offer is a scale business that returned to growth in the second half and has continued to increase market share throughout FY23.

The strength of the balance sheet and continuing focus on cash management has seen us continue to invest strategically in store formats, technology and the merchandise offering, including the progressive rollout of new and expanded brands.

The distribution of \$86 million of dividends to our shareholders, demonstrates the Board's confidence in the Plan and the Myer business.

## FY23 Results

Our financial highlights include:

- Total sales<sup>(1)</sup> rose 12.5% to \$3,362.9 million. The second half total sales growth of 0.4% reflected a deterioration of trading conditions in the fourth quarter as macro-economic factors impacted consumer demand.
- Cost of Doing Business<sup>(2)</sup> (CODB) was \$824.1 million or 24.5% of total sales, representing an improvement of 42 basis points (bps) year-on-year.
- Group online<sup>(3)</sup> sales were \$690.5 million or 20.5% of total sales, a decline of 4.5% cycling mandatory store closures in the first quarter of FY22; representing a four year Compound Annual Growth Rate (CAGR) of 27.4% from FY19 (pre-COVID).
- Operating gross profit grew by 6.9% to \$1,224.6 million; margin decreased by 189 bps to 36.4%, which includes the unfavourable impact of higher shrinkage and foreign exchange movements. The year-on-year margin variance improved in the second half to 161bps (first half: down 212 bps year-on-year).
- EBIT<sup>(2)</sup> when compared to FY19 (pre-COVID) is up 88% on a pre-AASB16 basis.
- FY23 NPAT<sup>(2)</sup> of \$71.1 million, an increase of 18.2% on FY22.
- Statutory NPAT of \$60.4 million includes Implementation Costs and Individually Significant Items of \$10.7 million consisting of expected closure costs of the Altona and Richlands Distribution Centres from the Factory to Customer (F2C) initiative, and the closure of the Brisbane City store.
- Net cash at period end was down \$66 million to \$120 million, driven by higher dividend payments and capital investments; inventory was well controlled, ending the year at the same level as the prior corresponding period.
- A fully franked final dividend of 1.0 cent per share was declared, bringing total FY23 dividends to 9.0 cents per share (including 4.0 cents per share interim ordinary dividend and 4.0 cents per share interim special dividend, both already paid); compared to 4.0 cents per share in FY22.

## Momentum of the Customer First Plan

The Customer First Plan was introduced in FY19 and has continued to deliver strong momentum in FY23. It encompasses all aspects of the Company, underpinning growth and unlocking further shareholder value.

Some of the key deliverables over the past year include:

- The National Distribution Centre (NDC) began operational testing and a new-build Regional Distribution Centre (RDC) in Wacol, Queensland, is scheduled to commence operations in 2024.
- Continued investment in Myer's online capability underpins the Company's multi-channel strength with online sales growth since FY19 of 163%, representing 20.5% of total sales in FY23.
- The continued focus on MYER one resulted in record results across all major metrics of the program with greater engagement, new member acquisition and spend driven by improved member experiences, personalisation and greater rewards.
- Myer continued to improve its store network, with major refurbishments completed at Tea Tree Plaza and Ballarat. In addition, refurbishments at both Marion and Chermside are in progress.
- Delivery of new and expanded brands of significant scale, demonstrated by the recent addition of the Country Road Group, the re-introduction of Bendon and the continued focus on making the big brands bigger.
- There was significant progression on technology transformation in-store, with new point of sale registers making customer transactions quicker and team member Zebra mobility devices providing a higher level of service to our customers.

The delivery of this program, including a number of initiatives set to land in FY24, will continue to underpin the future growth of Myer's business and allow further unlocking of shareholder value.

## The Board

Following the appointment of Non-Executive Director, Terry McCartney, on 10 November 2022, there were no further changes to the Board during the 2023 financial year.

During the second half of the year, the Chairman and Board embarked on a process of considering further Director candidates to complement the existing skills and experience of the Board, focusing in particular on the key elements of the Customer First Plan and future growth areas. As part of this process, the overall size of the Board, continuing renewal, and independence were also considered. There was constructive engagement by the Chairman with the Company's largest shareholder throughout this process.

The outcome of this process and the retirement of the current Chairman and transition to Ari Mervis as the new Chairman for the next phase of Myer's growth have been separately announced to the market.

## Executive team

Nigel Chadwick advised that he will be retiring from his role as Myer's Chief Financial Officer in early 2024. He will be succeeded by Deputy CFO, Matt Jackman, with Matt's appointment to take effect from 1 February 2024.

Matt has been with the Myer business for over six years, having previously worked in finance leadership roles at Toll Group after starting his career at KPMG. This appointment will ensure a smooth transition within the business.

We thank Nigel for his outstanding contribution over the course of the last six years, which has been instrumental to the turnaround seen at Myer under the Customer First Plan.

## Year ahead

With the ongoing uncertainty in the economic outlook, we remain cautious however we are pleased with the momentum generated from the Customer First Plan and confident that the initiatives to be delivered will ensure we are well placed to meet the market volatility ahead.

- We have the right value-based brand proposition.
- We continue to bring new brands and expanded brand offers to our customers.
- We continue to invest in technology, our multi-channel capability, supply chain and stores to generate future value.
- We will continue to provide deeper customer value through our Myer one program and partnerships.

### Footnotes

- (1) Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was \$2,565.8 million (FY22: \$2,340.6 million)
- (2) Excluding Implementation Costs and Individually Significant Items
- (3) Group online sales include sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads

## Thank you

From both of us, and on behalf of the Board and executive team, we want to thank our shareholders, our wonderful team members, our brand partners and suppliers – the backbone of our business – and above all else, our customers for your ongoing support and loyalty.

It was another strong year of delivery against our Plan and we know there is more to be done. We look forward to continuing to work with you to deliver another strong year in FY24.

Yours sincerely,



**JoAnne Stephenson**  
Chairman



**John King**  
CEO and Managing Director

## John King announces his retirement

John King advised the Board that he will be retiring from his role as CEO and Managing Director in the second half of calendar 2024 and will return to the US.

The Board thanks John for his extraordinary contribution to the Company and appreciates that his decision to leave in the second half of 2024 is based on being with his family as their health circumstances demand. John joined Myer five years ago, quickly establishing the Customer First Plan which has not only seen Myer navigate the pandemic but also transition the business into a profitable and stronger business that has returned to paying regular dividends to its shareholders and re-establishing Myer as Australia's 8th most trusted brand, according to Roy Morgan.

### Myer Chairman, JoAnne Stephenson, said:

**"The Board thanks John for his extraordinary contribution to the Company. In what will be more than six years at the end of his tenure, John will have delivered a remarkable turn-around in the positioning and performance of the business."**

### Myer CEO, John King, said:

**"When I leave Myer next year, I will do so knowing that the business has a great team of people and a bright future. I am proud of what we have achieved so far with lots more to do, so it will be a busy year ahead."**



# Performance Overview

We are pleased with the strength and quality of our Full Year result, which despite a softer trading outcome in Q4 as a result of current economic conditions, not only delivered our highest full year sales result since 2005, but also showed continued profitability and a strong balance sheet which provides a solid foundation to deliver our future plans and growth opportunities under our successful Customer First Plan.

## 12.5%

increase in total sales<sup>(1)</sup>

## 6.5%

increase in earnings before interest and tax (EBIT)<sup>(2)</sup>

## 18.2%

increase in net profit after tax<sup>(2)</sup>

## Key Financials

\$ Millions	2023	2022	Change
Total Sales <sup>(1)</sup>	3,362.9	2,989.8	12.5%
Operating Gross Profit (OGP)	1,224.6	1,145.2	6.9%
Cost of Doing Business (CODB) <sup>(2)</sup>	(824.1)	(745.2)	10.6%
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) <sup>(2)</sup>	400.5	400.0	0.1%
Earnings before Interest and Tax (EBIT) <sup>(2)</sup>	196.2	184.2	6.5%
Net Profit after Tax <sup>(2)</sup>	71.1	60.2	18.2%
Implementation costs and individually significant items (post-tax)	(10.7)	(11.2)	(4.8%)
Statutory Net Profit after Tax	60.4	49.0	23.3%
Basic EPS (cents) <sup>(3)</sup>	7.4	6.0	23.4%
Basic EPS (cents) – adjusted <sup>(4)</sup>	8.7	7.3	18.3%

### Footnotes

(1) Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was \$2,565.8 million (FY22: \$2,340.6 million)

(2) Excluding implementation costs and individually significant items

(3) Based on statutory NPAT

(4) Based on NPAT excluding implementation costs and individually significant items

# Our Customer First Plan

In the fifth year of the Customer First Plan, all Myer team members remain focused on delivery – providing a leading offer, great value, with the best customer service – ensuring we remain Australia’s favourite and one of the most trusted department stores in the Country.

## Our values



## Our Customer First Plan – Five Years of Delivery

ACCELERATE ONLINE	ACCELERATE F2C	ENGAGE THE CUSTOMER
ADAPT IN-STORE EXPERIENCE	REFOCUS MERCHANDISE	RATIONALISE PROPERTY
REDUCE COSTS		

- ✓ **Accelerate Online:** focus on profitable online growth and building scale by leveraging our best-in-class multi-channel capability and through a continuing focus on user experience and range development, which has seen group online sales contributing \$690.5 million in FY23, representing 20.5% of total sales.
- ✓ **Accelerate Factory to Customer:** we are delivering transformational improvements to fulfilment cost and customer experience with operational testing underway at our National Distribution Centre, which will ensure we are getting products to our customers in the quickest and most efficient way. Additionally, construction is underway of a Regional Distribution Centre in Wacol, Queensland, to further improve fulfilment capability, as we continue to provide customers with improved fulfilment options.
- ✓ **Engage the Customer:** driving record engagement and new customer growth through our MYER one loyalty base by delivering improved rewards, greater personalisation and leveraging new and expanded partnerships with CommBank, Virgin Australia and American Express, where members of these programs can use points to pay for online purchases at Myer.
- ✓ **Adapting our in-store experience:** our focus on delivering an uplifted in-store experience has contributed to significantly higher levels of in-store

- customer satisfaction. This includes ongoing investments in store formats, including refurbishments completed at Tea Tree Plaza and Ballarat, with Marion and Chermiside refurbishments in progress. In addition, we have made improvements to our product offer, and the increasing use of technology in store, such as M-Metrics and the completed roll out of new point of sale registers and Zebra mobility devices, have transformed the customer and team member experience in store.
- ✓ **Refocus Merchandise:** disciplined focus on our merchandise offer has resulted in deeper relationships with our key brand partners, a more balanced offer across all categories, and sees Myer as the destination for appealing and growth focused brands, including the Country Road Group brands, which is all part of our ongoing focus on making the big brands bigger.
- ✓ **Rationalise Property:** strategically review, optimise and reduce our overall store space with a view to driving greater profitability and productivity gains, exemplified by the closure of our Brisbane and Frankston stores. We have also handed back space at our Tea Tree Plaza store during the year.
- ✓ **Reduce Costs:** proactively realign our cost base to manage profitability and increase flexibility as the change to our markets and channels accelerates.



### Accelerate online

Group online<sup>(1)</sup> sales were \$690.5 million, down 4.5% year-on-year driven by customers returning to stores post pandemic. Importantly, online sales represented 20.5% of total sales, and returned to growth of 3.2% in the second half. Compared to FY19, Group online<sup>(1)</sup> sales are up 163.2%.

We remain diligently focused on continuing to improve our end-to-end online customer experience to drive sales growth, enhance customer lifetime value and drive cost out of the business. We have successfully delivered over 100 initiatives, including expanding AI to deliver personalised search results, alongside multiple improvements to enhance our product pages, filtering experiences, checkout and online MYER one experience to make it easier and more enjoyable to shop online. Excitingly, we have added Virgin Australia and American Express to our suite of pay with points programs online, providing further flexibility and choice to our customers.

We continue to strengthen our dominance as a destination for gifting, providing our customers with a wonderful Christmas experience combining wanted brands and products with a new online Santaland booking experience. Our travel goods business continues to go from strength to strength, re-establishing Myer as a destination of choice. We have also continued to provide our customers with a differentiated assortment via our Marketplace offering, growing the range with over 10,000 new products, and expanding into the Fashion and Beauty categories. There has been ongoing work to match our store and online ranges with some iconic brands launching online, including Witchery, Politix, Mimco, American Eagle and Aerie.

With our continued focus on improving the customer experience, our online Net Promoter Score has significantly improved, growing from +60 in FY19 to +69 in FY23.

We remain focused on making online even bigger and better, whilst being more data driven in our approach to engaging our customers.



**\$690.5m**

Group online<sup>(1)</sup> sales, representing

**20.5%**

of total sales

**+110bps**

Online market share growth<sup>(2)</sup>

**Footnotes**

- (1) Group online sales include sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads
- (2) Based on analysis commissioned by Mastercard comparing Myer's performance against the retail industry



## Accelerating factory to customer

**Our new 40,000 square metre National Distribution Centre (NDC) has begun operational testing for both stores and online fulfilment.**

Our NDC will deliver widespread customer benefits and efficiencies for both the stores and online business, and we have just commenced operational testing to ensure product flow and systems are working correctly.

The NDC, through leading innovation and automation, will ensure better distribution of stock to our stores, delivering greater efficiency in inventory management, reducing mark down requirements and maximising sell through.

It will also provide a more efficient online fulfilment process to enable delivery of greater profitability and ensuring we have the future capacity to meet the growth expectations we have within the online channel.

The NDC features more than 200 Autonomous Mobile Robots (AMRs) and boasts three different AMR technologies (Geek+ RS8 Shuttles for boxed storage and retrieval, P800 AMRs for hanging garments and SC100 Pedestal AMRs for sortation).

It will be the largest Geek+ RS8 shuttle implementation to date in the Southern Hemisphere.

The design of the NDC is to an uncertified 5-star Green Star rating and includes water harvesting and recycling, LED lighting throughout the warehouse and offices, energy-efficient fittings and the use of sustainable materials where applicable. There are also 2 x 99kW solar panel installations that are helping to reduce the NDC's overall energy consumption.

Myer has also signed a multi-year Agreement for Lease on a new-build Regional Distribution Centre (RDC) in Wacol, Queensland.

At 20,141 square metres, the facility is approximately 70% larger than the current Richlands RDC with the build well underway. Practical completion for the site is scheduled for December 2023.

The fitout will commence in early 2024 and the site is expected to become operational in mid-2024, at which time Myer will exit the current Richlands facility.

With an increased stockholding capacity and a small element of automation, Wacol RDC will complement the new NDC at Ravenhall, whilst focussing on service to the Queensland store portfolio and local online customers.



## New 'Australia Post Metro service' for Myer customers

Australia Post has launched a new next-day delivery service ahead of Myer's busy peak trade period. Australia Post Metro provides Myer customers with both speed and more certainty when they shop online and is available in metropolitan Melbourne, Sydney, and Brisbane, and will be expanded to new locations over the coming months.

Myer's Executive General Manager of Supply Chain, Tony Carr, welcomed the announcement by Australia Post, which will ensure faster online deliveries for our customers and responds directly to customer feedback in this area.

**"We know there is nothing more important than getting products to our customers in the quickest and most effective way, and our partnership with Australia Post, one of the most trusted organisations in the country, will ensure we continue to provide a leading online experience to our customers."**

**"The Australia Post Metro service will be welcomed by Myer customers and will be particularly important to shoppers as we head into our busiest trading months of the year in the lead up to Christmas."**

### Adapt in-store experience

Team members have continued with our focus on providing exceptional service, a strong value proposition, improving store appearance and layouts, as well as continuing to enhance our range and offer - making the big brands bigger.

This work has led to us again recording strong customer satisfaction results, with our in-store team members receiving a score of 83%, up from 70% in 1H18.

In addition, Myer was again named Department Store of the Year by Roy Morgan, as well as being rated highly by Roy Morgan as the 8th most trusted brand in Australia in their recent Risk Report.

Our biggest store technology transformation is well progressed, making sure team members have the technology they need to service our customers in an even better way. The 18-month transformation has delivered new Zebra TC57X mobility devices and new NCR point of sale to all stores. New OmniStore point of sale software is planned for pilot in 2H24.

The Zebra mobility devices allow team members to be data driven and digitally connected with the introduction of brand-new applications significantly enhancing customer and team member experience and delivering multiple process efficiencies.

Our leading M-Metrics team member application continues to be the cornerstone of the way we communicate and engage with our store team members, providing real time digital communications, product knowledge and performance recognition delivered direct to our team members. The app displays customer feedback and provides a wide range of learning moments, including video content.

We also have brand partner access to the platform planned for 1H24, ensuring Myer team members and brand partners are working in an even closer and more collaborative way.

In addition to this, we have a number of team development programs underway across the business. This includes monthly leadership essentials workshops and leadership pitstops developing leadership and capability across our store network, as well as the Myer Retail Development Program, supporting the professional development of our future leaders. Importantly, this has contributed to one in three team members who have completed training being promoted.

**General Manager of Retail Operations, Gary Stones, said:**

**“Myer has undertaken the biggest transformation of store technology in recent times, and it has been great to see how this step-change in technology has significantly improved the customer experience in store.**

**“Our new registers are delivering simpler and quicker transaction times and our Zebra mobility devices are allowing team members to provide on-the-spot assistance with stock availability, as well as team members being able to connect to provide faster service and assistance to our customers.”**

### Store improvements

We are continuing to improve the customer experience with major refurbishments completed at Tea Tree Plaza and Ballarat, with Marion and Chermside refurbishments in progress.

**83%**

**in-store team members' customer service satisfaction score**



### Voice of our customers

Our Voice of Customer program provides our customers with the opportunity to rate their shopping experience and we have maintained leading customer satisfaction results this year with our in-store team members receiving a score of 83% Customer Service Satisfaction.

Two of our team members who provided exceptional service to our customers are Linda Field and Julie-Ann Materne:

**Linda Field**

Garden City, WA

Linda received feedback from 163 customers, averaging a Customer Service Satisfaction result of 96% for the year. One of our customers said:

**“Linda was engaging and such a lovely personality while serving us. She made special effort to come around and hand over bags to my 6 year old daughter which was a special gesture as she was doing shopping for her sister’s birthday.”**

**Julie-Ann Materne**

Tea Tee Plaza, SA

Julie-Ann received feedback from 135 customers, averaging a Customer Service Satisfaction result of 96% for the year. One of our customers said:

**“Knowledgeable, friendly and great customer service. Very impressed. I have a customer service background and I feel that great customer service comes naturally to Julie-Ann. I left feeling lifted.”**

## Refocus merchandise

As exemplified by the addition of the Country Road Group of brands, Myer is continuing to work with key brand partners to cement long-term, strategic partnerships to drive commercial success. This work is seeing more brands choose Myer as their preferred trading partner with new brands added across our Fashion, Beauty and Home portfolios again this year. This is all part of our ongoing strategy of making the big brands bigger.

As part of this, we are continuing to deepen the relationships with our key brand partners which assists in securing greater investment from brands, exclusive product and Myer only ranges, with our top 20 brands in FY23 recording a 35% increase in sales since FY19.

We also have a more balanced merchandise model across all categories, improving resilience in uncertain times and the ability to respond to changing customer demand. We are continuing to add new brands at scale that resonate with our customers and have a continued focus on inventory that has seen a flat inventory position in FY23 and a lower level of aged stock versus FY19.

Key brands in womenswear and intimates including Country Road, Trenery, Witchery, Mimco, American Eagle, Commonry, Aerie, Vans, Crocs, Bendon, Pleasure State and TigerLilly have added to our range, all of which have seen a very positive response from customers. In addition, we have launched our co-ordinated family sleepwear brand PJ Club.

In menswear, new brands including Country Road, Trenery, Politix, Thrills, American Eagle (exclusively in Australia), Seed Men and Russell Athletics were added to our range.

Myer Beauty continues to be the department store of choice for leading luxury beauty brands and niche fragrances. This year brought three exciting new beauty halls for our customers in Tea Tree Plaza, Toowoomba and Ballarat, where new beauty experiences were introduced with Benefit Brow services. Paco Rabanne's Pacollection launched in Sydney and introduced our customers to a new Australia-first fragrance experience, exclusive to Myer with PUIG's AirParfum technology.

Melbourne's beauty hall continued to elevate the customer experience, launching world-class and Australia-first counters in partnership with Chanel, Tom Ford, Jo Malone and Clinique.

## Rationalise property and reduce overheads

Myer is continuing to reduce space across the business, delivering a total of 14.1% reduction in space since the first half of FY18. This, combined with the store improvements, has seen in-store sales productivity<sup>(1)</sup> increase by 10% versus FY19.

We also maintained a disciplined focus on cost, rightsizing our cost base with CODB, as a percent of revenue, 265 basis points lower than FY19, on a pre AASB16 basis.

Reducing costs and ensuring we are operating in the most efficient and effective way continues to be a focus across the business.

### Footnotes

(1) Department Stores sales per sqm based on selling m2 (SLA)

Chief Merchandise Officer, Allan Winstanley, said:

**"The addition of the Country Road Group of brands has been welcomed by customers and demonstrates why more and more brands are choosing Myer. They like our approach of making the big brands bigger as well as the reach and strength of our store network and online, and our leading MYER one loyalty program."**



## COUNTRY ROAD

### Country Road returns home to Myer

Much loved Country Road Group brands: Country Road - including Country Road Kids and Country Road Home - Mimco and Politix as well as new brands Trenery and Witchery have returned to Myer throughout the year, both in store and online, with an extremely positive response from customers.

Myer CEO, John King, said:

**"The Country Road Group brands returning to Myer is a clear demonstration of Myer's attractive retail proposition and reputation of fostering strong, strategic and tailored commercial outcomes that benefit our partners and customers."**

**"This new partnership reconfirms Myer's position as Australia's leading retail partner with the national reach of our store network, significantly expanded online offer and our leading MYER one loyalty program."**

**"Many of our customers grew up with the Country Road brand, and have welcomed its return to our portfolio, alongside Witchery, Trenery, Mimco and Politix."**

## Engage the customer

Our MYER one program continues to provide a key competitive and strategic advantage for our business.

With 7.3 million digitally contactable members across our omni-channel network, the program enables us to connect with our most valuable customers to provide relevant, insight led communications and experiences, while providing the core data and insights that underpin the customer and data-first decisions made across the business.

During FY23, we have continued to utilise the program and its rich data to get closer to our customers – to understand what they want to buy, when they want to buy, and where they want to buy it – than ever before.

We are using our data and analytics capabilities, infrastructure and technology assets and owned channels more effectively for promotions and offers, as well as advertising and marketing, to better engage with our customers.

This is underpinned by our innovative Customer Value Management program. Leveraging proprietary AI machine learning models, this program is enabling us to better predict customer behaviour and anticipate needs to provide more personalised recommendations across our vast owned channel marketing ecosystem. This is powering our ability to provide more proactive engagement with our valued members, while improving their engagement and lifetime value with our brand. Our transformative approach in this space has been nationally and internationally awarded for its innovation, sophistication and scale, reflecting the great work our team are delivering, each and every day, to unlock more value from MYER one, while driving deeper engagement with our customers.

This has been powered by our continued focus on driving MYER one in-store, and ongoing process improvements to online user and account flows which has seen MYER one engagement (tag rate) improve further in FY23, to its highest level since public listing at 74.6% of sales.

New member acquisition has grown 21.4% year on year, with approximately 720,000 new members joining the MYER one program in FY23. Encouragingly, we are continuing to attract a younger, more affluent and digitally active customer, with 55% of new members being under the age of 35.

**General Manager of Customer Solutions, Rob Pope, said:**

***“Accelerating and unlocking the MYER one program has continued to be a key strategic pillar in FY23, with a focus on driving deeper engagement with our 7.3 million plus strong digitally contactable member base, delivering our strongest engagement results on record.”***

## Strategic Partnerships

In FY23, we have continued to grow our successful Pay with Points ecosystem, launching new partnerships with Virgin Australia and American Express. These partnerships extend on our incredibly successful partnership with CommBank in this space. Combined with MYER one, these programs enable us to reach and access 36 million customers, uniquely positioning us to provide more value to more Australians.

Through these programs, customers are able to redeem their CommBank, Virgin Australia and American Express loyalty points as a form of currency online at [myer.com.au](http://myer.com.au) and in-store also for CommBank. They also continue to earn MYER one credits on all eligible purchases, enabling them to get to their next reward sooner.

These partnerships will continue to provide Myer with a new source of customer acquisition and revenue growth both in-store and online as customers unlock the value of their points to shop our large range. This further supports our mission to provide more value to more Australians and this is particularly important



**INTERNATIONAL  
LOYALTY  
AWARDS  
2023  
WINNER**

### Myer wins three categories in this year's International Loyalty Awards

Myer has won three categories in this year's International Loyalty Awards: International Loyalty Program of the Year (Global Regional Winner – AU/NZ), Best Use of Customer Analytics/Data and Best Use of Communications in Loyalty.

In addition, Myer's General Manager of Customer Solutions, Rob Pope, picked up another special recognition, being named one of the top 30 Global Leaders in Loyalty under 40. Myer was also a finalist for the 'Best Loyalty Industry Innovation' award for the innovative Pay with Points partnerships with CommBank and Virgin Australia.

The International Loyalty Awards are one of the most prestigious awards programs in the industry. This year's finalists included an elite list of global leaders in this space, including: Starbucks, Asda, T-Mobile, Vodafone and Adidas – as well as Australian and Australian-based retail finalists – Woolworths, Epsilon, Samsung and Rip Curl.

as the economic conditions tighten and customers look for alternate ways to make their dollar stretch further. Customers who have access to points spend significantly more and visit more frequently than customers who do not, and we expect to see this trend continue.

These programs further enhance our loyalty offer and customer brand preference and cement Myer as the ultimate one-stop-shop. They also provide a strong strategic platform to develop deeper partnerships with our partners.

**Chief Customer Officer, Geoff Ikin, said:**

*“At a time when Australians are looking to make their dollar stretch further, Myer has been building new ways to provide value to Australians through our recent partnership with American Express and the Velocity Frequent Flyer program - an extension of the very successful CommBank Pay with Points program, and of course through our leading loyalty program, MYER one.”*

**Our MYER one program continues to grow with new partnership opportunities, providing an even better experience for our most loyal customers.**

**74.6%**

**tag rate**

The percentage of MYER one transactions for all purchases in-store and online has continued to grow (330 basis points year-on-year) and remains at its highest level since public listing.

**720k**

**acquired customers**

We have acquired 720,000 customers throughout FY23, with 55% of these being under the age of 35, mainly in younger demographics.

**4.2m**

**active customers**

MYER one had 4.2 million active customers in the last 12 months, making it one of the largest active retail loyalty programs in the country.

**New and innovative partnerships**

The continued growth and expansion of our CommBank “Pay with Points” program and the new partnerships with Velocity Frequent Flyer and American Express will continue to provide new customer acquisition, revenue, and engagement opportunities.



# Sustainability at Myer

**At Myer, sustainability is about responsible business growth and development that considers and addresses the environmental, ethical, economic and social impacts of our business operations and strategies.**

Myer recognises that climate change is important to our customers, shareholders, suppliers and team members. Myer continues to be committed to the development of a Sustainability Strategy, taking into account business activities and impacts, as well as stakeholder concerns and interests.

The Sustainability Strategy focuses on Energy Management, Sustainable Packaging, Waste Management, Circular Economy and Ethical Sourcing and Sustainable Merchandising. Accountability for the implementation of this strategy is cross-departmental, with many core business units working together to embed sustainable initiatives into business processes and ensuring the values of our stakeholders continue to be met.

Myer continues to update its Sustainability web page on its Investor and Media Centre, providing customers and stakeholders with information on Myer's commitments and initiatives.

The website is used to release information on an ongoing basis and enable connection and transparency with stakeholders, customers and shareholders as Myer continues along its sustainability journey.

## Sustainable packaging

Packaging is a key focus of the Sustainability Strategy, with a number of initiatives in place across departments to reduce packaging, increase the amount of recycled and renewable content in private label packaging and implement labelling regarding recyclability.

Myer remains a committed signatory to the Australian Packaging Covenant (APC), submitting its 16th Annual Report in March 2023. The APC is a national co-regulatory initiative in place of state-based regulatory arrangements for sustainable packaging management, optimising packaging practices, reducing the environmental impact of packaging in Australian communities and increasing recycling diversion.

Myer has also created a multi-stakeholder packaging steering committee to execute packaging initiatives and developed a supplier web page for Myer's suppliers to obtain information and resources in relation to packaging.

Myer conducted a large number of packaging reviews across private label packaging through the Packaging Recyclability Evaluation Portal (PREP), which is an online platform used by organisations to verify if packaging is recyclable in Australian kerbside collections. Based on these evaluations, Myer implemented the Australasian Recycling Label (ARL) onto

packaging. This is an evidence-based system underpinned by the PREP, providing easy to understand recycling information. These initiatives assist with keeping contamination out of the recycling stream and recyclable material away from landfill.

After carrying out packaging assessments in FY23 on 329 product lines, Myer will continue its focus in this area and look to expand the number and breadth of such assessments across its supply chain and merchandising ranges.

Renewable sources were also introduced into private label merchandising packaging, including Forest Stewardship Council (FSC) accredited materials. Myer has committed to reviewing all packaging with reference to Sustainable Packaging Guidelines (SPG) or equivalent and will continue to embed the SPGs further into business processes and collaborate with suppliers for private label and supply chain packaging.

Since 2021, Myer has phased out single-use plastic shopping bags and decreased plastic bags by approximately 7 million bags. Myer has also implemented paper bags into its Western Australian and Queensland stores and will complete a national roll out by January 2025. For online packaging, Myer is transitioning away from virgin plastic in its satchels, and cardboard boxes are made from recycled content and are fully recyclable. Myer paper bags and online packaging have adopted the ARL to communicate whether it can be recycled.

## Waste management

Myer continues to reduce the volume of waste sent to landfill, while sustaining effective re-use systems including cardboard and paper, clear flexible plastics, apparel hangers, damaged and unsold stock, timber pallets and security tags. Myer also has a Reverse Logistics process that recycles or salvages products, such as hangers. In FY23, the hanger reuse rate increased from 63% to 80%, equating to a total of 1,074 tonnes of CO<sub>2</sub> emissions reduced, 3,156,803 litres of water saved and 356 tonnes of waste reduced from landfill.

In FY23, Myer's commitment to total waste and recycling generation was demonstrated with a recycling diversion rate of 68.8%, up from 66.4% in FY22. A waste management roadmap was also implemented to continue to improve on existing waste and recycling systems and processes within Myer's operations.

## Circular economy

Myer continues to expand its circular economy initiatives. During FY23, Myer offered customers a convenient place to drop off

textiles and cookware through in-store partnership recycling to support with closing the loop and preventing these materials going to landfill.

Myer engaged with longstanding charity partner The Salvation Army for the Moving the Needle initiative. Participating stores in this initiative include Eastland, Fountain Gate, Melbourne City, Sydney City, Erina, and Penrith. In FY23, Myer diverted approximately 1.8 tonnes of textiles away from landfill. The intention is to expand this initiative nationally in 2024.

Myer has also engaged Textile Recyclers Australia (TRA) to collect textile waste such as off-cuts and samples from the Merchandising teams at Myer's Support Office. The collected materials are then upcycled into furniture filler, diverting them away from landfill and reducing the use of virgin materials. A total of 372.4 kilograms of textile waste has been collected. This initiative is a practical approach to turn waste into a resource that supports a circular economy.

Myer continues to partner with internationally recognised homewares brand Tefal, and is launching a recycling cookware campaign in 14 stores. Myer collected a total of 1.5 tonnes of cookware that was recycled and diverted away from landfill.

Myer has also partnered with Recycle Mate for Tefal's cookware recycling, an initiative of the Australian Council of Recycling with funding support from the Australian Government's Environment Restoration Fund program.

This program allows governments, recyclers and communities to work together to gather and share recycling information. Through artificial intelligence, the Recycle Mate app advises the best local disposal options so that consumers can confirm which bin to use at home or learn if there is a better recycling option nearby. By scanning the cookware, consumers are directed to Myer stores participating in these two initiatives.

### Ethical sourcing

Myer recognises its obligation to uphold global human rights standards, ethical business practices, and worker safety. Myer's Ethical Sourcing Framework establishes a uniform, harmonised approach to responsible sourcing and is grounded in internationally recognised standards such as the Ethical Trade Initiative (ETI), establishing minimum standards for suppliers. Suppliers and business partners are required to uphold principles of accountability and ethical business conduct.

Myer's Ethical Sourcing Policy requires all suppliers and business partners to implement processes within their operations that acknowledge the rights of all workers in alignment with internationally recognised standards. This means adherence to a set of ethical sourcing principles that grants workers a safe work environment free from discrimination, abuse and harassment, protected against forced or child labour, compensated fairly, and allowed freedom of association and the right to collectively bargain.

The framework takes a risk-based approach which defines the level of due diligence and monitoring that applies to suppliers based on risk exposure. In the case of private label brand

suppliers, an ethical audit is required at a minimum.

In FY23, Myer's private label brands sourced products from over 250 suppliers located across 12 countries. The majority of private label brand products are sourced from China, India, Bangladesh and Vietnam. A review of audits from 250 vendors across 407 factories identified no zero tolerance issues and 78 high risk issues primarily relating to excessive overtime hours. Myer continues to engage in collaborative efforts with suppliers and factories, offering support and assistance to rectify any non-compliances identified and develop and validate corrective action plans to achieve compliance with the ethical sourcing policy.

During the year, Myer continued its focus on strengthening its ethical sourcing program with a continued emphasis on improving and implementing mitigation processes for identified modern slavery risks. The complexity of supply chains remains a key priority, with a primary focus on increasing traceability and mapping beyond our tier one supply chain to parties such as component manufacturers, processing facilities and raw material suppliers.

Myer also published its third modern slavery statement, which showcased the ongoing strides taken in identifying, assessing and mitigating modern slavery risks within our operations and supply chain. This statement reflects our collaborative approach, involving multiple internal departments to integrate ethical sourcing initiatives into our processes.



## Sustainable merchandise

Myer acknowledges and is aligned with customers' expectations for sustainable merchandising. Continuing to increase the offering of sustainable merchandise remains a key focus of our Sustainability Strategy. This includes the ongoing development of products that have sustainably sourced or recycled materials, products that are made ensuring animals are treated humanely and that no harmful processes are employed, products that support specific community organisations, Australian made or products of Australia and products that are designed to be reusable.

The impacts of fibres are reviewed as part of the design and development process, with private label teams focusing on utilising a number of sustainable alternatives to traditional fibres, including Certified European Flax, organic cotton, recycled PET and recycled nylon, vegan leather alternatives and Tencel.

Work also continues to be done to explore avenues to increase supply chain transparency and further ensure certification of sustainably sourced fibres, including cotton and wool.

## Energy management

Myer is committed to reducing our carbon emission impacts and continues to explore sustainable and renewable energy options.

In FY23, Myer developed a Scope 1 & 2 decarbonisation roadmap and has commenced the integration of Scope 3 targets.

Myer's total energy use for the year reduced by 1.4%, which is equivalent to a 4.3% reduction in greenhouse gas emissions (CO<sub>2</sub>). Since the commencement of the strategy, we have achieved a 37% reduction in total net company overall energy use and a 52% reduction in CO<sub>2</sub> emissions.

Myer has also commenced LED lighting upgrades and has conducted a number of store lighting audits to prioritise which stores will be selected for energy efficient lighting upgrades. For example, in November 2022, the Chadstone store implemented a complete LED lighting upgrade. Since installation, gross energy consumption kWh at the store reduced by 41%, which is equivalent to a reduction of 831 tonnes CO<sub>2</sub> emissions.

Myer's new National Distribution Centre in Victoria contains energy-efficient fittings, solar panels and LED lighting throughout the building. As our strategic plan continues to develop, Myer will continue to focus on decarbonising through various emissions reduction initiatives and will provide updates through our sustainability web page and annual reports as our strategy evolves.

## Our team

Myer team members are our most important resource. We are committed to offering our approximately 10,000 team members a supportive, challenging and rewarding workplace that enables them to contribute to Myer's success and reach their full potential.

Myer aspires to create and maintain a collaborative and inclusive workplace to reflect the diversity of our customers and our community. The business focuses on three key inclusion priorities: cultural diversity, LGBTQIA+ inclusion and female representation at senior leadership levels. These priorities form the basis of our ongoing diversity and inclusion calendar of programs and events, as well as communications with our team.

The Myer Group's workforce composition as at 29 July 2023 was 78.9% female, with 59.4% of leadership roles and 40% of our Non-Executive Directors being female. Myer monitors progress in female representation through measurable objectives in terms of succession planning, parental leave and leadership development metrics.

Our commitment to developing the leadership and capability of our team was also reflected with the continuation of Certificate IV in Retail Management, Merchandise Buyer and Planner in Training programs and Leadership training programs during the year.







Providing an environment where risks are well managed and health and safety of all team members, contractors and customers has remained an overriding priority during FY23. Through a program of regular review and verification of our controls, we ensure risk controls are continually updated and reliably implemented and that key risks are well-managed.

The wellbeing of our team and ensuring they have the knowledge and information available to ensure a safe working environment is an ongoing major focus. To drive improved safety in our workplaces, we have focused on delivering safety management training to all our team members and a targeted workplace inspection program to enhance the identification and management of commonly occurring hazards.

In the course of the year, over 97% of all team members completed our annual safety training. Additionally, over 7000 team members completed training on how to respond to challenging interactions with customers.

We also continue to support our team and their families with access to our Employee Assistance and Manager Asset counselling programs, which have been actively promoted throughout the year.

### Sustainability performance and targets

Focus Area	Key Measure	FY21 Performance	FY22 Performance	FY23 Performance	FY24 Target
Team	Diversity and inclusion (% female senior managers)	54.9	57.4	<b>59.4</b>	≥50
	Workplace safety (LTIFR)	5.2	5.8	<b>7.9</b>	<5.6
Environment	Greenhouse gas emissions reduction (%)	6.9	4.9*	<b>4.3</b>	≥2
	Waste Recycling rate (%)	63.6	66.4	<b>68.8</b>	≥70
Business	Code of Conduct Training (% of required team members trained)	87.9	85.6	<b>86.4</b>	≥80

\*impacted by store closures due to COVID-19 pandemic

## DIRECTORS' REPORT

Your Directors present their annual report on the consolidated entity consisting of Myer Holdings Limited (ABN 14 119 085 602) (the **Company** or **Myer**) and the entities it controlled (collectively referred to as the **Group**) at the end of, or during, the financial period ended 29 July 2023.

### 1. Directors

The Directors of the Company during the financial period and / or up to the date of this Directors' Report:

Director	Position	Date appointed
JoAnne Stephenson	Independent Non-Executive Director Acting Chairman from 29 October 2020 to 15 September 2021 Chairman from 16 September 2021	28 November 2016
John King	Chief Executive Officer and Managing Director	4 June 2018
Dave Whittle	Independent Non-Executive Director	30 November 2015
Jacquie Naylor	Independent Non-Executive Director	27 May 2019
Ari Mervis	Independent Non-Executive Director	20 September 2021
Terry McCartney	Non-Executive Director	10 November 2022

Terry McCartney was appointed to the Board with effect from 10 November 2022. All other Directors served as Directors of the Company for the whole financial period and until the date of this Directors' Report. Details of the qualifications, experience, and special responsibilities of each current Director are set out below.

#### JoAnne Stephenson

##### Independent Non-Executive Director

- Member of the Board since 28 November 2016
- Chairman from 16 September 2021
- Member – Audit, Finance and Risk Committee
- Chairman – Nomination Committee
- Member – Human Resources and Remuneration Committee

JoAnne has extensive experience spanning over 26 years across a range of industries. JoAnne was previously a senior client partner in the Advisory division at KPMG and has key strengths in finance, accounting, risk management and governance. JoAnne holds a Bachelor of Commerce and Bachelor of Laws (Honours) from The University of Queensland. She is also a member of both the Australian Institute of Company Directors and Chartered Accountants in Australia and New Zealand. JoAnne was previously a Director of Asaleo Care Ltd, Japara Healthcare Limited, and up until recently was Chair of the Victorian Major Transport Infrastructure Board.

**Other Current Directorships:** JoAnne is an Independent Non-Executive Director of Challenger Limited and Qualitas Limited.

#### John King

##### Chief Executive Officer & Managing Director

- Member of the Board since 4 June 2018

John was appointed CEO & Managing Director on 4 June 2018. In this role, John has overall accountability for Myer and was responsible for the creation of its successful Customer First Plan which continues to transform all parts of the business with a focus on improved profitability, strengthened balance sheet and future capability.

John brings to the role more than 30 years' retail experience in merchandising and management roles across a variety of retail sectors, including department stores, value retail and wholesale apparel.

John started his career at Sainsbury's and also worked for Marks & Spencer before taking senior roles in the manufacturing and wholesale sector in the UK and the USA. John successfully led Matalan from 2003 to 2006, an apparel and housewares retailer based in the UK, where he launched new brands, opened 20 new stores and successfully sold the company back to the founder. Following Matalan, John led the successful turnaround of House of Fraser from 2006 to 2015. During his tenure he improved the product differentiation, decreased debt, improved EBITDA and repositioned the business as one of the leading premium department stores in the UK.

**DIRECTORS' REPORT***Continued***Dave Whittle****Independent Non-Executive Director**

- Member of the Board since 30 November 2015
- Chairman – Audit, Finance and Risk Committee
- Member – Nomination Committee
- Member – Human Resources and Remuneration Committee

Dave has considerable brand, data, technology, omni-channel retail and digital transformation experience. He is a Founder of Lexer, a global software company helping brands and retailers genuinely understand and engage their customers. Previously, Dave spent 10 years with global advertising group M&C Saatchi in a number of local and international leadership roles, culminating in three years as Managing Director in Australia. Prior to joining M&C Saatchi, Dave was the first employee of a marketing services group that built four digital service and software businesses. Dave has a Bachelor of Arts and a Bachelor of Commerce from Deakin University.

**Other Current Directorships:** Dave is a Director of Lexer Pty Ltd and Michael Hill International Limited.

**Jacquie Naylor****Independent Non-Executive Director**

- Member of the Board since 27 May 2019
- Member – Nomination Committee
- Chairman – Human Resources and Remuneration Committee

Jacquie was appointed as a Non-Executive Director on 27 May 2019. Jacquie brings to the role a wealth of experience and knowledge of both women's and men's apparel, homewares and outdoor brands. She has been an owner, Director and Executive at some of the most iconic Australian retailers. Jacquie has held the position of Non-Executive Director at The PAS Group and was a Non-Executive Director of Macpac Retail.

At the Just Jeans Group, Jacquie was a Group Executive Director and responsible for driving the merchandise, marketing and brand strategies of five of their key brands including Just Jeans, Jay Jays, Portmans, Jacqui E and Dotti.

Jacquie has extensive experience in portfolio optimisation through vertical integration and a track record of driving brand growth and strategic transformation.

Jacquie was a Non-Executive Director of the Virgin Australia Melbourne Fashion Festival for more than 13 years and remains committed to showcasing the fashion industry as well as new and emerging talent. Jacquie is also a member of the Australian Institute of Company Directors and of the International Women's Forum.

**Other Current Directorships:** Jacquie is a Non-Executive Director of Cambridge Clothing Ltd and Michael Hill International Limited.

**Ari Mervis****Independent Non-Executive Director**

- Member of the Board since 20 September 2021
- Member – Audit, Finance and Risk Committee
- Member – Nomination Committee

Ari has broad global experience spanning a range of industries in branded goods, consumer staples, agriculture, food and beverages. Ari's career includes more than 25 years with global brewer SABMiller plc, including nearly 10 years as Managing Director of the Asia Pacific region. In this role, Ari was Chairman of China Resources Snow Breweries, a joint venture between China Resources Enterprises and SABMiller for 8 years, and Chairman of SAB India and SAB Vietnam. He was also responsible for the acquisition and integration of Carlton and United Breweries by SABMiller.

More recently, Ari was the Executive Chairman of Accolade Wines from 2018 to 2020, and Managing Director and CEO of Murray Goulburn from 2017 to 2018.

Ari brings a wealth of experience in formulating and executing strategies that helps drive top line growth in a sustainable and responsible manner. Ari has a Bachelor of Commerce from the University of Witwatersrand.

**Other Current Directorships:** Ari is a Non-Executive Director and Chairman of McPherson's Limited.

**Terry McCartney****Non-Executive Director**

- Member of the Board since 10 November 2022
- Member – Audit, Finance and Risk Committee
- Member – Nomination Committee

Terry has had a comprehensive career spanning more than 40 years in retail in both Executive and Director positions, spanning the full spectrum of retailing – ranging from luxury goods in department stores to mass merchandise discount operations.

Terry's career started at Boans Department Stores in Perth, then moved to Grace Bros in Sydney. After the acquisition of Grace Bros by Myer, he relocated to the merged department stores group in Melbourne. His executive career culminated in his roles as Managing Director of Kmart Australia and New Zealand, and Managing Director of Myer Grace Bros.

**Other Current Directorships:** Terry has been a Non-Executive Director of Premier Investments Limited since 2016, and Premier's wholly owned subsidiary, Just Group Limited, since 2008. Premier operates a portfolio of retail brands through the Just Group, consisting of Just Jeans, Jay Jays, Peter Alexander, Smiggle, Jacqui E, Portmans and Dotti. Terry has also served as the Chairman of Premier's Remuneration and Nomination Committee since 2017.

**DIRECTORS' REPORT***Continued***2. Directorships of Other Listed Companies**

The following table shows, for each Director, all directorships of companies that were listed on the ASX, other than the Company, since 31 July 2020, and the period during which each directorship has been held.

Director	Listed entity	Period directorship held
JoAnne Stephenson	Challenger Limited	October 2012 – present
	Qualitas Limited	November 2021 – present
John King	-	-
Dave Whittle	Michael Hill International Limited	August 2023 – present
Jacquie Naylor	Michael Hill International Limited	July 2020 – present
Ari Mervis	McPherson's Limited	February 2021 – present
Terry McCartney	Premier Investments Limited	April 2016 – present

**3. Meetings of Directors and Board Committees**

The number of meetings of the Board and of each Committee held during the period ended 29 July 2023 are set out below. All Directors are invited to attend Committee meetings. Most Committee meetings are attended by all Directors; however, only attendance by Directors who are members of the relevant Committee is shown in the table below.

Director	Meetings of Directors		Audit, Finance and Risk Committee		Human Resources and Remuneration Committee		Nomination Committee	
	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended
JoAnne Stephenson	19	19	6	6	5	5	4	4
John King	19	19	-	-	-	-	4	4
Dave Whittle	19	18	6	6	5	5	4	4
Jacquie Naylor	19	18	2	2	5	5	4	4
Ari Mervis	19	19	6	6	-	-	4	4
Terry McCartney <sup>(1)</sup>	10	10	4	4	-	-	2	2

\* Number of meetings held during the time the Director held office or was a member of the Committee during the period.

(1) Terry McCartney was appointed to the Board as a Non-Executive Director, with effect from the conclusion of Myer's 2022 AGM on 10 November 2022, and as a member of the Audit Finance and Risk Committee and Nomination Committee, with effect from 13 December 2022.

**4. Directors' Relevant Interests in Shares**

The following table sets out the relevant interests that each Director has in the Company's ordinary shares or other securities as at the date of this Directors' Report. No Director has a relevant interest in a related body corporate of the Company.

Director	Ordinary Shares	Deferred Rights	Performance Rights	Performance Options
JoAnne Stephenson	300,000	Nil	Nil	Nil
John King	4,386,941	338,801	6,489,052	2,799,378
Dave Whittle	266,666	Nil	Nil	Nil
Jacquie Naylor	211,000	Nil	Nil	Nil
Ari Mervis	250,000	Nil	Nil	Nil
Terry McCartney	Nil	Nil	Nil	Nil

**DIRECTORS' REPORT***Continued***5. Company Secretary and Other Officers**

Paul Morris is the General Counsel and Company Secretary of the Company. Prior to joining Myer, Paul was General Counsel and Company Secretary of Spotless Group.

Nigel Chadwick is the Chief Financial Officer of the Company. Details of Nigel's experience and background are set out in the Executive Management Team section of Myer's Investor Centre website.

**6. Principal Activities**

During the financial period, the principal activity of the Group was the operation of the Myer department store business.

**7. Operating and Financial Review**

The Directors' Report includes references to Non-IFRS financial measures which represent the financial performance of the Group excluding implementation costs and individually significant items. Refer to the Non-IFRS Financial Measures section below.

**Summary of Financial Results for 52 Weeks Ended 29 July 2023:**

- Total sales<sup>(1)</sup> up 12.5% to \$3,362.9 million.
- Group online sales<sup>(2)</sup> of \$690.5 million, down 4.5%, representing 20.5% of total sales.
- Operating Gross Profit (**OGP**) improved by 6.9% to \$1,224.6 million, with OGP margin declining by 189 basis points to 36.4%.
- Cost of Doing Business<sup>(3)</sup> as a percent to sales decreased by 42 basis points, and was \$824.1 million.
- Earnings before Interest, Tax, Depreciation and Amortisation (**EBITDA**)<sup>(3)</sup> of \$400.5 million.
- Net profit after tax<sup>(3)</sup> was \$71.1 million, compared to net profit after tax<sup>(3)</sup> of \$60.2 million in prior year.
- Implementation costs and individually significant items of \$10.7 million (\$15.4 million pre-tax) included store and distribution centre closure and space exit costs and asset impairments.
- Statutory net profit after tax of \$60.4 million, up 23.3% from prior year of \$49.0 million.
- Net cash position of \$119.6 million, a reduction of \$66.3 million compared to FY22.
- Final dividend of 1.0 cent per share, fully franked, to be paid on 16 November 2023 (Record Date is 28 September 2023). Total FY23 dividends 9.0 cents per share (including 4.0 cents per share interim ordinary dividend and 4.0 cents per share interim special dividend, both already paid).

(1) Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was \$2,565.8 million (FY22: \$2,340.6 million)

(2) Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads

(3) Excluding implementation costs and individually significant items

**DIRECTORS' REPORT***Continued***Income Statement for the 52 Weeks to 29 July 2023**

	2023 \$m	2022 \$m	Change
Total sales <sup>(1)</sup>	3,362.9	2,989.8	12.5%
Operating gross profit	1,224.6	1,145.2	6.9%
Cost of doing business <sup>(2)</sup>	(824.1)	(745.2)	10.6%
<b>EBITDA<sup>(2)</sup></b>	<b>400.5</b>	<b>400.0</b>	0.1%
Depreciation <sup>(2)</sup>	(204.3)	(215.8)	(5.3%)
<b>EBIT<sup>(2)</sup></b>	<b>196.2</b>	<b>184.2</b>	6.5%
Net finance costs	(91.5)	(98.9)	(7.4%)
Tax <sup>(2)</sup>	(33.6)	(25.1)	33.7%
<b>Profit after tax<sup>(2)</sup></b>	<b>71.1</b>	<b>60.2</b>	18.2%
Implementation costs and individually significant items (post-tax)	(10.7)	(11.2)	(4.8%)
<b>Statutory profit after tax</b>	<b>60.4</b>	<b>49.0</b>	23.3%

(1) Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was \$2,565.8 million (FY22: \$2,340.6 million)

(2) Excluding implementation costs and individually significant items

**Balance Sheet as at 29 July 2023**

	July 2023 \$m	July 2022 \$m
Inventory	371.3	371.4
Creditors	(401.7)	(429.3)
Other assets	157.5	147.2
Other liabilities	(89.6)	(96.7)
Right-of-use assets	1,101.4	1,177.8
Lease liabilities	(1,644.9)	(1,699.2)
Property	20.7	21.2
Fixed assets	301.0	283.8
Intangibles – Brands	240.2	240.2
Intangibles - Software	65.0	65.1
<b>Total Funds Employed</b>	<b>120.9</b>	<b>81.5</b>
Debt	(60.1)	(58.0)
Less Cash	179.7	243.9
<b>Net Cash</b>	<b>119.6</b>	<b>185.9</b>
<b>Equity</b>	<b>240.5</b>	<b>267.4</b>

**DIRECTORS' REPORT***Continued***Cash Flow for the 52 Weeks to 29 July 2023**

	2023 \$m	2022 \$m
EBITDA <sup>(1)</sup>	400.5	400.0
Less Implementation costs and individually significant items	(15.4)	(13.2)
Add Non-cash impairments	3.1	2.4
Working capital movement	(1.4)	(2.3)
<b>Operating cash flow (before interest and tax)</b>	<b>386.8</b>	<b>386.9</b>
Conversion	99.7%	99.4%
Tax paid	(54.0)	(16.4)
Net Interest paid	(5.7)	(7.3)
Interest – lease liabilities	(84.7)	(87.8)
<b>Operating cash flow</b>	<b>242.4</b>	<b>275.4</b>
Capex paid <sup>(2)</sup>	(74.5)	(44.2)
<b>Free cash flow</b>	<b>167.9</b>	<b>231.2</b>
Dividends paid	(86.2)	(12.3)
Principle portion of lease liabilities paid	(142.8)	(139.6)
Other	(3.1)	(0.6)
<b>Net cash flow</b>	<b>(64.2)</b>	<b>78.7</b>

(1) Excluding implementation costs and individually significant items

(2) Net of landlord contributions

**Shares and Dividends**

	2023	2022
Shares on issue	821.3 million	821.3 million
Basic earnings per share <sup>(1)</sup>	7.4 cents	6.0 cents
Basic earnings per share (pre implementation and individually significant items) <sup>(2)</sup>	8.7 cents	7.3 cents
Dividend per share	9.0 cents	4.0 cents

(1) Calculated on weighted average number of shares of 820.0 million (FY22: 820.6 million) and based on NPAT

(2) Calculated on weighted average number of shares of 820.0 million (FY22: 820.6 million) and based on NPAT pre implementation costs and individually significant items

**Non-IFRS Financial Measures**

The Company's results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures in this Directors' Report, which can be reconciled to the Financial Statements as follows:

**Income Statement Reconciliation**

\$ millions	EBIT	Interest	Tax	NPAT
<b>Statutory reported result</b>	<b>180.8</b>	<b>(91.5)</b>	<b>(28.9)</b>	<b>60.4</b>
<i>Add back: implementation costs and individually significant items</i>				
Restructuring, space exit costs and other asset impairments	15.4	-	(4.7)	10.7
<b>Results excluding implementation costs and individually significant items</b>	<b>196.2</b>	<b>(91.5)</b>	<b>(33.6)</b>	<b>71.1</b>

## DIRECTORS' REPORT

Continued

### FY23 Operations

The Company achieved the following during FY23:

- FY23 NPAT<sup>(1)</sup> of \$71.1 million, an increase of 18.2% on FY22 and the highest NPAT<sup>(1)</sup> since FY15.
- FY23 Full Year Total Sales<sup>(2)</sup> up 12.5% on FY22 to \$3,362.9 million, and up 12.4% of FY19 (pre-Covid).
- Group online sales<sup>(3)</sup> of \$690.5 million, representing 20.5% of total sales. Compared to FY19 (pre-Covid), Group online sales<sup>(3)</sup> are up 163.2%.
- Entered into new pay with points partnerships with American Express and Virgin Velocity.
- Commenced rollout of Country Road Group brands across stores and the online platform.
- Continued to improve the MYER one program resulting in an increase in tag rate to 74.6% (FY22: 71.3%).
- Further progress on space optimisation with the Frankston store exited as well as store refurbishments completed or underway at Chermiside, Tea Tree Plaza, Marion and Ballarat. It was also announced that the Brisbane CBD store would cease trading on 31 July 2023.
- Continued implementation of the National Distribution Centre (NDC) facility in Ravenhall, Victoria, and reached agreement for a new purpose-built DC in Wacol, Queensland.
- Rolled out 2,448 new point of sale devices across all stores.

(1) Excluding implementation costs and Individually Significant Items

(2) Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was \$2,565.8 million (FY22: \$2,340.6 million)

(3) Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads

## 8. Significant Changes in the State of Affairs in FY23

In addition to the matters described in Section 7 above, the following significant changes occurred during FY23:

- Terry McCartney was appointed to the Board as a Non-Executive Director, with effect from the conclusion of Myer's 2022 AGM on 10 November 2022, and as a member of the Audit Finance and Risk Committee and Nomination Committee, with effect from 13 December 2022.
- On 5 June 2023, the Company announced that CEO and Managing Director, John King, will be retiring from his role in 2024. A global search is underway for Mr King's replacement.

## 9. Business Strategies and Future Developments

The Board and the Executive Management Group continue to focus on delivery against the Customer First Plan. The plan has continued to evolve and drive significant value creation. The FY23 results and strengthened financial position of the business reflect the transformational impact of the Customer First Plan and improvement in core metrics that have been achieved. The Customer First Plan focuses on the following areas:

- **Accelerate Online:** focus on profitable online growth and building scale by leveraging the multi-channel capability that has been developed and through a continuing focus on user experience and range development.
- **Accelerate Factory to Customer (F2C) change:** we are delivering transformational improvements to fulfilment cost and customer experience, with the next phases being the deployment of a step change in capability and automation from the National Distribution Centre and the new Brisbane DC at Wacol, and continuing to provide customers improving fulfilment options.
- **Engage the Customer:** drive engagement and new customer growth through our MYER one loyalty base by delivering improved rewards, leverage of new and expanded partnerships and greater personalisation.
- **Adapting our In-Store Experience:** our focus on delivering an uplifted in-store experience has contributed to significantly higher levels of in-store customer satisfaction. Investments in store formats and the product offer, and the increasing use of technology in store, such as M-Metrics, the one device strategy, and the new point of sale rollout will continue to deliver a compelling experience for our customers.
- **Refocus Merchandise:** disciplined focus on the merchandise offer has resulted in deeper relationships with our key brand partners (making the big, bigger), a more balanced offer across all categories, and sees Myer as the destination for appealing and growing brands.
- **Rationalise Property:** strategically review, optimise and reduce our overall store space with a view to driving greater profitability and productivity gains. Our approach seeks to leverage our multi-channel capability and strength to better serve our customers.
- **Reduce Costs:** proactively realign our cost base to manage profitability and increase flexibility as the change to our markets and channels accelerates.



**DIRECTORS' REPORT***Continued***10. Key Risks and Uncertainties**

The Group's strategies take into account the expected operating and retail market conditions, together with general economic conditions, which are inherently uncertain. The Group has a structured proactive risk management framework and internal control systems in place to manage material risks. The key risks and uncertainties that may have an effect on the Group's ability to execute its business strategies, and the Group's future growth prospects and how the Group manages these risks, are set out below.

**External Environment Risks**

Unstable and deteriorating macro-economic factors such as the fluctuation of the Australian dollar and increasing interest rates; heightened domestic and global inflation leading to cost of living pressure; poor consumer confidence; changes in government policies; external, natural or unforeseen events, such as an act of terrorism, political instability, wars, national strike or pandemic; transition to a lower carbon economy; physical impacts of climate change and weakness in the global economy could adversely impact the Company's ability to achieve financial and trading objectives. Myer regularly analyses and monitors economic and other available data to allow the Company to develop action plans to mitigate the future impact on sales, and has implemented conservative hedging, capital management, and marketing and merchandise initiatives to address the cyclical nature of the business.

**Supplier and Supply Chain Risks**

Myer monitors its supplier relationships and quality standards via a range of means, including implementation of its quality assurance, compliance policies and rigorous procurement and contracting processes. Our sourcing offices maintain regular contact with our supplier base to ensure they adhere to our requirements and also assist in any challenges they may have. We continue to review new sourcing opportunities to allow us greater flexibility and diversification across the portfolio. This assists with minimising any risks, helps ensure competitiveness and gives us the ability to expand ranges and brands.

Disruption in the global shipping industry has predominately stopped. The normal practice of 'blank sailings' carried out by the shipping lines remains, although the Company does not foresee this to be an issue to its stock flow. The Company continues to work with suppliers and partners to ensure any challenges are carefully monitored and addressed.

**Competitive Landscape Risks**

The Australian retail industry in which Myer operates remains highly competitive. The Company's competitive position may be negatively impacted by new entrants to the market, existing competitors, changes to consumer demographics and increased online competition, which could impact sales. To mitigate these risks, Myer continues to select optimal merchandise assortment with the right categories and brands.

**Pandemics**

The impact of any future pandemics on the Company's operations (including any requirement for temporary store closures), domestic and global economic conditions, and consumer behaviour remains uncertain, and may adversely affect the Company's financial position and performance. However, the Executive Management Group monitors and assists the business to adapt to changes in ongoing risks and adhere to Government requirements and health measures when the need arises. In addition, the Company continues to remain agile to adapt to changing market conditions (including adjusting its strategic initiatives in response to the changing market context), whilst maintaining its focus on the disciplined management of costs and preservation of cash to ensure it is well placed to deal with any future impacts. The successful hybrid working model that the Company adopted, as a result of the COVID-19 pandemic, gives team members flexibility as they fulfil their roles and responsibilities and allows the Company to remain agile in a competitive retail landscape.

**Technology Risks, including Cyber Security**

With Myer's increasing reliance on technology in a rapidly changing digital environment, there is a risk that the malfunction of IT systems, outdated IT infrastructure, inability to attract and retain qualified team members, cyber-security violation or data breach of personal information could have a detrimental effect on Myer's sales, business efficiencies, and brand reputation. To offset these risks, Myer continues to invest and develop in-house technology capabilities and engage with reputable third-party IT service providers to ensure that we have reliable IT systems and issue management processes in place.

**Brand Reputation Risks**

As one of the top 10 most trusted brands in Australia as reported in the Roy Morgan 2023 Risk Report, Myer's strong brand reputation is crucial for building positive relationships with customers, suppliers, and contractors which in turn generates sales and goodwill towards the Company. A significant event or issue (including a failure to meet stakeholder and regulatory expectations in regards to the area of sustainability) could attract strong criticism of the Myer brand, which could impact sales or our share price. Myer has a range of policies and initiatives to mitigate brand risk, including an updated Code of Conduct, a Whistleblower Policy, an Ethical Sourcing Policy, marketing campaigns, and ongoing environmental and sustainability initiatives.

## DIRECTORS' REPORT

*Continued*

### Strategic and Business Plan Risks

A failure to deliver our strategic Customer First Plan could impact sales, profitability, share price, and our reputation. It includes that all team members, brand partners and suppliers provide our customers with the service, brands and products they desire and expect, both in store and online. The strategy has been overlaid and enhanced with additional details of initiatives and mitigation plans to ensure it remains "fit for purpose". This includes changes to the economic environment, customer behaviours, and to the retail landscape.

### People Management Risks

With the impact of current low unemployment and labour shortages in the external market, Myer continues to focus on the attraction and retention of talented senior managers to ensure that our leadership team has the right skills and experience to deliver our strategy, and store and online team members to ensure sales growth. Failure to do so may adversely impact Myer's ability to deliver on its strategic imperatives. Training and development programs continue to be offered to further refine the skills of our team members and business leaders and forms a part of Myer's overall attraction and retention strategy.

The combination of the competitive labour market, increases to the cost of living, and inflation impacts, has compelled Myer to keep step with shifts in external salary and employee benefits. To meet this, Myer conducted an annual remuneration review using salary data benchmarked against external market information and regularly analyses employee turnover data to identify and mitigate any flight risks of team members in key roles.

The safety of our team members, customers, and suppliers is a high priority at Myer. Failure to manage health and safety risks could have a negative effect on team member wellbeing, and Myer's reputation and performance. Myer has well-developed safety management systems which are implemented across each store, distribution centre and the support office. Detailed risk assessments are conducted and regularly reviewed for existing and emerging risks and regular education programs are delivered to all team members.

### Regulatory Risks

From time to time, Myer may be subject to regulatory investigations and disputes, including by the Australian Taxation Office (ATO), Federal or State regulatory bodies including the Australian Competition and Consumer Commission (ACCC), the Australian Securities and Investments Commission (ASIC), the Australian Securities Exchange (ASX) and Federal and State work, health and safety authorities. The outcome of any such investigations or disputes may have a material adverse effect on Myer's operating and financial performance. Myer has an established governance framework to monitor, assess and report on such occurrences to senior management when they arise.

### Litigation

The Company is required to maintain compliance with applicable laws and regulations. Failure to comply could result in enforcement action and claims, which may have a material adverse impact on the Company's reputation, financial performance and profitability. Legal proceedings and claims may also arise in the ordinary course of the Company's business and could result in high legal costs, adverse monetary judgements, reputational damage and other adverse consequences. The Company has an established governance framework to monitor, assess and report to management on litigation risks when they arise, and seeks to minimise risk through appropriate compliance training for team members and management.

## 11. Matters Subsequent to the End of the Financial Year

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No matter or circumstance has arisen since the end of the financial year which has not been dealt with in this Directors' Report or the Financial Report, and which has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

## 12. Dividends

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Myer paid an interim dividend of AU\$0.08 per share (comprising an ordinary dividend of AU\$0.04 per share and a special dividend of AU\$0.04 per share), fully franked, totalling \$65.7 million on 11 May 2023.

The Board has determined a final dividend of AU\$0.01 per share, fully franked, to be paid on 16 November 2023 (Record Date of 28 September 2023).

This takes the total FY23 dividend to \$AU0.09 per share.

Further information regarding dividends is set out in the Financial Statements (at note F3).

**DIRECTORS' REPORT***Continued***13. Performance Rights and Options Granted Over Unissued Shares**

The Myer Long Term Incentive (**LTI**) plan operates for selected senior executives and has been in operation since December 2006. Under the LTI plan, the Company has granted eligible executives:

- (1) in FY21, FY22 and FY23, performance rights over unissued ordinary shares of the Company;
- (2) in FY19 and FY20, performance options over unissued ordinary shares of the Company, and
- (3) in previous years, performance rights over unissued ordinary shares of the Company,

with all options and rights issued subject to certain vesting conditions. Shares delivered to senior executives as a result of the vesting of performance options and rights can be either issued as new shares or purchased on market.

Each performance right entitles the holder to acquire one ordinary fully paid share in the Company (subject to the adjustments outlined below).

Performance options are exercised on a net settlement basis; the executive is allocated the total number of shares that would have been allocated upon exercise, less the number of shares equal to the value of the aggregated exercise price payable (and the exercise price is not required to be paid). The number of shares delivered by the Company represents the value above the exercise price in accordance with the formula below:

(A - B) / C, where:

A = Aggregate value of vested performance options (based on the market value of a share)

B = Aggregate exercise price payable

C = Market value of share

The net settlement method ensures that executive reward is aligned to shareholder value creation by only rewarding executives if there is a growth to share price and material reward can be earned only if there is significant growth to share price.

During the financial period ended 29 July 2023, the Company granted a total of 7,361,928 performance rights under the LTI plan: 1,576,872 performance rights to the CEO and 5,785,056 performance rights to other selected senior executives.

The performance options and rights granted under each offer are subject to different performance conditions. No performance options or rights have been granted since the end of the financial period ended 29 July 2023.

In September 2022, a total of 12,128,646 performance options granted under the LTI plan in FY20 lapsed following testing against the TSR performance criteria.

In November 2022, 901,045 fully paid ordinary shares transferred to participating executives following the exercise on a "net settlement" basis of 9,329,267 performance options granted under the LTI plan in FY20, following testing against the EPS performance criteria. The issued shares are classified as "restricted shares" and subject to the FY20 LTI plan rules, and as such are unable to be sold, transferred or otherwise dealt with for a period of 12 months from issue, and during this period a continuous service condition applies.

During the financial period ended 29 July 2023:

- a total of 150,456 performance rights granted under the LTI plan in FY21 lapsed due to the cessation of employment with the Company of two senior executives;
- a total of 391,026 performance rights granted under the LTI plan in FY22 lapsed due to the cessation of employment with the Company of three senior executives; and
- a total of 237,870 performance rights granted under the LTI plan in FY23 lapsed due to the cessation of employment with the Company of one senior executive.

The table in Section 14 sets out the details of performance options and rights that have been granted under the LTI plan and which remain on issue as at the date of this Directors' Report.

A holder of a performance option or right may only participate in new issues of securities of the Company if the performance option or right has been exercised, participation is permitted by its terms, and the shares in respect of the performance options or rights have been allocated and transferred to the performance option or right holder before the record date for determining entitlements to the new issue.

During FY21, the Transformative Incentive (**TI**) plan was introduced to replace the normal Short-Term Incentive (**STI**) plan for a period of 2 years. Under the FY21 TI plan, the Chief Executive Officer and nominated executives received 50% of the TI achieved in cash and 50% in the form of deferred rights (FY21) or deferred shares (FY22) in the Company.

During the financial period ended 29 July 2023:

- 1,147,050 deferred rights issued under the FY21 TI plan were converted into shares in the Company, comprising 338,801 deferred rights to the CEO and 808,249 deferred rights to other nominated senior executives; and
- 1,595,176 deferred shares in the Company were issued under the FY22 TI plan, comprising 465,708 deferred shares to the CEO and 1,129,468 deferred shares to other nominated senior executives, with 50% of such shares subject to a 12-month holding lock and the remaining 50% subject to a 24 month holding lock.

**DIRECTORS' REPORT***Continued*

For FY23, the Company reverted back to a more traditional STI plan. The number of deferred shares to be issued under the FY23 STI plan will be determined by dividing the dollar value of the deferred component of the STI plan award outcome by the volume weighted average price of the Company's shares over a period of trading days determined by the Board following the release to the market of the Company's full year FY23 results.

Further information about performance options and rights issued under the LTI plan, TI plan, and STI plan (including the attached performance conditions and the performance options and rights granted to the KMP of the Company) is included in the Remuneration Report.

**14. Shares Issued on the Exercise of Performance Options and Performance Rights**

From time to time, the Company issues fully paid ordinary shares in the Company to the Myer Equity Plans Trust (**Trust**) for the purpose of meeting anticipated exercises of securities granted under the LTI plan, TI plan, and STI plan. To calculate the issue price of shares issued to the Trust, the Company uses the five-day volume weighted average price of the Company's shares as at the close of trading on the date of issue.

During the financial period ended 29 July 2023, 4,609,733 fully paid ordinary shares were purchased on market by the Trust and 3,643,271 shares were transferred from the Trust to eligible participants in relation to the FY20 LTI plan, FY21 TI plan, and FY22 TI plan (refer to Section 13 for further details). Since 29 July 2023, no shares have been issued to or otherwise acquired by the Trust, and no fully paid ordinary shares of the Company held by the Trust were transferred to participants in the LTI, TI, or STI plans.

<b>Date performance rights and options granted</b>	<b>Expiry date</b>	<b>Issue price</b>	<b>Number of performance rights and options remaining on issue<sup>(1)</sup></b>
21 November 2019 (options grant to CEO under the FY20 LTI plan offer)	21 Nov 2023	Nil	2,799,378
9 November 2020 (rights grant to CEO under the FY21 LTI plan offer)	n/a	Nil	3,442,622
9 November 2020 (rights grant to senior executives under the FY21 LTI plan offer)	n/a	Nil	10,547,466
15 December 2020 (deferred rights grant to CEO under the FY21 TI plan)	n/a	Nil	338,801
15 December 2020 (deferred rights grant to senior executives under the FY21 TI plan)	n/a	Nil	808,254
10 November 2021 (rights grant to CEO under the FY22 LTI plan offer)	n/a	Nil	1,469,558
10 November 2021 (rights granted to senior executives under the FY22 LTI plan offer)	n/a	Nil	4,654,258
10 November 2022 (rights grant to CEO under the FY23 LTI plan offer)	n/a	Nil	1,576,872
16 November 2022 (rights granted to senior executives under the FY23 LTI plan offer)	n/a	Nil	5,547,186
<b>Closing balance of performance rights and options</b>			<b>31,184,395</b>

(1) Each performance right entitles the holder to receive one fully paid ordinary share in the Company, subject to the satisfaction of the relevant performance outcomes. Performance options vest and are automatically exercised on a net settlement basis. The executive is allocated the total number of shares that would have been allocated upon exercise, less the number of shares equal to the value of the aggregated exercise price payable (and the exercise price is not required to be paid). The number of shares delivered by the Company represents the value above the exercise price in accordance with the formula below:

(A - B) / C, where:

A = Aggregate value of vested performance options (based on the market value of a share)

B = Aggregate exercise price payable

C = Market value of a share

The number of performance options or rights that a holder is entitled to receive on the exercise of a performance option or right may also be adjusted in a manner consistent with the ASX Listing Rules if there is a pro-rata issue of shares or a reconstruction of the capital of the Company.

**DIRECTORS' REPORT***Continued***15. Remuneration Report**

The Remuneration Report, which forms part of this Directors' Report, is presented separately from page 29.

**16. Indemnification and Insurance of Directors and Officers**

The Company's Constitution requires it to indemnify current and former Directors, alternate Directors, executive officers and officers of the Company on a full indemnity basis and to the full extent permitted by the law against all liabilities incurred as an officer of the Group, except to the extent covered by insurance. Further, the Company's Constitution permits the Company to maintain and pay insurance premiums for Director and officer liability insurance, to the extent permitted by law.

Consistent with (and in addition to) the provisions in the Company's Constitution outlined above, the Company has also entered into deeds of access, indemnity and insurance with all Directors of the Company which provide indemnities against losses incurred in their role as Directors, subject to certain exclusions, including to the extent that such indemnity is prohibited by the *Corporations Act 2001* (Cth) or any other applicable law. The deeds stipulate that the Company will meet the full amount of any such liabilities, costs and expenses (including legal fees).

During the financial period, the Company paid insurance premiums for a Directors' and officers' liability insurance contract that provides cover for the current and former Directors, alternate Directors, secretaries, executive officers and officers of the Company and its subsidiaries. The Directors have not included details of the nature of the liabilities covered in this contract or the amount of the premium paid, as disclosure is prohibited under the terms of the contract.

The Group's auditor is PricewaterhouseCoopers (**PwC**). No payment has been made to indemnify PwC during or since the financial period end. No premium has been paid by the Group in respect of any insurance for PwC. No officers of the Group were partners or Directors of PwC whilst PwC conducted audits of the Group.

**17. Proceedings on Behalf of the Company**

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with the leave of the court under section 237 of the *Corporations Act 2001*.

**18. Environmental Regulation**

The Group is subject to and has complied with the reporting and compliance requirements of the *National Greenhouse and Energy Reporting Act 2007* (Cth) (**NGER Act**). The NGER Act requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required. In compliance with the NGER Act, the Group is due to submit its report by 31 October 2023. No significant environmental incidents have been reported internally, and no breaches have been notified to the Group by any government agency.

The Group is a signatory to the Australian Packaging Covenant, which is a national co-regulatory initiative in place of state-based regulatory arrangements for sustainable packaging management. Members are required to adhere to the covenant commitments, which include development and implementation of an action plan and report annually on progress. The Group submitted its report on 31 March 2023.

**19. Non-Audit Services**

The Company may decide to employ its external auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PwC) for audit and non-audit services provided during the financial period are set out in the Financial Statements (at note H5).

The Board has considered the position and, in accordance with advice received from the Audit, Finance and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of the non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Finance and Risk Committee to ensure that they do not impact on 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.

## DIRECTORS' REPORT

*Continued*

### 20. Auditor's Independence Declaration

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A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this Directors' Report.

### 21. Rounding of Amounts

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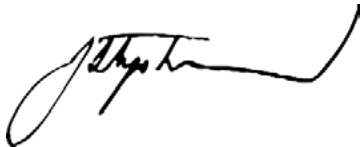
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, except where otherwise stated, amounts in the Directors' Report have been rounded off to the nearest hundred thousand dollars.

### 22. Annual General Meeting

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The Annual General Meeting of the Company will be held on Thursday 9 November 2023.

*The Directors' Report is made in accordance with a resolution of Directors.*



**JoAnne Stephenson**  
Chairman

Melbourne, 14 September 2023

# REMUNERATION REPORT

Dear Shareholder

On behalf of the Board, I present to you Myer Holdings Limited's (**Myer** or the **Company**) Remuneration Report for FY23. This report sets out the remuneration information for the Non-Executive Directors and Executive Key Management Personnel (**Executive KMP**).

The remuneration outcomes set out in this Report were carefully considered by the Board, taking into account all relevant factors, including the broader management (**Management**) (including Executive KMP and non-KMP executives (**Executive/s**)) team's performance in delivering the FY23 results, and ensuring the best interests of our shareholders and other stakeholders.

In determining the remuneration framework and assessing remuneration outcomes, Myer's remuneration objective is to support Management to deliver a business strategy that puts our customers first and ultimately delivers value to our shareholders. There are five key principles associated with the Remuneration objective:

- (1) Reward outcomes that reinforce our Customer First Plan
- (2) Build our capability by attracting and retaining high calibre talent
- (3) Align the interests of our Executives to those of our shareholders – think like owners
- (4) Drive sustainable long-term performance of the business
- (5) Be simple and transparent

Our Remuneration Report for FY22 received a first strike at the 2022 AGM. The Board welcomes feedback and has taken this into account in considering the FY23 remuneration outcomes.

## Company Performance

FY23 results and highlights include:

- Total sales<sup>(1)</sup> up 12.5% to \$3,362.9 million representing highest total sales since 2005.
- Group online sales<sup>(2)</sup> of \$690.5 million, down 4.5%, representing 20.5% of total sales.
- Net profit after tax<sup>(3)</sup> was \$71.1 million, compared to net profit after tax<sup>(3)</sup> of \$60.2 million in prior year.
- Statutory net profit after tax of \$60.4 million, up 23.3% from prior year of \$49.0 million.
- Net cash position of \$119.6 million, a reduction of \$66.3 million compared to the prior year, primarily due to increased dividend payments including the payment of a special dividend.
- Inventory remained well controlled and was held flat year-on-year, with low levels of clearance and aged inventory.
- Continued to invest in and grow our biggest brand partnerships. Country Road Group commenced rollout during FY23.
- Further progress on space optimisation with the Frankston store exited as well as store refurbishments completed or underway at Chermiside, Tea Tree Plaza, Marion, and Ballarat. It was also announced that the Brisbane CBD store would cease trading on 31 July 2023.
- The investment in our people and technology solutions in store continued to support high customer service levels. During FY23 2,448 new Point of Sale devices were implement in stores.
- Continued to improve the MYER one program resulting in an increase in tag rate to 74.6% (highest level since public listing in 2009), from 71.3% in previous year.
- Launched new partners to the pay with points program with American Express and Virgin Velocity.

(1) Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was \$2,565.8 million (FY22: \$2,340.6 million)

(2) Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads

(3) Excluding implementation costs and Individually Significant Items

## Executive Remuneration Outcomes

- The freeze on the CEO and Managing Director's total fixed compensation (**TFC**) continued in FY23.
- Executive KMP (excluding the CEO and Managing Director and CFO) received a TFC increase of 2.5%, effective 1 April 2023, to address the prevailing labour market pressures and the ongoing priority to retain our high calibre senior personnel.
- Executive KMP and Management will receive an award under the Short-Term Incentive (**STI**) plan equal to 14% of their maximum entitlement. The STI award outcome reflected the challenging macroeconomic conditions in the second half of FY23, with the threshold target for the key net profit after tax metric not being met, despite the positive sales and profit growth in FY23. Further, although there was continuing strong progress on the metrics aligned with key Customer First Plan priorities, only two of the five metrics reached the threshold targets set by the Board.

## REMUNERATION REPORT

*Continued*

- In relation to performance rights issued under the FY21 Long-Term Incentive (**LTI**) plan for Executive KMP, maximum performance under both the relative TSR hurdle and the EPS hurdles were met (with TSR measuring at the top of the peer group for the performance period and the EPS compound annual growth rate over the performance period being 29%)<sup>(1)</sup>. As such, an LTI outcome of 100% was achieved.

(1) EPS compound annual growth rate is calculated using net profit after tax excluding implementation costs and individually significant items

### Non-Executive Director Remuneration

Following the reductions in Board fees disclosed in the FY21 and FY22 Remuneration Reports, there have been no further changes to the Chairman's and Non-Executive Directors' base annual fees.

### Looking Ahead

The Board views the current executive remuneration framework as fit for purpose, and will adopt a similar approach in FY24.

As announced in June 2023, John King will retire as CEO and Managing Director during the second half of calendar year 2024. Given Mr King's pending departure, his remuneration mix for FY24 will change. Mr King's FY24 STI opportunity will be increased from 90% of TFC to 116.67% of TFC, and he will not be offered an FY24 LTI (his typical LTI entitlement of 80% of TFC will therefore be reduced to nil).

Mr King continues to be incentivised to maximise long term returns to shareholders, including through his participation in the FY22 and FY23 LTI, and through his personal Myer shareholding, and the Board will ensure that alignment continues post his employment with Myer.

We thank all stakeholders who provided feedback to us over the past year. The Board will continue to take account of the views of our shareholders in reviewing and setting the remuneration framework.

Yours faithfully,



**Jacquie Naylor**

Chairman – Human Resources and Remuneration Committee



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**1. Introduction**

The Directors of the Company present the Remuneration Report for the financial period ended 29 July 2023 prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and its regulations.

This report outlines the remuneration strategy, framework and other conditions of employment for Executive KMP and Non-Executive Directors, and details the role and accountabilities of the Board and relevant Committees that support the Board on these matters.

The information provided within this report has been audited as required by section 308(3C) of the *Corporations Act 2001* and forms part of the Directors' Report. The table below details the Company's Executive KMP and Non-Executive Directors during FY23.

All KMP were in their roles for the full year, unless otherwise stated.

<b>Name</b>	<b>Role</b>
<b>Non-Executive Directors</b>	
J Stephenson	Chairman, Independent Non-Executive Director
D Whittle	Independent Non-Executive Director
J Naylor	Independent Non-Executive Director
A Mervis	Independent Non-Executive Director
T McCartney <sup>(1)</sup>	Non-Executive Director
<b>Executive Directors</b>	
J King	Chief Executive Officer and Managing Director
<b>Other Executive KMP</b>	
N Chadwick	Chief Financial Officer
A Sutton	Executive General Manager Stores
A Winstanley	Chief Merchandise Officer

(1) Mr McCartney was appointed as a Non-Executive Director with effect from 10 November 2022.

## REMUNERATION REPORT

Continued

### 2. Snapshot of Remuneration Framework

#### 2.1 Objective and Guiding Principles

Our remuneration objective is to support Executive KMP in delivering a business strategy that will put our customers first and ultimately deliver value to our shareholders.



#### 2.2 Remuneration Structure for FY23

Strategic objectives and performance link	Performance measures	What has changed for FY23?
<b>Total Fixed Compensation (TFC)</b>		
<ul style="list-style-type: none"> <li>To attract and retain high calibre talent.</li> <li>Set with reference to the market using external benchmark data.</li> </ul>	<ul style="list-style-type: none"> <li>Varies based on employee's experience, skills, and performance.</li> <li>Consideration is given to both internal and external relativities across retail and other relevant sectors.</li> </ul>	<ul style="list-style-type: none"> <li>No changes to the CEO and Managing Director's TFC during FY23.</li> <li>The Other Executive KMP, other than the CFO, received a TFC increase of 2.5%, effective 1 April 2023.</li> </ul>
<b>Short Term Incentive (STI) plan</b>		
<ul style="list-style-type: none"> <li>For Executives, 75 percent of the award is delivered in cash, and 25 percent is delivered in deferred shares subject to a disposal restriction for 12 months.</li> <li>Designed to drive the short-term financial and strategic objectives of the Company, aligned to the accelerated Customer First Plan and Myer's turnaround strategy.</li> <li>Encourages focus on long-term value in addition to annual results, through the equity component.</li> </ul>	<ul style="list-style-type: none"> <li>STI awards for all participants at Myer are assessed against a set of balanced scorecard measures outlined below: <ul style="list-style-type: none"> <li>Net profit after tax (50% of award).</li> <li>Progress against performance measures that are strongly aligned to our Customer First Plan (50% of award).</li> </ul> </li> <li>Operational measures include online Earnings Before Interest and Taxes (<b>EBIT</b>), Bricks &amp; mortar Earnings Before Interest, Taxes, Depreciation and Amortisation (<b>EBITDA</b>) per square metre, customer service satisfaction, stock turn performance and MYER one tag rate. <sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Following the designated two years of the Transformation Incentive Plan, the Company has reverted to a more traditional STI plan.</li> <li>The performance measures remain largely the same as under the TI plan, with net profit after tax the key financial measure and the remaining measures strongly aligned with the Customer First Plan.</li> <li>The equity component of any STI award is 25% and will be delivered in deferred shares subject to a disposal restriction period of 12 months.</li> <li>Following two years of greater relative weighting on the TI plan, the remuneration mix for Executives has been re-weighted for FY23 by increasing the weighting on the LTI and correspondingly decreasing the STI weighting. There has been no overall change to the total variable remuneration opportunity.</li> </ul>

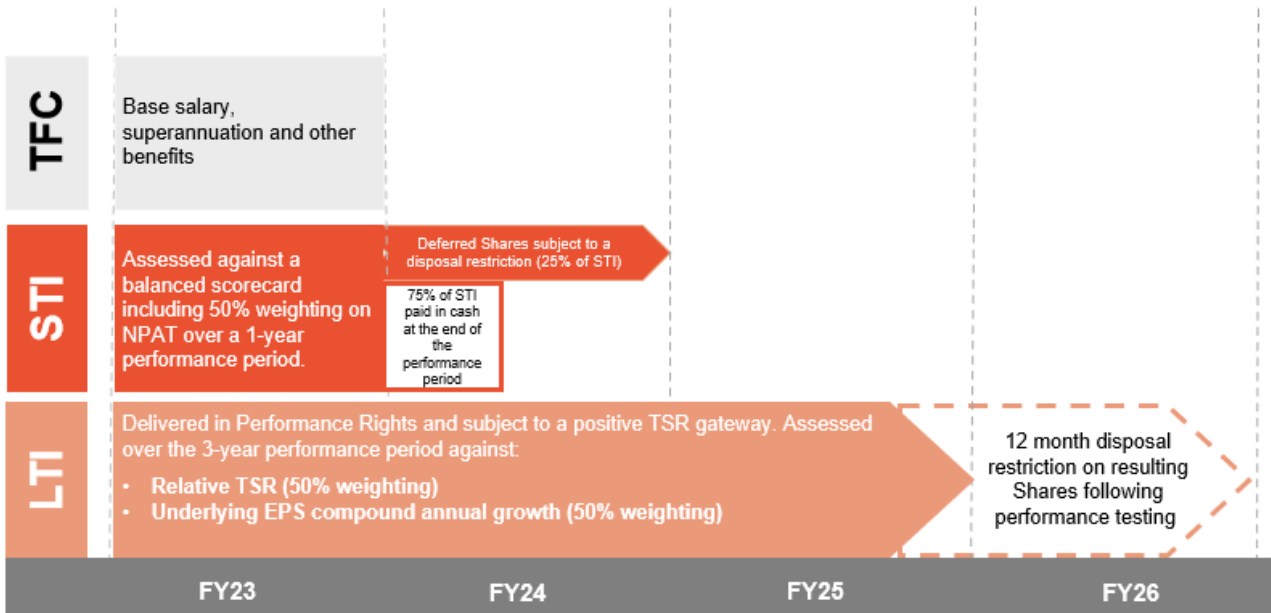
## REMUNERATION REPORT

Continued

Long Term Incentive (LTI) plan		
<ul style="list-style-type: none"> <li>Delivered in equity, in the form of performance rights, which most appropriately aligns Executives with shareholder interests and avoids the dilutive impact of performance options.</li> <li>Focused on delivery of Myer's long-term business strategy and shareholder value creation.</li> <li>Measures complement those in the STI plan to provide a holistic and aligned reward offer.</li> <li>Supports ongoing and sustainable performance and the retention of key executive talent.</li> </ul>	<ul style="list-style-type: none"> <li>All performance rights granted under the LTI award will be tested against a positive absolute TSR gateway measure.</li> <li>Where a positive absolute TSR is achieved over the 3-year performance period (FY23-FY25), the award will be assessed against:                             <ul style="list-style-type: none"> <li>Relative TSR (50 percent of award) against a retail and consumer services peer group; and</li> <li>Underlying Earnings Per Share (EPS) compound annual growth (50 percent of award).</li> </ul> </li> <li>Performance is measured over 3 years and shares are provided on vesting following performance testing, which are restricted for 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>Performance rights have been maintained for the FY23 LTI plan.</li> <li>The 12 month disposal restriction period has been maintained for shareholder alignment, however there is no ongoing service requirement during this period.</li> <li>The absolute TSR gateway which was introduced in FY21 has been maintained.</li> <li>Following the two year period of the TI plan, the remuneration mix for Executives has been re-weighted for FY23 by increasing the weighting on the LTI and correspondingly decreasing the STI weighting. There has been no overall change to the total variable remuneration opportunity.</li> </ul>

(1) For more details on performance measures, refer to Section 3.2.

The following diagram shows how our remuneration framework is delivered to Executive KMP (dates provided are not intended to be exhaustive).



**REMUNERATION REPORT***Continued***2.3 Company Performance for FY23**

The Company's remuneration structure aligns Executive KMP remuneration with shareholder interests over the short and long term and provides an appropriate reward on delivering our strategy.

The table below presents the Company's annual performance against key financial metrics since 2019.

	FY19	FY20	FY21	FY22	FY23
Basic EPS (cents)	3.0	(21.0)	5.7	6.0	7.4
Basic EPS (cents) – adjusted <sup>(1)</sup>	4.0	(1.6)	6.3	7.3	8.7
Net profit after tax ( <b>NPAT</b> ) (pre implementation costs and individually significant items) (\$m)	33.2	(13.4)	51.7	60.2	71.1
NPAT (post implementation costs and individually significant items) (\$m)	24.5	(172.4)	46.4	49.0	60.4
Dividends (cents per share)	-	-	-	4.0	9.0
Share price at beginning of year (\$)	0.46	0.53	0.21	0.49	0.47
Share price at end of year (\$)	0.53	0.21	0.49	0.47	0.65
Market capitalisation (\$m)	435.3	172.5	402.4	386.0	533.8

(1) Basic EPS is adjusted to exclude implementation costs and individually significant items. Refer to Section 7 of the Directors' Report for further details. The Directors believe this metric is more relevant as it excludes individually significant items that may not recur and may not be predictive of future performance.

**2.4 Remuneration Outcomes for FY23****FY23 TFC**

TFC consists of base salary plus statutory superannuation contributions. Executive KMP receive a TFC package which is reviewed annually by the Human Resources and Remuneration Committee with reference to Company and individual performance, size and complexity of the role and benchmark market data.

No increase was made to the CEO and Managing Director's TFC in FY23. Mr King's fixed TFC has not increased since his appointment in June 2018.

The other Executive KMP, excluding the CFO, received a TFC increase of 2.5%, effective 1 April 2023. This increase was effected as part of the annual remuneration review process conducted at that time for salaried team members, and took account of prevailing labour market pressures and the ongoing priority to retain our high calibre senior personnel. This represents the second TFC increase for Executive KMP since 2015, apart from an increase made to the CFO's TFC in 2018 to reflect an increase in the scope of his role.

**FY23 STI Plan Outcome**

The Board set challenging performance targets for the FY23 STI following a robust target setting process that took into account many factors, including FY22 performance and prevailing market conditions.

The FY23 STI award outcome (award of 14% of maximum STI opportunity) reflected the challenging macroeconomic conditions in the second half of FY23. The key financial metric is NPAT (which carries a 50% weighting) and the challenging NPAT target set by the Board was not met this year, reflecting the second half impact of the prevailing headwinds generated from the macroeconomic environment.

The remaining STI metrics were operational objectives, aligned with key priorities of the Customer First Plan. These measures comprised online EBIT, bricks & mortar EBITDA per square metre, customer service satisfaction, stock turn performance and MYER one tag rate. Two of the five measures reached the challenging targets set by the Board, these being the MYER one tag rate and customer service satisfaction. Achievement of these targets was very pleasing given the importance of these metrics to our Customer First Plan, and these results demonstrate our commitment to a positive customer experience.

Progress was made in key areas that contribute to the remaining three measures, however the performance was not enough to meet the challenging threshold targets set at the start of the performance period. Overall, the Board is pleased with the alignment that the STI targets continue to provide with shareholder outcomes and will continue to challenge Management with metrics fully aligned with the Customer First Plan.

Actual STI payments to each Executive KMP are detailed in the table at Section 7. The payment of a STI award for FY23 represents the third time that the Company has paid either a TI or STI award to Executive KMP since the STI award relating to FY16.

**REMUNERATION REPORT***Continued*

The following table details FY23 STI scorecard measures and assessment applied to Executive KMP.

Objectives	2023 Performance Assessment	Commentary
<b>Financial Objectives (50% weighting)</b>		
NPAT	Threshold hurdle not met	<ul style="list-style-type: none"> <li>Despite NPAT<sup>(1)</sup> increasing 18.2% YoY, the ambitious targets were not met.</li> <li>This outcome is a reflection of the challenging targets and tougher macroeconomic conditions in the second half of FY23</li> </ul>
<b>Operational Objectives (50% weighting, 10% for each measure)</b>		
Online Earnings Before Interest and Taxes	Threshold hurdle not met	<ul style="list-style-type: none"> <li>Initiatives continued to drive online metric improvements including market share, but stretch objectives were not achieved</li> </ul>
Customer Service Satisfaction	Threshold hurdle met	<ul style="list-style-type: none"> <li>Further improvement was achieved in this important metric, with customer service satisfaction of 83% achieved for FY23. Reflective of continued major focus on improving the customer experience</li> </ul>
Department Store, Bricks and Mortar EBITDA per square metre	Threshold hurdle not met	<ul style="list-style-type: none"> <li>Despite a 29% YoY increase in this metric, performance did not meet the stretch objectives set</li> </ul>
Stock turn	Threshold hurdle not met	<ul style="list-style-type: none"> <li>Stock-turn performance was held in line with FY22 as conditions became tougher in FY23, but did not meet the stretch objectives</li> </ul>
MYER one tag rate (in-store and online) %	Maximum hurdle met	<ul style="list-style-type: none"> <li>Grew tag rate significantly YoY to 74.6%, another record result since public listing in 2009</li> </ul>
<b>% of Maximum Achieved: 14%</b>		

(1) Excluding implementation costs and individually significant items

**FY21 LTI Plan Outcome**

In November 2020, the Company issued performance rights under the FY21 LTI plan.

The FY21 LTI plan was tested equally against both performance conditions over the three-year performance period between 26 July 2020 and 29 July 2023. Maximum performance under the EPS condition (accounting for 50% of the performance rights) was achieved with a compound annual growth rate of 29%<sup>(1)</sup>. Maximum performance was also achieved under the relative TSR component (accounting for the remaining 50% of the performance rights), with the Company's TSR performance ranking at the top of the TSR peer group of companies, and above the 75th percentile required for full vesting.

This performance reflects the strong progress that has been made by the Company during the performance period, with profitable growth over the period driven by Management's continued focus on delivery of the Customer First Plan.

The performance rights held by Management will convert into restricted shares following the release of the FY23 results (or in the case of Mr King, following the release of the FY24 results), on and subject to the terms of the FY21 LTI Plan.

(1) EPS compound annual growth rate is calculated using net profit after tax excluding implementation costs and individually significant items

**REMUNERATION REPORT***Continued***2.5 Payments to Executive KMP in FY23**

The table below sets out the actual remuneration received by Executive KMP in FY23. The table has not been prepared in accordance with accounting standards but has been provided to outline clearly the remuneration outcomes for Executive KMP. Remuneration outcomes prepared in accordance with the accounting standards are provided in Section 7.

Name	Cash salary <sup>(1)</sup> \$	Super-annuation <sup>(2)</sup> \$	Short Term Incentive		Long Term Incentive	Termination and other payments \$	Actual FY23 Remuneration \$
			FY22 TIP <sup>(3)</sup> \$	Vested and exercised TIP <sup>(4)</sup> \$	Vested & exercised LTIP \$		
<b>Executive Directors</b>							
J King <sup>(5)</sup>	1,200,000	-	283,523	482,705	-	-	1,966,228
<b>Other Executive KMP</b>							
N Chadwick	809,282	25,468	143,217	242,151	-	-	1,220,118
A Sutton	673,309	25,468	118,897	201,031	-	-	1,018,705
A Winstanley <sup>(6)</sup>	841,707	-	143,217	242,151	-	-	1,227,075

(1) Cash salary includes short-term compensated absences, any salary sacrifice arrangement implemented by the Executive KMP, including additional superannuation contributions.

(2) Executive KMP receive a statutory superannuation contribution up to a threshold limit in line with the ATO published maximum superannuation contribution base.

(3) TI plan payments relating to FY22 performance and conditions, but which were paid during FY23. Includes only the non-deferred component.

(4) Shares relating to conversion of the 12-month deferred rights awarded under the FY21 TI plan (remaining 50 percent subject to 24-month deferral period), and shares awarded under the FY22 TI plan that are subject to a 12-month (as to 50 percent) and 24-month (as to 50 percent) disposal restriction. These shares were issued following the opening of a trading window following the release of the FY22 Results and the Myer share price at issue was \$0.60.

(5) Mr King does not receive superannuation contributions due to his tax status. As per the terms of his employment contract, Mr King is entitled to other support, including a health insurance allowance, relocation expenses for spouse, and return flights home. This support has not been included in this table. More details can be found in Section 7.

(6) Mr Winstanley does not receive superannuation contributions due to his tax status. As per the terms of his employment contract, Mr Winstanley is entitled to other support, including a health insurance allowance and return flights home. This support has not been included in this table. More details can be found in Section 7.

## REMUNERATION REPORT

Continued

### 3. Executive KMP Remuneration

Executive KMP remuneration is delivered through a mix of fixed and variable (or "at risk") pay, and a blend of short and longer-term incentives. As outlined in the Remuneration Structure in Section 2.2, Executive KMP remuneration is made up of three components:

- TFC; STI plan; and LTI plan.

The combination of these components comprises an Executive KMP's total remuneration.

#### 3.1 Total Fixed Compensation

TFC provides the base level of reward and is set at a level to attract and retain high calibre executives.

Features of TFC	
<b>What is included in TFC?</b>	TFC is structured as a total fixed remuneration package, made up of base salary, superannuation, other benefits and Fringe Benefits Tax, where applicable. Some of the benefits include the opportunity to receive a portion of fixed remuneration in a variety of forms, including fringe benefits such as motor vehicles, or to make additional contributions to superannuation or retirement plans (as permitted by relevant legislation).
<b>How is TFC reviewed?</b>	<p>TFC levels for each Executive KMP are set with reference to the market, the scope and nature of each role, the incumbent's experience and individual performance.</p> <p>The Human Resources and Remuneration Committee (<b>Committee</b>) typically reviews and makes recommendations to the Board regarding TFC for Executive KMP annually, having regard to Company and individual performance and relevant comparative remuneration in the market.</p> <p>The Board may also consider adjustments to Executive KMP remuneration outside the annual remuneration review process as recommended by the CEO and Managing Director, such as on promotion or as a result of additional duties performed by the Executive KMP. Where new Executive KMP join the Company or existing Executive KMP are appointed to new roles, a review and benchmarking of fixed and total remuneration is conducted prior to the offer and execution of a new employment contract.</p>
<b>Which benchmarks are used?</b>	<p>Remuneration for Executive KMP is considered in the context of the skills and experience being sought and the global retail Senior Management market, as well as in relation to the other industries where we are increasingly seeking talent. Benchmarking is also undertaken against local industry peer groups and companies with a similar market capitalisation to Myer where relevant for the roles under review.</p> <p>Mr King's package was set with reference to the skills and experience required to turn around the Company's performance in what is a very challenging time in the retail industry. It must also be noted that Myer is competing for talent in a very small pool of international candidates and the current package was necessary to attract and retain a high quality, experienced CEO of Mr King's calibre. Mr King's fixed remuneration has not been adjusted since his appointment in 2018, and was set at the same level as had been in place for the previous CEO since 2015.</p> <p>Some of Mr King's significant achievements have included:</p> <ul style="list-style-type: none"> <li>• Leading the ongoing business transformation under the Customer First Plan.</li> <li>• Delivering improved FY23 results. NPAT<sup>(1)</sup> increased 18.2% to its highest level since FY15, on the back of total sales<sup>(2)</sup> increasing 12.5% (best total sales<sup>(2)</sup> result since 2005).</li> <li>• Myer declared and paid a special dividend of 4.0 cents per share during FY23, reflecting the focus on the balance sheet and costs throughout the Customer First Plan.</li> <li>• The multi-channel offering continued to improve with online market share and online traffic increasing during the period, and Group online sales<sup>(3)</sup> now comprising 20.5% of sales.</li> <li>• Further progress on space optimisation with the Frankston store exited as well as store refurbishments completed or underway at Chermside, Tea Tree Plaza, Marion and Ballarat.</li> <li>• The roll-out of technology solutions in store continued to support the high customer service metrics achieved.</li> <li>• The disciplined focus on the merchandise offer has resulted in deeper relationships with our key brand partners (making the big, bigger), a more balanced offer across all categories, and sees Myer as the destination for brands. Country Road Group commenced rollout during FY23.</li> <li>• Continued to improve the MYER one program resulting in an increase in tag rate to 74.6% (highest level since public listing in 2009), from 71.3% in previous year.</li> <li>• Launched new partners to the pay with points program with American Express and Virgin Velocity.</li> </ul>

## REMUNERATION REPORT

Continued

(1)	Excluding implementation costs and Individually Significant Items
(2)	Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was \$2,565.8 million (FY22: \$2,340.6 million)
(3)	Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads

### 3.2 Short Term Incentive Plan

Following the designated two-year period of the TI plan for FY21 and FY22, the Company re-introduced a more traditional STI plan for FY23. The FY23 STI plan applied to all eligible Executives, including Executive KMP, senior managers, and other select participants, subject to certain conditions and performance criteria being met which are reviewed and approved annually by the Board.

#### Form and purpose of the plan

<b>What is the STI plan?</b>	The STI plan is an at risk component of an Executive's reward opportunity, with the majority of the award delivered in cash with a component delivered in equity as deferred shares. Payment under the STI plan has been designed to link a portion of remuneration to the transformation of Myer, aligned with delivery of the Customer First Plan.
<b>What is the value of the STI opportunity?</b>	STI maximum opportunity is set as a percentage of the Executive KMP's TFC. The maximum levels for Executive KMP are set out below. <ul style="list-style-type: none"> <li>• CEO and Managing Director – 90 percent of TFC (was 100 percent in FY22).</li> <li>• Other Executive KMP – 65 percent of TFC (was 75 percent in FY22).</li> </ul>
<b>Does the STI include a deferred component?</b>	For Executive KMP and nominated executives, 25 percent of the FY23 STI award will be delivered in deferred shares subject to a one-year disposal restriction meaning that the shares are unable to be disposed during the restriction period. This deferral percentage is considered appropriate and is reflective of relevant industry benchmarks.

#### Performance measures

<b>What were the FY23 performance measures?</b>	The performance measures and their relative weightings applicable to the FY23 STI plan are: <ul style="list-style-type: none"> <li>• NPAT accounts for 50 percent of the STI scorecard.</li> <li>• Operational measures (Online EBIT, customer service satisfaction, Bricks &amp; mortar EBITDA per square metre, stock turn performance, and MYER one tag rate) account for 50 percent of the STI scorecard, with each measure counting towards 10 percent of the STI scorecard.</li> </ul>
<b>Why were the performance measures selected?</b>	Performance measures under the STI plan are designed to align with the objectives of the Customer First Plan. The performance measures are quantifiable and heavily focused on financial performance. The Board believes that a large component of an Executive KMP's STI award should be driven by the financial performance of the Company, and accordingly 50 percent of the STI is dependent on Company NPAT, providing close alignment with shareholder interests. <p>The measures reflect the significant importance of continuing to transform the business and focus on our Customer First Plan, including key focus areas of customer experience, online profitability, physical stores earnings per square metre, management of stock and MYER one tag rate. Targets are set at stretching levels to align with the objectives set under the Customer First Plan. This directly links Myer's short-term goals with the longer-term strategy of the Company.</p>

#### Governance

<b>When are performance targets set and reviewed?</b>	Performance objectives and targets are set following a rigorous budget setting process at the beginning of the financial period, while performance against these targets is reviewed following the end of the financial period.
<b>How is performance measured?</b>	The Committee determines whether, or the extent to which, each target is satisfied following the end of the financial period, once the Company's annual accounts are audited and have been approved by the Directors. <p>The quantum of any STI reward provided will depend on the extent to which the maximum reward is achieved. Once it has been determined whether each objective has been satisfied, the Committee will make a recommendation to the Board for approval of the STI awards to be paid to the Executive KMP and other participants.</p> <p>The Committee is responsible for assessing whether the performance criteria are met. To help make this assessment, the Committee receives reports on the Company's performance from Management. All proposed STI awards are only made once the Company's financial performance has been verified by internal and external audit. The Committee has the discretion to recommend to the Board an adjustment to any award considering unexpected or unintended circumstances.</p>



## REMUNERATION REPORT

Continued

<b>When are incentives paid?</b>	<p>The component of the STI awards approved by the Board that is not subject to deferral is paid in cash to participating Executives in October following the Financial Year End and are subject to ongoing employment at the date of payment.</p> <p>The deferred component of the Executive STI is provided in deferred shares, which are not able to be traded during the relevant disposal restriction period. See above for details.</p>
<b>Cessation of employment, clawback or change of control</b>	
<b>If an individual ceases employment during the performance year, will they receive a payment?</b>	<p>Subject to applicable law relating to the provision of benefits, and unless the Board determines otherwise, participants leaving employment during the performance year due to termination for cause, gross misconduct or resignation are generally not eligible to receive an award under the STI plan.</p> <p>Participants leaving employment during the performance year for other reasons will be entitled to receive a pro-rata award.</p>
<b>Does a "clawback" apply?</b>	<p>The STI plan allows the Board to take any steps that it determines appropriate to recover from the individual Executives any STI reward that was determined to have been an "unfair benefit" as a result of a material misstatement in, or omission from, the Company's financial statements or concerning the satisfaction of KPI applicable to the STI. The provision applies only to those who were Executives of the Company at the time the financial statements were approved by the Board and issued by the Company. The Board may also adjust the award in cases of fraud, or dishonest or gross misconduct, unsustainable performance involving high-risk actions and bringing the company into disrepute.</p>
<b>How would a change of control affect STI plan entitlements?</b>	<p>The Board has absolute discretion in relation to the treatment, payment or provision of STI awards on a change of control, which it would exercise in the best interests of the Company.</p>

### 3.3 FY23 Long Term Incentive Plan

Features of the LTI plan applicable in respect of FY23 are outlined in the table below.

<b>Form and purpose of the plan</b>	
<b>What is the LTI plan?</b>	<p>The LTI plan is an incentive that is intended to promote alignment between executives and shareholder interests over the longer term. Under the LTI plan, performance rights may be offered annually to the CEO and Managing Director and nominated executives, including Other Executive KMP. The employees invited to participate in the plan include executives who are considered to play a leading role in achieving the Company's long-term strategic and operational objectives.</p>
<b>How is the LTI plan delivered?</b>	<p>The LTI plan is delivered via a grant of performance rights. The number of performance rights that vest is not determined until after the end of the performance period.</p> <p>The performance rights will therefore not provide any value to the holder between the dates the performance rights are granted and the end of the vesting period and restriction period (if applicable), and then only if the performance hurdles are satisfied.</p> <p>Performance rights do not carry entitlements to ordinary dividends or other shareholder rights until the performance rights vest and shares are provided. Accordingly, participating executives do not receive dividends during the vesting period.</p>
<b>How was the number of performance rights determined?</b>	<p>The number of performance rights for each executive was determined as part of the calculation of total remuneration for an executive role. The Committee determined LTI plan awards by assessing the quantum required to provide a market competitive total remuneration level, for on target performance.</p> <p>The number of performance rights granted was determined by reference to the maximum value of the grant. The maximum value was determined by a fixed percentage of the executive's TFC. The CEO and Managing Director was entitled to a maximum value of 80 percent of TFC in FY23. Other Executives are entitled to a maximum value of 55 percent of TFC. These opportunity levels changed from those applicable in FY21 and FY22, during which the remuneration mix reflected a reduced weighting on the LTI Plan, in conjunction with the introduction of the TI plan for FY21 and FY22.</p> <p>The maximum value divided by the value attributed to the performance right was used to determine the exact number of performance rights granted. The value attributed to the performance right was \$0.6088, being the volume weighted average price (VWAP) of the Company's shares over the five trading days following the release of the Company's FY22 results (i.e. the 5 trading days commencing on 15 September 2022).</p>

## REMUNERATION REPORT

Continued

### Vesting and performance hurdles

<b>What is the performance period?</b>	The performance period commences at the beginning of the financial period in which the performance rights are granted. For the performance rights granted under the FY23 LTI plan, the performance period started on 31 July 2022 and ends on 26 July 2025. Following the end of the performance period and after the Company has lodged its audited financial results for FY25 with the ASX, the Board will test the performance hurdles that apply to the FY23 LTI plan offer and will determine how many performance rights (if any) are eligible to vest.
<b>What are the performance hurdles?</b>	<p>The performance measures approved by the Board for the FY23 LTI plan offer were in two stages:</p> <p>Stage 1 – Absolute TSR gateway - requiring achievement of a positive absolute TSR over the testing period. If absolute TSR is negative, performance rights lapse.</p> <p>Stage 2 – Where absolute TSR performance is positive over the performance period, performance rights will be assessed against underlying EPS and relative TSR:</p> <ul style="list-style-type: none"> <li>• 50 percent of the award is subject to the EPS hurdle; and</li> <li>• 50 percent of the award is subject to the relative TSR hurdle.</li> </ul>
<b>Why were the performance hurdles chosen?</b>	<p>The hurdles were chosen to align shareholder returns with executive remuneration outcomes over the three-year performance period and to complement the STI plan measures.</p> <p>The Board considers underlying EPS the most effective measure for determining the underlying profitability of the business. When determining normalised EPS for LTI purposes statutory earnings is adopted as the base and the Board will allow adjustments to be made for significant items on a case-by-case basis. To the extent a write-down occurs that is considered to have been within Management's control, it will form a part of the EPS calculation.</p> <p>The TSR hurdle was selected to ensure alignment between comparative shareholder return and reward for Executives. This measure also provides a direct comparison of the Company's performance over the performance period against a comparator group of companies that would, broadly, be expected to be similarly impacted by changes in market conditions.</p>
<b>What is the vesting framework?</b>	<p>The number of performance rights that vest will depend on how well Myer has performed during the performance period. For superior performance, 100 percent of the performance rights will vest. Only a percentage of performance rights will vest for performance below that level. If Myer does not achieve certain minimum thresholds then all the applicable performance rights will lapse, and no performance rights will vest.</p> <p>For the FY23 LTI plan offer, the following vesting hurdles apply:</p> <p><b>Stage 1 – Absolute TSR gateway</b></p> <p>The absolute TSR hurdle is tested by measuring the Company's Share price at the beginning and at the end of the performance period, and the absolute TSR must be positive over the performance period to progress to Stage 2 of testing. If the absolute TSR over the performance period is negative, all performance rights granted under the LTI will lapse.</p> <p>For the purpose of this calculation, the opening value was set at \$0.4777, this being the 5 trading day VWAP up to and including 29 July 2022. The end value will be based on the 5 trading day VWAP up to and including the last day of the performance period.</p> <p>The Board retains discretion to adjust the absolute TSR performance gateway in exceptional circumstances.</p> <p><b>Stage 2 – Relative TSR and Underlying EPS</b></p> <p>Only if Stage 1 testing delivers a positive absolute TSR result, will Stage 2 testing be undertaken. Stage 2 testing focuses executive effort on long-term sustainable performance. Stage 2 requires two performance hurdles to be met:</p> <ol style="list-style-type: none"> <li>a) 50% of the performance rights will be subject to a hurdle based on the Company's TSR relative to an agreed peer group across the three-year performance period;</li> <li>b) 50% of the performance rights will be subject to a hurdle based on the Company's underlying EPS.</li> </ol> <p>The Stage 2 performance hurdles have been chosen to align with shareholder returns and the delivery of shareholder value over the long-term. Each of the performance hurdles under Stage 2 will be assessed separately and apply to different performance rights. This means that both hurdles do not need to be satisfied for any of the performance rights to vest.</p> <p><b>Stage 2 - Performance rights subject to the EPS hurdle (50 percent of the Award)</b></p> <p>The EPS hurdle will be tested over the performance period by calculating the compound annual growth rate in the Company's underlying EPS using EPS at the end of FY22 as the base year. The</p>

**REMUNERATION REPORT***Continued*

resulting growth rate will be used to determine the level of vesting for the performance rights subject to the EPS Hurdle.

The table below sets out the percentage of performance rights subject to the EPS Hurdle that can vest depending on the Company's growth in underlying EPS. The Board believes that the FY23 targets provide appropriate ambition and stretch for Executives, in light of Myer's EPS growth in prior years.

<b>Growth in underlying EPS from base year EPS</b>	<b>% of performance rights subject to the EPS Hurdle that will vest (rounded down to the nearest whole number)</b>
Below 5% compound annual growth	Nil
At 5% compound annual growth	50%
Between 5% and 16% (inclusive) compound annual growth	Straight line pro-rata vesting between 50% and 100%
At or above 16% compound annual growth	100%

**Stage 2 - Performance rights subject to the TSR Hurdle (50 percent of the Award)**

The TSR Hurdle will be tested following the end of the performance period by comparing the Company's TSR performance over the performance period relative to a set peer group. The peer group for the FY23 LTI grant includes listed companies from the retail and the consumer services sector. The constituents are: Accent Group, Adairs, Baby Bunting, Beacon Lighting, Best & Less Holdings, Cettire, City Chic Collective, Endeavour Group, Harvey Norman Holdings, JB Hi-Fi, Kogan, Lovisa Holdings, Metcash, MyDeal.com.au, Michael Hill International, Nick Scali, Premier Investments, Redbubble, Super Retail Group, Temple & Webster Group, Universal Store Holdings, Wesfarmers and Woolworths. This group was selected by the Board based on the same criteria used in selecting the group used for the FY22 LTI grant. The peer group may, at the discretion of the Board, be adjusted to take into account events during the performance period including, but not limited to, takeovers, mergers, de-mergers and de-listings.

The table below sets out the percentage of performance rights subject to the TSR Hurdle that can vest depending on the Company's relative TSR performance:

<b>TSR performance relative to peer group</b>	<b>% of performance rights subject to the TSR Hurdle that will vest (rounded down to the nearest whole number)</b>
Below the 50th percentile	Nil
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Straight line pro-rata vesting between 50% and 100%
At or above the 75th percentile	100%

<b>Are the performance hurdles subject to retesting?</b>	No. Each performance hurdle is only tested once at the end of the performance period.
<b>How are shares allocated?</b>	Under the plan, following vesting, the performance rights will be automatically exercised and the Management participant is allocated one fully paid ordinary share for each vested performance right.
<b>Do any restrictions apply once the rights vest?</b>	Any shares provided on vesting of the performance rights will be subject to a restriction period of one year, during which they cannot be sold, transferred or otherwise dealt with.

**REMUNERATION REPORT***Continued***Cessation of employment, change of control, clawback, forfeiture, participation in future issues and hedging arrangements**

<b>Cessation of employment</b>	The treatment of performance rights on cessation of employment will depend on the date as well as the circumstances of cessation. Subject to applicable law relating to the provision of benefits, and unless the Board determines otherwise, generally, if the Executive ceases employment on or before the Vesting Date due to termination for cause, gross misconduct or resignation, they will forfeit any interest in the rights. If employment ceases on or before the Vesting Date for other reasons as foreshadowed above, the Executive as a "good leaver" will retain a pro-rata interest in the rights. The calculation is determined based on time elapsed between the start of the performance period and cessation of employment.
<b>How would a change of control impact LTI plan entitlements?</b>	The Board has absolute discretion to allow full or pro-rated accelerated vesting of performance rights in the event of certain change of control events, and would exercise this discretion as appropriate considering the circumstances.
<b>Does a "clawback" and/or forfeiture apply?</b>	The LTI plan allows the Board to take any steps that it determines appropriate to recover from individual Executives any LTI award that vests or may vest if it was determined to have been an 'unfair benefit' as a result of a material misstatement in, or omission from, the Company's financial statements or concerning the satisfaction of KPI applicable to the LTI. The provision applies only to those who were deemed Executives of the Company at the time the financial statements were approved by the Board and issued by the Company. The Board may also adjust the award in cases of fraud, or dishonest or gross misconduct, unsustainable performance involving high-risk actions and bringing the Company into disrepute.
<b>How would a bonus or rights issue impact performance rights under the LTI plan?</b>	The rights and entitlements attaching to performance rights may be adjusted if the Company undertakes a bonus or rights issue or a capital reconstruction in relation to the Company's shares. For example, in the event of a rights issue, the number of shares to be allocated on the exercise of performance rights may be changed in a manner determined by the Myer Board and consistent with the ASX Listing Rules.
<b>Do any other restrictions apply to performance rights prior to vesting or subject to restriction?</b>	Executives are forbidden from entering into any hedging arrangements affecting their economic exposure to performance rights or restricted shares.  Executives are also forbidden from entering into transactions or arrangements prohibited under the Company's Securities Dealing Policy.

In FY23, Executive KMP and other participating Executives received a grant of performance rights. The awards granted may deliver value to Executives at the end of the three-year performance period, subject to satisfaction of performance hurdles as set out in the table below.

The following table summarises the FY23 performance rights granted to Executive KMP:

<b>Name</b>	<b>Number of performance rights granted</b>	<b>Valuation of each performance right at grant date<sup>(1)</sup></b> \$	<b>Exercise price</b> \$	<b>Applicable hurdles</b>	<b>End of performance period</b>
J King	788,436	0.4361	Nil	TSR	26 July 2025
	788,436	0.4558	Nil	EPS	26 July 2025
N Chadwick	377,063	0.4361	Nil	TSR	26 July 2025
	377,063	0.4558	Nil	EPS	26 July 2025
A Sutton	313,033	0.4361	Nil	TSR	26 July 2025
	313,033	0.4558	Nil	EPS	26 July 2025
A Winstanley	377,063	0.4361	Nil	TSR	26 July 2025
	377,063	0.4558	Nil	EPS	26 July 2025

(1) The valuation is calculated in accordance with AASB 2 Share-based Payment.

**REMUNERATION REPORT***Continued***3.4 FY21 and FY22 Long Term Incentive Plan – Exercise of Discretion**

As announced by the Company on 16 January 2023, following a review, the Board exercised its discretion under the FY21 and FY22 LTI plans with respect to the terms upon which performance rights were granted to the CEO and Managing Director and other Executives.

These actions were a step toward our new LTI structure, which includes a 3-year performance period, and a further 12-month disposal restriction.

The changes to the FY21 LTI plan and FY22 LTI plan as a consequence of the exercise of these discretions are set out in more detail below:

**FY21 LTI grant** - The Board resolved to exercise its discretion under the FY21 LTI plan, so that, provided a participating executive remains employed by Myer until 31 January 2024 (i.e. six months after the end of the performance period), then notwithstanding that he or she subsequently ceases to be employed by Myer after that date, any awards at the date of cessation will, subject to the performance hurdles being met, vest in accordance with the LTI plan and not be subject to forfeiture.

**FY22 LTI Grant** - The Board resolved to exercise its discretion under the FY22 LTI plan, so that, provided a participating executive remains employed by Myer until 30 September 2024 (i.e. two months following the end of the performance period), then notwithstanding that he or she subsequently ceases to be employed by Myer after that date, any awards at the date of cessation will, subject to the performance hurdles being met, vest in accordance with the LTI plan and not be subject to forfeiture.

In each of the above cases, the exercise of the Board's discretion does not change the need for the relevant performance hurdles to be met, the basis upon which the performance rights vest nor the time at which vested performance rights convert into shares under the LTI plan rules and the FY21 LTI plan and FY22 LTI plan (as applicable). There was no change in fair value on the date of this modification and the revised service period has been accounted for prospectively from the date of modification.

**3.5 FY22 and FY23 LTI Plans - Effect of John King Retirement**

As announced in June 2023, John King will retire as CEO and Managing Director during the second half of calendar year 2024.

While Mr King's final date of employment is yet to be confirmed, in the event that his retirement takes effect prior to the vesting date under either or both the FY22 LTI plan and FY23 LTI plan, and subject to certain conditions outlined below, the Board intends to treat Mr King as a "good leaver", meaning that on his retirement Mr King would retain a pro-rata interest in rights issued to him under the applicable plan(s).

Amongst other things, this treatment of Mr King's rights would be subject to Mr King's continued compliance with the terms and conditions of his employment.

Any pro-rated interest which Mr King retains under the FY22 and FY23 LTI would continue to be performance tested in the ordinary course.

**4. Executive KMP Service Agreements**

Remuneration and other terms of employment for the CEO and Managing Director, and Other Executive KMP are formalised in service agreements. The termination provisions for Executive KMP, as set out in their service agreements, are described below:

Name	Contract type	Termination notice period initiated by Executive KMP	Termination notice period, or payment in lieu of notice, initiated by Company
J King	Rolling contract	12 months	12 months
N Chadwick	Rolling contract	6 months	6 months
A Sutton	Rolling contract	3 months	6 months
A Winstanley	Rolling contract	6 months	6 months

The agreements also provide for an Executive KMP's participation in the STI and LTI plans subject to Board approval of their eligibility and in accordance with the terms and conditions of the respective plans.

In addition, Mr King and Mr Winstanley have been provided with support relating to their relocations, and are entitled to the following benefits:

- Coverage of costs associated with moving personal and household items, tax services and rental assistance for the first year of their assignments;
- Health care coverage and two return flights for self and spouse to and from the USA or the United Kingdom annually, and other costs related to their Australian residency; and
- The cost to the Company in providing this support for the period ended 29 July 2023 is summarised in Section 7.

**REMUNERATION REPORT***Continued***5. Non-Executive Director Remuneration****Remuneration Policy**

Myer's policy regarding Non-Executive Director fees is as follows:

- fees and payments to Non-Executive Directors reflect the demands upon and responsibilities of those Directors;
- base fees for Non-Executive Directors include payment for participation on Board Committees; however, an additional payment is made to those who serve as Chairman on a Committee (excluding the Nomination Committee) to recognise the additional responsibility and time requirements involved in chairing a Committee;
- Non-Executive Directors do not receive performance-based pay. However, they are able to purchase shares in the Company, which can be acquired on market during approved trading 'windows' for share trading consistent with the Company's Securities Dealing Policy;
- the Board, on the recommendation of the Human Resources and Remuneration Committee, reviews Non-Executive Directors' fees and payments at least once a year. As part of that review, the Board considers the advice of independent remuneration consultants in relation to Chairman's fees and payments, Non-Executive Directors' fees and payments, and payments made in relation to the Chairman of committees or for other specific tasks that may be performed by Directors; and
- Non-Executive Directors are not entitled to any additional remuneration upon retirement. Superannuation contributions required by legislation are made from the fee paid to Directors and fall within the aggregate fee pool limit.

**Aggregate Fee Pool**

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit as approved from time to time by Myer shareholders at the AGM. The maximum aggregate limit includes superannuation contributions for the benefit of Non-Executive Directors and any fees which a Non-Executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out-of-pocket expenses, genuine special exertions fees paid in accordance with the Company's Constitution, or certain issues of securities under ASX Listing Rule 10.11 or 10.14, with the approval of shareholders. The current maximum aggregate fee pool limit is \$2,150,000 per annum. The aggregate fee pool limit has not changed since the Company was listed in November 2009.

**Reductions to Non-Executive Director Fees**

There were no changes to the Chairman and Non-Executive Directors' base annual fees during FY23. As previously disclosed, there have been a number of reductions since FY17, with the Chairman fee reducing during that period from \$400,000 to \$250,000; Non-Executive Directors' fees reducing from \$150,000 to \$100,000; the Audit Finance and Risk Committee Chairman fees reducing from \$30,000 to \$20,000; and the Human Resources and Remuneration Committee Chairman fees reducing from \$22,500 to \$20,000.

Chairman and Non-Executive Directors' base annual fees are as detailed below. The same base annual fees will apply for FY24.

	<b>31 July 2022</b> <b>– 29 July 2023</b>
<b>Base Annual Fees</b>	
Chairman (all inclusive)	250,000
Other Non-Executive Directors	100,000
<b>Additional annual fees</b>	
Audit Finance and Risk Committee – Chairman	20,000
Audit Finance and Risk Committee – member	-
Human Resources and Remuneration Committee – Chairman	20,000
Human Resources and Remuneration Committee – member	-
Nomination Committee – Chairman	-
Nomination Committee – member	-

**REMUNERATION REPORT***Continued***Minimum Shareholding Policy**

Each Non-Executive Director will target the purchase of a shareholding in the Company that, as at the date of the last purchase, is equivalent to at least one year's Non-Executive Director's base fees, progressively over three years from the date of their appointment, for new Non-Executive Directors, and within three years from April 2018 for Non-Executive Directors appointed before this date.

This above requirement will not apply to Non-Executive Directors who were nominated for appointment by a person who was at the time of nomination, and remains, a substantial shareholder of the Company. If that person ceases to be a substantial shareholder of the Company, the above requirement will apply to the applicable Non-Executive Director, with the three-year acquisition period commencing from the date of such cessation.

The table below shows the remuneration amounts recorded in the financial statements in the period for Non-Executive Directors:

Name	FY	Myer Holdings Limited Board & Committee		Total \$
		Fees \$	Superannuation \$	
<b>Non-Executive Directors</b>				
J Stephenson <sup>(1)</sup>	2023	224,532	25,468	250,000
	2022	211,484	22,266	233,750
D Whittle	2023	107,350	12,650	120,000
	2022	107,950	12,050	120,000
J Naylor	2023	107,350	12,650	120,000
	2022	107,950	12,050	120,000
A Mervis <sup>(2)</sup>	2023	89,458	10,542	100,000
	2022	78,027	8,716	86,743
T McCartney <sup>(3)</sup>	2023	64,710	7,638	72,348
	2022	-	-	-
<b>Total Non-Executive Directors</b>	<b>2023</b>	<b>593,400</b>	<b>68,948</b>	<b>662,348</b>
	2022	505,411	55,082	560,493

(1) Ms Stephenson was Acting Chairman from 29 October 2020 to 15 September 2021 but during that period elected not to receive the full Chairman Fees and was instead paid a base fee of \$120,000.

(2) Mr Mervis was appointed as a Non-Executive Director on 20 September 2021.

(3) Mr McCartney was appointed as Non-Executive Director on 10 November 2022.

## REMUNERATION REPORT

*Continued*

### 6. Remuneration Governance

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#### 6.1 Human Resources and Remuneration Committee

The Board reviews its role, responsibilities, and performance annually to ensure that the Company continues to maintain and improve its governance standards.

The Board is responsible for ensuring the Company's remuneration strategy is equitable and aligned with Company performance and shareholder interests. The Board conducts an annual review of the remuneration strategy of the business. To assist with this, the Board has established a Human Resources and Remuneration Committee (**Committee**) made up of Non-Executive Directors only. The Committee Charter is available on the Company's Investor Centre website.

When making remuneration decisions, the Committee will also consider the Company's internal succession plan and capability profile.

The Committee comprises Ms Jacquie Naylor (Committee member from 3 September 2019) as Chairman and Ms JoAnne Stephenson and Mr David Whittle as members.

In performing its role, the Committee has the responsibility to make recommendations to the Board on:

- Non-Executive Director fees;
- Executive remuneration (for the CEO and Managing Director, and other Executives) including specific recommendations on remuneration packages and other terms of employment;
- The overarching remuneration framework including the policy, strategy and practices for fixed reward and both short and long term incentive plans and performance hurdles; and
- The health of the organisation, suitable succession coverage, organisational culture and diversity.

The Committee has been established under rule 8.15 of the Constitution of the Company. Further information on the role of the Committee, its membership and meetings held throughout the year will be set out in the Corporate Governance Statement (available on the Company's website) and the Directors' Report.

The CEO and Managing Director, the CFO, and the General Manager, People & Culture are regular attendees at the Committee meetings. Neither the CEO and Managing Director nor the CFO were present during any Committee or Board meetings when their remuneration was considered or discussed during the financial period.

The Committee must at all times have regard to, and notify the Board as appropriate, of all legal and regulatory requirements, including any shareholder approvals required in connection with remuneration matters.

The Committee Chairman or, if she is not available, a Committee member, will attend the AGM and be available to answer any questions from shareholders about the Committee's activities or, if appropriate, the Company's remuneration arrangements.

#### 6.2 Use of Remuneration Consultants

To ensure it is fully informed when making remuneration decisions, the Committee draws on services from a range of external sources, including remuneration consultants where appropriate. The Company's guidelines on the use of remuneration consultants aim to ensure the independence of remuneration consultants from Myer's Management, and include the process for the selection of consultants and the terms of engagement.

Remuneration consultants are engaged by the Committee Chairman, and report directly to the Committee. As part of this engagement, an agreed set of protocols to be followed by the consultants, the Committee, and Management, have been devised that determine the way in which remuneration recommendations are developed and provided to the Board. This process is intended to ensure that any recommendation made by a remuneration consultant is free from undue influence by the Executive KMP to whom any recommendations may relate.

No remuneration recommendations were made during FY23 as defined in the *Corporations Act 2001*.



## REMUNERATION REPORT

Continued

### 7. Executive KMP Statutory Disclosures

The following table shows details of the nature and amount of the remuneration paid or awarded for services provided in this period. In the case of share-based payments and retention incentives, the amounts disclosed reflect the amount expensed during the period in accordance with relevant accounting standards and accordingly this does not necessarily reflect the amount actually paid to the individual during the period, which may be more or less than the amount shown in the following tables.

Name	FY	Short-term employee benefits				Post employment benefits <sup>(6)</sup>	Long-term benefits				Total remuneration expense			% of remuneration consisting of rights and/or options
		Cash salary <sup>(1)</sup>	STI / TPI	Non-Monetary <sup>(3)</sup>	Annual Leave <sup>(4)</sup>		Super-annuation <sup>(5)</sup>	Subtotal	Long service leave <sup>(7)</sup>	Termination & other payments	Excluding share based payments	Share-based payment expense <sup>(8)</sup>	Total	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Executive Directors</b>														
J King <sup>(9)</sup>	2023	1,200,000	113,400	71,645	(9,451)	-	1,375,594	32,935	-	1,408,529	1,042,701	2,451,230	47%	43%
	2022	1,200,000	283,523	39,277	31,945	-	1,554,745	(4,900)	-	1,549,845	1,033,088	2,582,933	51%	40%
<b>Other Executive KMP</b>														
N Chadwick	2023	809,282	56,972	391	19,022	25,468	911,135	23,224	-	934,359	459,548	1,393,907	37%	33%
	2022	784,538	143,217	2,128	6,996	23,712	960,591	(2,910)	-	957,681	440,571	1,398,252	42%	32%
A Sutton	2023	673,309	47,687	450	(18,639)	25,468	728,275	12,828	-	741,103	381,623	1,122,726	38%	34%
	2022	647,288	118,897	904	(4,181)	23,712	786,620	11,873	-	798,493	365,757	1,164,250	42%	31%
A Winstanley <sup>(10)</sup>	2023	841,707	57,441	73,185	(62,734)	-	909,599	23,875	-	933,474	459,683	1,393,157	37%	33%
	2022	808,250	143,217	37,271	2,572	-	991,310	(1,986)	-	989,324	440,571	1,429,895	41%	31%
<b>Total KMP Remuneration</b>														
	<b>2023</b>	<b>3,524,298</b>	<b>275,500</b>	<b>145,671</b>	<b>(71,802)</b>	<b>50,936</b>	<b>3,924,603</b>	<b>92,862</b>	<b>-</b>	<b>4,017,465</b>	<b>2,343,555</b>	<b>6,361,020</b>		
	2022	3,440,076	688,854	79,580	37,332	47,424	4,293,266	2,077	-	4,295,343	2,279,987	6,575,330		

## REMUNERATION REPORT

*Continued*

### Footnotes

- (1) Cash salary includes short-term compensated absences, including any salary sacrifice arrangement implemented by the Executive KMPs, including additional superannuation contributions.
- (2) STI (FY22: T1) payments relate to program performance and conditions for the year they were earned, not the year of actual payment.
- (3) Non-monetary short-term benefits include Fringe Benefits Tax paid by the Company in respect of Company provided car parking up to the end of March 2023 (in accordance with the FBT year), mobile phone expenses and other items referred to in footnotes (9) and (10) for Mr King and Mr Winstanley, respectively.
- (4) This reflects the movement in annual leave accrual.
- (5) There were no post-employment benefits other than superannuation.
- (6) Executive KMP receive a statutory superannuation contribution up to a threshold limit in line with the ATO published maximum superannuation contribution base, with the exception of Mr King and Mr Winstanley, who do not receive superannuation due to their tax status.
- (7) This benefit includes the movement in long service leave accrual.
- (8) The share-based payment expense represents the amount expensed for the period based on valuations determined under AASB 2 Share Based Payment. This expense is based on the fair value at grant date, and reflects expectations of the number of rights and options expected to vest. Where expectations change in relation to vesting, adjustment is made in the current period to reflect this change. As the equity grant may fully vest, partially vest or not vest at all, the benefit that the Executive KMP ultimately realises is likely to be different to the amount disclosed in a particular year. The amount disclosed does not represent cash payments received in the period, and if vesting conditions are not met, may result in reversal of the remuneration amount in a future period.
- (9) Mr King's short-term benefits include annual leave accrual, a health insurance allowance, relocation expenses for spouse, and return flights home under the terms of his employment contract.
- (10) Mr Winstanley's other short-term benefits include annual leave accrual, a health insurance allowance, and return flights home under the terms of his employment contract.

## REMUNERATION REPORT

Continued

### 7.1 Unvested Performance Rights and Options

Details of performance rights and options granted to Executive KMP under the previous equity incentive plans that remain unvested as at 29 July 2023 are set out in the table below.

Grant type	Grant date	Number of instruments	Value per instrument at grant date \$	Vesting date (if holder remains employed by a Myer Group Company)
CEO Options (EPS hurdle) <sup>(1)</sup>	21-Nov-19	2,799,378	\$0.18	September 2023
Other Executive KMP Restricted Shares <sup>(2)</sup>	21-Nov-19	337,967	\$0.15	September 2023
CEO Rights (EPS hurdle)	9-Nov-20	1,721,311	\$0.22	January 2024 <sup>(5)</sup>
Other Executive KMP Rights (EPS hurdle)	9-Nov-20	2,074,795	\$0.22	January 2024 <sup>(5)</sup>
CEO Rights (TSR hurdle)	9-Nov-20	1,721,311	\$0.19	January 2024 <sup>(5)</sup>
Other Executive KMP Rights (TSR hurdle)	9-Nov-20	2,074,795	\$0.19	January 2024 <sup>(5)</sup>
CEO TIP Rights <sup>(3)</sup>	15-Dec-20	338,801	\$0.57	October 2023
Other Executive TIP Rights <sup>(3)</sup>	15-Dec-20	476,440	\$0.57	October 2023
CEO Rights (EPS hurdle)	10-Nov-21	734,779	\$0.40	September 2024 <sup>(5)</sup>
Other Executive KMP Rights (EPS hurdle)	10-Nov-21	885,671	\$0.40	September 2024 <sup>(5)</sup>
CEO Rights (TSR hurdle)	10-Nov-21	734,779	\$0.38	September 2024 <sup>(5)</sup>
Other Executive KMP Rights (TSR hurdle)	10-Nov-21	885,671	\$0.38	September 2024 <sup>(5)</sup>
CEO Rights (EPS hurdle)	10-Nov-22	788,436	\$0.46	September 2025
Other Executive KMP Rights (EPS hurdle)	16-Nov-22	1,067,159	\$0.46	September 2025
CEO Rights (TSR hurdle)	10-Nov-22	788,436	\$0.44	September 2025
Other Executive KMP Rights (TSR hurdle)	16-Nov-22	1,067,159	\$0.44	September 2025
STI Rights	7-Nov-22	TBC <sup>(4)</sup>	TBC <sup>(4)</sup>	September 2023
<b>Total</b>		<b>18,496,888</b>		

(1) Performance options granted on 21 November 2019 have an expiry date of 21 November 2023.

(2) During FY23, 3,499,223 performance options (EPS hurdle) granted on 21 November 2019 to Other Executive KMP were converted to shares subject to a one-year trading restriction and continuous service condition. The value per performance option (EPS hurdle) at grant date was \$0.15.

(3) Relates to the remaining 50 percent of the total FY21 TI plan rights that are subject to a two-year service period from issue date.

(4) The number of rights granted and converted into deferred shares will be determined by dividing the dollar value of the rights component of the FY23 STI plan award by the volume weighted average price of the Company's shares over a period of trading days determined by the Board following the release to the market of the Company's full year FY23 results. The deferred shares will then be subject to a one-year disposal restriction period.

(5) During the period, the Board exercised its discretion under the LTI plan with respect to the service periods applicable to the FY21 and FY22 LTI plans. The exercise of the Board's discretion did not change the performance hurdles required to be met, the 3-year duration of the performance period, nor the time at which vested performance rights convert into shares and deliver value to the participant. More details can be found in Section 3.4.

Details of performance rights or options over ordinary shares in the Company currently provided as remuneration and granted during FY23 to Executive KMP are set out overleaf. Further information on the LTI, TI, and STI plans are set out in note H4 of the Financial Statements.

### 7.2 Equity Instruments Granted to Executive KMP in FY23

Name	Vesting Date	Number of performance rights granted <sup>(1)</sup>	Value of performance rights at grant date <sup>(2)</sup> \$	Number of rights and options vested during the period
J King	30-Sep-25	1,576,872	960,000	804,509
N Chadwick	30-Sep-25	754,126	459,113	403,585
A Sutton	30-Sep-25	626,066	381,150	335,052
A Winstanley	30-Sep-25	754,126	459,113	403,585

(1) No performance rights were granted to Non-Executive Directors during the reporting period.

(2) The face value for allocating rights under the FY23 LTI plan was \$0.61, based on the volume weighted average price of the Company's shares over the five trading days following the release of the Company's FY22 results.

**REMUNERATION REPORT***Continued***Deferred Shares – FY23 STI Plan**

The number of deferred shares (subject to a disposal restriction) to be issued will be determined by dividing the dollar value of the deferred shares component of the STI plan award by the volume weighted average price of the Company's shares over a period of trading days determined by the Board following the release to the market of the Company's full year FY23 results, and therefore these shares are not reflected in the above table.

**7.3 Shares Provided on Exercise of Rights or Options**

The following Non-Executive Directors of the company or Executive KMP were provided ordinary shares as a result of exercise of options or rights.

<b>Name</b>	<b>Number of ordinary shares provided on exercise of rights during the period<sup>(1)</sup></b>	<b>Value at exercise date<sup>(2)</sup></b> <b>\$</b>
J King	804,509	482,705
N Chadwick	523,000	313,800
A Sutton	434,189	260,513
A Winstanley	523,000	313,800

(1) Includes 337,967 restricted shares provided to Other Executive KMP on the exercise of options granted on 21 November 2019 and subject to a one-year disposal restriction and service condition from the date of issue. Options issued to Mr King are subject to an additional one-year vesting period but no disposal restriction or further service condition applies from the date of issue.

(2) The value at exercise date of options and rights that were granted in prior periods as part of remuneration and were exercised during the period has been determined as the intrinsic value of the rights at that date. This represents the market value of the share acquired.

**7.4 Performance Options and Performance Rights on Issue**

For each grant of performance options or performance rights included in this report, the percentage of the grant that was paid, or that vested, in the financial period, and the percentage and value that was forfeited because the service and performance criteria were not met is set out below. Options and performance rights vest provided the vesting conditions or performance hurdles are met. No options or performance rights will vest if the hurdles (either service or performance) are not satisfied, therefore the minimum value of the performance options or performance rights yet to vest is nil.

<b>Name</b>	<b>Grant date</b>	<b>Equity Vehicle</b>	<b>Vested %</b>	<b>Forfeited %</b>	<b>Maximum total value of grant yet to be expensed<sup>(1)</sup></b>
J King	10-Nov-22	Rights	-	-	483,239
	7-Nov-22	Rights <sup>(4)</sup>	-	-	5,400
	16-Feb-22	Rights <sup>(5)</sup>	100%	-	-
	10-Nov-21	Rights	-	-	242,497
	15-Dec-20	Rights <sup>(3)</sup>	50%	-	-
	9-Nov-20	Rights	-	-	136,926
	21-Nov-19	Options <sup>(2)</sup>	-	50%	78,313
N Chadwick	16-Nov-22	Rights	-	-	248,490
	7-Nov-22	Rights <sup>(4)</sup>	-	-	2,713
	16-Feb-22	Rights <sup>(5)</sup>	100%	-	-
	10-Nov-21	Rights	-	-	103,278
	15-Dec-20	Rights <sup>(3)</sup>	50%	-	-
	9-Nov-20	Rights	-	-	58,316
	21-Nov-19	Options <sup>(2)</sup>	-	50%	30,590
A Sutton	16-Nov-22	Rights	-	-	206,293
	7-Nov-22	Rights <sup>(4)</sup>	-	-	2,271
	16-Feb-22	Rights <sup>(5)</sup>	100%	-	-
	10-Nov-21	Rights	-	-	85,740
	15-Dec-20	Rights <sup>(3)</sup>	50%	-	-
	9-Nov-20	Rights	-	-	48,413
	21-Nov-19	Options <sup>(2)</sup>	-	50%	25,396

**REMUNERATION REPORT***Continued*

A Winstanley	16-Nov-22	Rights	-	-	248,490
	7-Nov-22	Rights <sup>(4)</sup>	-	-	2,735
	16-Feb-22	Rights <sup>(5)</sup>	100%	-	-
	10-Nov-21	Rights	-	-	103,278
	15-Dec-20	Rights <sup>(3)</sup>	50%	-	-
	9-Nov-20	Rights	-	-	58,316
	21-Nov-19	Options <sup>(2)</sup>	-	50%	30,590

(1) This represents the maximum remaining accounting value of the LTI, TI, and STI plan awards (rights and options) as at their grant date.

(2) Performance options granted on 21 November 2019 were tested following the release of the FY22 results, maximum performance under the EPS condition (50% of the total performance options) was met but the relative TSR component (50 percent of the total performance options) lapsed due to failure of the vesting conditions.

(3) During the period 50 percent of the total deferred rights awarded under the FY21 TI plan vested following completion of the attached one-year service period. The remaining deferred rights are subject to a two-year service period.

(4) Rights to deferred shares relating to the FY23 STI plan. The number of rights granted and converted into deferred shares will be determined by dividing the dollar value of the rights component of the STI award by the volume weighted average price of the Company's shares over a period of trading days determined by the Board following the release to the market of the Company's full year FY23 results.

(5) During FY23, rights were issued for the equity component of the FY22 TI plan that was granted on 16 February 2022. The number of rights was determined by dividing the dollar value of the rights component of the award by the volume weighted average price of the Company's shares over the five trading days immediately following the release to the market of the Company's full year FY22 results. The rights then automatically converted to deferred shares on a one for one basis.

**7.5 Transactions with KMP**

Mr King is a director of Raging Bull Group Limited and has a relevant interest in 18 percent of the shares. During the period ended 29 July 2023, Myer Pty Ltd placed orders for apparel totalling \$1.0 million with Raging Bull Leisure Limited, whose ultimate parent is Raging Bull Group Limited.

The orders have been placed on an arm's length basis under a standard wholesale agreement. As at 29 July 2023, \$0.4 million remains on order and not received, and \$0.2 million was owing to Raging Bull Leisure Limited, in accordance with the terms under the wholesale agreement.

## REMUNERATION REPORT

### Continued

### 8. Equity

The number of rights and options over ordinary shares in the Company held during the financial period by Executive KMP of the Company, including their personally related parties, are set out below. No rights or options over ordinary shares are held by Non-Executive Directors.

	Opening balance		Granted as compensation		Exercised		Lapsed		Closing balance	
	Options	Rights	Options	Rights <sup>(1)(2)</sup>	Options <sup>(3)</sup>	Rights <sup>(2)</sup>	Options	Rights	Options	Rights
<b>2023</b>										
J King	5,598,756	5,589,782	-	2,042,580	-	(804,509)	(2,799,378)	-	2,799,378	6,827,853
N Chadwick	2,472,784	2,428,745	-	989,370	(1,236,392)	(403,585)	(1,236,392)	-	-	3,014,530
A Suffon	2,052,878	2,016,319	-	821,363	(1,026,439)	(335,052)	(1,026,439)	-	-	2,502,630
A Winstanley	2,472,784	2,428,745	-	989,370	(1,236,392)	(403,585)	(1,236,392)	-	-	3,014,530
<b>2022</b>										
J King	14,631,014	5,875,054	-	2,147,160	-	(2,432,432)	(9,032,258)	-	5,598,756	5,589,782
N Chadwick	5,550,204	1,466,188	-	962,557	-	-	(3,077,420)	-	2,472,784	2,428,745
A Suffon	4,607,716	1,217,214	-	799,105	-	-	(2,554,838)	-	2,052,878	2,016,319
A Winstanley	5,550,204	2,021,743	-	962,557	-	(555,555)	(3,077,420)	-	2,472,784	2,428,745

(1) Rights for the equity component of the FY23 STI plan were granted on 7 November 2022. The number of rights granted and converted into deferred shares will be determined by dividing the dollar value of the rights component of the FY23 STI plan award by the volume weighted average price of the Company's shares over a period of trading days determined by the Board following the release to the market of the Company's full year FY23 results. Therefore, the rights are not reflected in the numbers disclosed in the above table.

(2) During FY23, rights were issued for the equity component of the FY22 TI plan that were granted on 16 February 2022. The number of rights was determined by dividing the dollar value of the rights component of the award by the volume weighted average price of the Company's shares over the five trading days immediately following the release to the market of the Company's full year FY22 results. The rights then automatically converted to deferred shares on a one for one basis.

(3) Restricted shares issued to Other Executive KMP on the exercise of performance options granted on 21 November 2019 and subject to a one-year disposal restriction and service condition from the date of issue. Options issued to Mr King are subject to an additional one-year vesting period but no disposal restriction or further service condition applies from the vesting date.

**REMUNERATION REPORT***Continued*

The number of shares in the Company held during the financial period by each Director of the Company and Executive KMP of the Company, including their personally related parties are set out below.

	Opening balance	Received on exercise of rights and / or options to shares	Other changes during the year	Closing balance
<b>2023</b>				
<b>Directors</b>				
J Stephenson	300,000	-	-	300,000
D Whittle	266,666	-	-	266,666
J Naylor	211,000	-	-	211,000
A Mervis	250,000	-	-	250,000
T McCartney	-	-	-	-
<b>Executive KMP</b>				
J King	3,582,432	804,509	-	4,386,941
N Chadwick	350,000	403,585	100,000	853,585
A Sutton	113,086	335,052	(226,755)	221,383
A Winstanley	1,055,555	403,585	146,000	1,605,140
<b>2022</b>				
<b>Directors</b>				
J Stephenson	235,000	-	65,000	300,000
D Whittle	266,666	-	-	266,666
J Naylor	121,000	-	90,000	211,000
A Mervis	-	-	250,000	250,000
<b>Executive KMP</b>				
J King	1,150,000	2,432,432	-	3,582,432
N Chadwick	350,000	-	-	350,000
A Sutton	26,086	-	87,000	113,086
A Winstanley	500,000	555,555	-	1,055,555

**9. Loans**

There were no loans made to Executive KMP or entities related to them, including their personally related parties, at any time during FY22 or FY23.

**10. Dealing in Securities**

Under the Securities Dealing Policy, Directors and Senior Executives are prohibited from entering into hedging arrangements with respect to the Company's securities. A copy of the Securities Dealing Policy is available on the Myer Investor Centre website.



## Auditor's Independence Declaration

As lead auditor for the audit of Myer Holdings Limited for the period ended 29 July 2023, 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 Myer Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Alison Tait Milner'.

Alison Tait Milner  
Partner  
PricewaterhouseCoopers

Melbourne  
14 September 2023



## FINANCIAL STATEMENTS

for the period ended 29 July 2023

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CONSOLIDATED INCOME STATEMENT  
for the period ended 29 July 2023

	Notes	2023 52 weeks \$m	2022 52 weeks \$m
<b>Total sales</b>	A2	<b>3,362.9</b>	2,989.8
Concession sales		(748.3)	(606.2)
<b>Sale of goods</b>	A2	<b>2,614.6</b>	2,383.6
Sales revenue deferred under customer loyalty program		(48.8)	(43.0)
<b>Revenue from sale of goods</b>	A2	<b>2,565.8</b>	2,340.6
Other operating revenue	A2	194.7	161.4
Cost of goods sold		(1,535.9)	(1,356.8)
<b>Operating gross profit</b>		<b>1,224.6</b>	1,145.2
Other income		-	0.9
Selling expenses		(751.1)	(690.9)
Administration expenses		(277.3)	(271.0)
Restructuring, space exit costs and impairment of assets	A3	(15.4)	(13.2)
		<b>180.8</b>	171.0
Finance revenue	A2	4.7	0.3
Finance costs	A3	(96.2)	(99.2)
<b>Net finance costs</b>		<b>(91.5)</b>	(98.9)
<b>Profit before income tax</b>		<b>89.3</b>	72.1
Income tax expense	A4	(28.9)	(23.1)
<b>Profit for the period attributable to owners of Myer Holdings Limited</b>		<b>60.4</b>	49.0
<b>Earnings per share attributable to the ordinary equity holders of the Company:</b>		<b>Cents</b>	Cents
Basic earnings per share	A5	7.4	6.0
Diluted earnings per share	A5	7.2	5.9

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
for the period ended 29 July 2023

	Notes	2023 52 weeks \$m	2022 52 weeks \$m
<b>Profit for the period</b>		<b>60.4</b>	49.0
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
Cash flow hedges	F2	-	0.8
Exchange differences on translation of foreign operations	F2	<b>(0.9)</b>	0.9
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(0.9)</b>	1.7
<b>Total comprehensive income for the period attributable to owners of Myer Holdings Limited</b>		<b>59.5</b>	50.7

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

CONSOLIDATED BALANCE SHEET  
as at 29 July 2023

	Notes	2023 \$m	2022 \$m
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	D1	179.7	243.9
Trade and other receivables and prepayments	B1	28.4	28.4
Inventories	B2	371.3	371.4
Derivative financial instruments	E1	6.0	5.3
<b>Total current assets</b>		<b>585.4</b>	<b>649.0</b>
<b>Non-current assets</b>			
Property, plant and equipment	C1	321.7	305.0
Right-of-use assets	C4	1,101.4	1,177.8
Intangible assets	C2	305.2	305.3
Deferred tax assets	A4	121.9	111.6
Derivative financial instruments	E1	0.4	0.3
Other non-current assets		0.8	1.6
<b>Total non-current assets</b>		<b>1,851.4</b>	<b>1,901.6</b>
<b>Total assets</b>		<b>2,436.8</b>	<b>2,550.6</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	B3	401.7	429.3
Lease liabilities	C4	154.3	144.2
Provisions	C3	73.4	67.7
Derivative financial instruments	E1	1.4	0.6
Current tax liabilities		9.8	23.8
Other liabilities		0.1	0.1
<b>Total current liabilities</b>		<b>640.7</b>	<b>665.7</b>
<b>Non-current liabilities</b>			
Borrowings	D3	60.1	58.0
Lease liabilities	C4	1,490.6	1,555.0
Provisions	C3	4.9	4.4
Derivative financial instruments	E1	-	0.1
<b>Total non-current liabilities</b>		<b>1,555.6</b>	<b>1,617.5</b>
<b>Total liabilities</b>		<b>2,196.3</b>	<b>2,283.2</b>
<b>Net assets</b>		<b>240.5</b>	<b>267.4</b>
<b>Equity</b>			
Contributed equity	F1	734.0	737.1
Accumulated losses	F2	(503.1)	(477.3)
Reserves	F2	9.6	7.6
<b>Total equity</b>		<b>240.5</b>	<b>267.4</b>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
for the period ended 29 July 2023

	Notes	Contributed equity \$m	Accumulated losses \$m	Reserves \$m	Total \$m
<b>Balance as at 31 July 2021</b>		737.7	(514.0)	3.2	226.9
Net profit for the period		-	49.0	-	49.0
Other comprehensive income for the period		-	-	1.7	1.7
Total comprehensive income for the period		-	49.0	1.7	50.7
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares	F1	(0.6)	-	-	(0.6)
Employee share schemes	F2	-	-	2.7	2.7
Dividends Paid	F3	-	(12.3)	-	(12.3)
		(0.6)	(12.3)	2.7	(10.2)
<b>Balance as at 30 July 2022</b>		<b>737.1</b>	<b>(477.3)</b>	<b>7.6</b>	<b>267.4</b>
Net profit for the period		-	60.4	-	60.4
Other comprehensive loss for the period		-	-	(0.9)	(0.9)
Total comprehensive income/(loss) for the period		-	60.4	(0.9)	59.5
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares	F1	(3.1)	-	-	(3.1)
Employee share schemes	F2	-	-	2.9	2.9
Dividends Paid	F3	-	(86.2)	-	(86.2)
		(3.1)	(86.2)	2.9	(86.4)
<b>Balance as at 29 July 2023</b>		<b>734.0</b>	<b>(503.1)</b>	<b>9.6</b>	<b>240.5</b>

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

CONSOLIDATED STATEMENT OF CASH FLOWS  
for the period ended 29 July 2023

	Notes	2023 52 weeks \$m	2022 52 weeks \$m
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		3,089.2	2,791.1
Payments to suppliers and employees (inclusive of goods and services tax)		(2,702.4)	(2,405.2)
		386.8	385.9
Other income		-	1.0
Interest paid		(95.1)	(95.4)
Tax paid		(54.0)	(16.4)
<b>Net cash inflow from operating activities</b>	D2	<b>237.7</b>	275.1
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(66.8)	(39.8)
Payments for intangible assets		(33.5)	(28.7)
Lease incentives and contributions received		25.8	24.3
Interest received		4.7	0.3
<b>Net cash outflow from investing activities</b>		<b>(69.8)</b>	(43.9)
<b>Cash flows from financing activities</b>			
Repayment of borrowings, including transaction costs		-	(70.0)
Proceeds from borrowings, net of transaction costs		-	56.6
Payments for principal portion of lease liabilities		(142.8)	(139.6)
Dividends paid to equity holders of the parent	F3	(86.2)	(12.3)
Payment for acquisition of treasury shares	F1	(3.1)	(0.6)
<b>Net cash outflow from financing activities</b>		<b>(232.1)</b>	(165.9)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(64.2)</b>	65.3
Cash and cash equivalents at the beginning of the period		243.9	178.6
<b>Cash and cash equivalents at end of period</b>	D1	<b>179.7</b>	243.9

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### A. Group Performance

This section provides additional information regarding lines in the financial statements that are most relevant to explaining the performance of the Group during the period, including the applicable accounting policies applied and significant estimates and judgements made.

#### A1 Segment Information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions about the allocation of resources.

The Chief Executive Officer considers the business based on total store and product portfolio, and has identified that the Group operates in Australia in the department store retail segment.

The Group also undertakes activities outside the department store retail business through its subsidiaries: sass & bide and Marcs and David Lawrence. On the basis that these subsidiaries represent less than 10% of the total Group's operations and have similar economic characteristics to the department store retail business, they have not been disclosed as separate reporting segments.

#### Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

#### A2 Revenue

	2023 52 weeks \$m	2022 52 weeks \$m
<b>Sales revenue</b>		
Total sales <sup>1</sup>	3,362.9	2,989.8
Concession sales	(748.3)	(606.2)
Sale of goods	2,614.6	2,383.6
Sales revenue deferred under customer loyalty program	(48.8)	(43.0)
Revenue from sale of goods	2,565.8	2,340.6
<b>Other operating revenue</b>		
Concessions revenue	169.4	138.9
Other <sup>2</sup>	25.3	22.5
	194.7	161.4
<b>Finance revenue</b>		
Interest revenue	4.7	0.3
Total revenue	2,765.2	2,502.3

1. Includes concession sales (non-IFRS measure).

2. Other includes revenue in relation to gift card non-redemption income, forfeited lay-by deposits and financial services income.

#### Accounting policy

Total sales value presented in the consolidated income statement represents proceeds from sale of goods (both from the Group and concession operators) and prior to the deferral of revenue under the MYER one customer loyalty program. Concession sales presented in the income statement represents the sales proceeds of concession operators within Myer stores. Total sales value is disclosed to show the total sales generated by the Group and provide a basis of comparison with similar department stores.

Revenue from sale of goods, excluding lay-by transactions, is recognised when the performance obligation has been fulfilled, which is principally at the point of sale after deducting taxes paid, and does not include concession sales. Goods are sold to the end customer with a right of return within a reasonable period at the Group's discretion and in accordance with legislative requirements. A refund liability (included in trade and other payables) and a right to returned goods (included in trade and other receivables) are recognised for the goods expected to be returned, with a corresponding adjustment to revenue from sale of goods and cost of goods sold. The assumptions and the estimated amount of returns are based on historical evidence and are reassessed at the end of each reporting period. Revenue from lay-by transactions is recognised as part of revenue from sale of goods at the date upon which the customer satisfies all payment obligations and control of the goods has transferred to the customer.

Revenue from sale of goods excludes concession sales in Myer stores on the basis that the inventory sold is owned by the concession operator at the time of sale and not the Group. The Group's share of concession sales is recognised as revenue within other operating revenue at the time the sale is made.

Gift cards are considered a prepayment for goods or services to be delivered in the future, which creates a future performance obligation for the Group. The Group recognises a liability for the amount received in advance for the gift card and recognises revenue when the customer redeems the gift card and the Group fulfils the performance obligation related to the transaction. The Group recognises revenue on the unredeemed value of gift cards and rewards cards (under the MYER one loyalty program), referred to as non-redemption income. The Group recognises the expected non-redemption amount as revenue in proportion to the pattern in which the gift card or reward card is utilised by the customer.

Interest income is recognised on a time proportion basis using the effective interest method.

#### Critical accounting estimates and judgements – customer loyalty program

The Group operates a loyalty program where customers accumulate award points for purchases made which entitle them to discounts on future purchases. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue recognised is based on the number of points redeemed relative to the total number expected to be redeemed. Award points expire 24 months after the initial sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

## A3 Expenses

	2023 52 weeks \$m	2022 52 weeks \$m
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Employee benefits expenses</i>		
Defined contribution superannuation expense	39.6	32.9
Other employee benefits expenses	413.0	376.3
	<b>452.6</b>	<b>409.2</b>
<i>Depreciation, amortisation and write-off expense</i>		
Property, plant and equipment	49.6	57.4
Intangibles	27.4	27.8
Right-of-use assets	127.3	130.7
	<b>204.3</b>	<b>215.9</b>
<i>Finance costs</i>		
Interest and finance charges paid/payable for lease liabilities and financial liabilities	96.2	99.2
	<b>96.2</b>	<b>99.2</b>
<i>Rental expense relating to operating leases</i>		
Contingent rentals	3.4	1.4
	<b>3.4</b>	<b>1.4</b>
<i>Net foreign exchange losses/(gains)</i>	<b>5.3</b>	<b>(12.0)</b>

**Cost of goods sold**

Cost of goods sold includes cost of inventories sold, incoming freight and related duties.

**Restructuring, space exit costs and impairment of assets**

The following individually significant items are included within restructuring, space exit costs and impairment of assets in the consolidated income statement:

	2023 52 weeks \$m	2022 52 weeks \$m
Restructuring, space exit costs and other asset impairments <sup>1</sup>	15.4	13.2
Income tax benefit	(4.7)	(2.0)
<b>Restructuring, space exit costs and impairment of assets, net of tax</b>	<b>10.7</b>	<b>11.2</b>

1. Restructuring, space exit costs and other asset impairments includes costs associated with store and distribution centre closures and space hand backs, and other store and distribution centre based asset impairments.

**Accounting policy**

The expenses disclosed above are also disclosed in the following sections of the financial statements:

- Employee benefits expenses – refer to note C3
- Depreciation and amortisation expense – refer to note C1, C2 and C4
- Finance costs – refer to note D3 and E1
- Net foreign exchange gains – refer to note F2

*Individually Significant Items*

Certain items have been separately disclosed and presented as individually significant based on the nature and/or impact these items have on the Group's financial performance for the period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

## A4 Income Tax

	2023 52 weeks \$m	2022 52 weeks \$m
<b>(a) Income tax expense</b>		
<i>(i) Income tax expense</i>		
Current tax	39.2	23.4
Deferred tax	(10.3)	(0.3)
Income tax expense <sup>1</sup>	28.9	23.1
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	(10.3)	(0.3)
	(10.3)	(0.3)
<i>(ii) Numerical reconciliation of income tax expense to prima facie tax payable</i>		
Profit before income tax expense	89.3	72.1
Tax at the Australian tax rate of 30% (2022: 30%)	26.8	21.6
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible asset impairments	-	1.9
Sundry items	0.2	-
	27.0	23.5
Adjustments for current tax of prior periods	1.9	(0.4)
Income tax expense <sup>1</sup>	28.9	23.1

1. Income tax includes an income tax benefit of \$4.7 million (2022: \$2.0 million) attributable to restructuring, space exit costs and other impairment of assets recorded during the period. Refer to note A3 for more information.

	2023 \$m	2022 \$m
<b>(b) Deferred tax assets</b>		
<b>Deferred tax assets comprise temporary differences attributable to:</b>		
Employee benefits	14.5	15.2
Non-employee provisions and accruals	10.9	5.5
Amortising deductions	0.6	0.3
Property, plant, equipment and software	34.9	35.1
Leases	127.3	122.0
Trading stock	5.5	5.3
Total deferred tax assets	193.7	183.4
Set off of deferred tax liabilities/assets pursuant to set off provisions	(71.8)	(71.8)
Net deferred tax assets	121.9	111.6
<b>Movement</b>		
Carrying amount at beginning of period	183.4	184.0
Credited/(charged) to income statement	10.3	(0.6)
Carrying amount at end of period	193.7	183.4

	2023 \$m	2022 \$m
<b>(c) Deferred tax liabilities</b>		
<b>Deferred tax liabilities comprise temporary differences attributable to:</b>		
Brand names	71.8	71.8
Total deferred tax liabilities	71.8	71.8
Set off of deferred tax liabilities/assets pursuant to set off provisions	(71.8)	(71.8)
Net deferred tax liabilities	-	-
<b>Movement</b>		
Carrying amount at beginning of period	71.8	71.8
Carrying amount at end of period	71.8	71.8

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### A4 Income Tax (continued)

#### Accounting policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the national 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, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences and losses at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exemption is made for certain temporary differences if they arise in a transaction, other than a business combination, that at the time of the transaction did not affect accounting profit or taxable profit or loss. Deferred tax assets 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, which is dependent on the generation of future taxable profits. The assumptions regarding future taxable profits are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised.

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 entity 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 in other comprehensive income or directly in equity are also recognised directly in other comprehensive income or equity.

#### 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 in the 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 flow.

### A5 Earnings Per Share

	2023 cents	2022 cents
<b>(a) Basic earnings per share</b>		
Total basic earnings per share attributable to the ordinary equity holders of the Company	7.4	6.0
<b>(b) Diluted earnings per share</b>		
Total diluted earnings per share attributable to the ordinary equity holders of the Company	7.2	5.9
	2023 \$m	2022 \$m
<b>(c) Reconciliation of earnings used in calculating earnings per share</b>		
Earnings used in calculation of basic and diluted EPS attributable to ordinary shareholders	60.4	49.0
	2023 Number	2022 Number
<b>(d) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	819,988,986	820,574,482
Adjustments for calculation of diluted earnings per share - performance rights and options	23,646,743	15,649,249
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	843,635,729	836,223,731

#### (e) Information concerning the classification of securities

Performance rights and options granted to employees under the Myer Long Term Incentive Plan, Transformation Incentive Plan and Short Term Incentive Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The performance rights and options granted have not been included in the determination of basic earnings per share. Details relating to performance rights and options are set out in note H4.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares decreases earnings per share or increases loss per share.

#### Accounting policy

##### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

##### 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; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### B. Working Capital

This section provides additional information regarding lines in the financial statements that are most relevant to explaining the assets used to generate the Group's trading performance during the period and liabilities incurred as a result, including the applicable accounting policies applied and significant estimates and judgements made.

B1 Trade and Other Receivables and Prepayments	2023	2022
	\$m	\$m
Trade receivables	10.5	13.0
Loss allowance	(0.4)	(0.1)
	10.1	12.9
Other receivables	10.6	9.1
Prepayments	7.7	6.4
	18.3	15.5
	28.4	28.4

#### Fair value and risk exposure

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Information about the Group's exposure to credit risk, foreign currency risk and interest rate risk in relation to trade and other receivables and the Group's financial risk management policy is provided in note E1.

#### Accounting policy

Trade receivables are non-interest bearing and are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less expected loss allowance. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade and other receivables based on all possible default events over the expected life of the receivable. The amount of the impairment loss is recognised as an expense in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited against expenses in the consolidated income statement.

B2 Inventories	2023	2022
	\$m	\$m
Retail inventories	371.3	371.4

Provision for write-down of inventories to net realisable value amounted to \$9.3 million (2022: \$7.7 million) at 29 July 2023.

#### Accounting policy

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method, after deducting any purchase settlement discount and including logistics expenses incurred in bringing the inventories to their present location and condition.

Volume-related supplier rebates and supplier promotional rebates are recognised as a reduction in the cost of inventory and are recorded as a reduction of cost of goods sold when the inventory is sold.

#### Critical accounting estimates and judgements - recoverable amount of inventory

Management has assessed the value of inventory that is likely to be sold below cost using past experience and judgement on the likely sell through rates of various items of inventory, and booked a provision for this amount. To the extent that these judgements and assumptions prove incorrect, the Group may be exposed to potential additional inventory write-downs in future periods.

B3 Trade and Other Payable	2023	2022
	\$m	\$m
Trade payables	188.0	195.1
Other payables	213.7	234.2
	401.7	429.3

Trade and other payables are non-interest bearing.

#### Accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

C. Capital Employed

This section provides additional information regarding lines in the financial statements that are most relevant to explaining the capital investment made that allows the Group to generate its trading performance during the period and liabilities incurred as a result, including the applicable accounting policies applied and significant estimates and judgements made.

C1 Property, Plant and Equipment

	Freehold land \$m	Freehold buildings \$m	Fixtures and fittings \$m	Plant and equipment \$m	Capital works in progress \$m	Total \$m
<b>At 31 July 2021</b>						
Cost	9.6	19.5	523.0	487.6	16.8	1,056.5
Accumulated depreciation and impairment	-	(7.4)	(423.1)	(307.5)	-	(738.0)
Net book amount	9.6	12.1	99.9	180.1	16.8	318.5
<b>Period ended 30 July 2022</b>						
Carrying amount at beginning of period	9.6	12.1	99.9	180.1	16.8	318.5
Additions	-	-	9.8	15.7	30.8	56.3
Transfer between classes	-	-	7.9	4.1	(19.1)	(7.1)
Assets written off – cost	-	-	(24.0)	(37.2)	-	(61.2)
Assets written off – accumulated depreciation	-	-	22.5	35.7	-	58.2
Impairment <sup>1</sup>	-	-	(0.7)	(2.5)	-	(3.2)
Depreciation charge	-	(0.5)	(31.5)	(24.6)	-	(56.6)
Exchange differences	-	-	0.1	-	-	0.1
Carrying amount at end of period	9.6	11.6	84.0	171.3	28.5	305.0
<b>At 30 July 2022</b>						
Cost	9.6	19.5	516.8	470.2	28.5	1,044.6
Accumulated depreciation and impairment	-	(7.9)	(432.8)	(298.9)	-	(739.6)
Net book amount	9.6	11.6	84.0	171.3	28.5	305.0
<b>Period ended 29 July 2023</b>						
Carrying amount at beginning of period	9.6	11.6	84.0	171.3	28.5	305.0
Additions	-	-	16.1	29.6	26.8	72.5
Transfer between classes	-	-	6.7	8.8	(18.9)	(3.4)
Assets written off – cost	-	-	(8.9)	(7.0)	-	(15.9)
Assets written off – accumulated depreciation	-	-	8.9	6.6	-	15.5
Impairment <sup>1</sup>	-	-	(0.6)	(1.8)	-	(2.4)
Depreciation charge	-	(0.5)	(27.3)	(21.8)	-	(49.6)
Carrying amount at end of period	9.6	11.1	78.9	185.7	36.4	321.7
<b>At 29 July 2023</b>						
Cost	9.6	19.5	530.7	501.6	36.4	1,097.8
Accumulated depreciation and impairment	-	(8.4)	(451.8)	(315.9)	-	(776.1)
Net book amount	9.6	11.1	78.9	185.7	36.4	321.7

1. Impairment relates to assets associated with space handbacks and store and distribution centre closures. Refer to note A3 for more information.

**Accounting policy**

Property, plant and equipment is stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the cost net of their residual values, over their estimated useful lives, as follows:

- Buildings: 40 years (2022: 40 years)
- Fixtures and fittings: 3 - 12.5 years (2022: 3 - 12.5 years)
- Plant and equipment, including leasehold improvements: 10 - 20 years (2022: 10 - 20 years)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note C2).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

## C2 Intangible Assets

	Goodwill	Brand names and trademarks	Software	Lease rights	Total
	\$m	\$m	\$m	\$m	\$m
<b>At 31 July 2021</b>					
Cost	492.1	437.3	355.0	18.3	1,302.7
Accumulated amortisation and impairment	(492.1)	(197.1)	(290.8)	(18.3)	(998.3)
Net book amount	-	240.2	64.2	-	304.4
<b>Period ended 30 July 2022</b>					
Carrying amount at beginning of period	-	240.2	64.2	-	304.4
Additions	-	-	22.0	-	22.0
Transfer between classes	-	-	7.1	-	7.1
Assets written off – cost	-	-	(3.2)	-	(3.2)
Assets written off – accumulated amortisation	-	-	3.0	-	3.0
Amortisation charge <sup>(1)</sup>	-	-	(28.0)	-	(28.0)
Carrying amount at end of period	-	240.2	65.1	-	305.3
<b>At 30 July 2022</b>					
Cost	492.1	437.3	380.9	18.3	1,328.6
Accumulated amortisation and impairment	(492.1)	(197.1)	(315.8)	(18.3)	(1,023.3)
Net book amount	-	240.2	65.1	-	305.3
<b>Period ended 29 July 2023</b>					
Carrying amount at beginning of period	-	240.2	65.1	-	305.3
Additions	-	-	23.9	-	23.9
Transfer between classes	-	-	3.4	-	3.4
Assets written off – cost	-	-	(0.2)	-	(0.2)
Assets written off – accumulated amortisation	-	-	0.2	-	0.2
Amortisation charge <sup>(1)</sup>	-	-	(27.4)	-	(27.4)
Carrying amount at end of period	-	240.2	65.0	-	305.2
<b>At 29 July 2023</b>					
Cost	492.1	437.3	408.0	18.3	1,355.7
Accumulated amortisation and impairment	(492.1)	(197.1)	(343.0)	(18.3)	(1,050.5)
Net book amount	-	240.2	65.0	-	305.2

1. Amortisation of \$27.4 million (2022: \$28.0 million) is included in administration and selling expenses in the consolidated income statement.

**Impairment of non-financial assets**

AASB 136 *Impairment of Assets* requires goodwill and intangible assets with an indefinite useful life to be assessed at the end of each reporting period where there is any indication that an asset may be impaired. A review of indicators of impairment using both external and internal sources of information has been undertaken.

The brand names arising on the acquisition of the Myer business amounting to \$232.8 million (2022: \$232.8 million) cannot be allocated to the Group's individual cash generating units (CGUs) (the Group's stores), and hence has been allocated to the Myer CGU, which is the business as a whole. The remaining brand name intangible asset with an indefinite useful life has been allocated to the Marcs David Lawrence business totalling \$7.4 million (2022: \$7.4 million).

AASB 136 *Impairment of Assets* requires goodwill and intangible assets with an indefinite useful life to be tested annually for impairment. As a result during the period, the recoverable amount of the assets relating to this CGU have been assessed using a value-in-use discounted cash flow model. This model uses cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond five-year periods are extrapolated using a terminal growth rate.

Key assumption	2023	2022	Approach used to determine value
Weighted average discount rate (pre-tax)	12.6%	11.9%	The pre-tax discount rate is sourced from observable market information and is risk-adjusted relative to the risks associated with the net pre-tax cash flows being achieved.
Terminal growth rate	1.7%	1.7%	This is the weighted average growth rate used to extrapolate cash flows beyond the five-year forecast period.
Average EBITDA margin	11.4%	11.9%	Average annual EBITDA margin over the five-year forecast period, applied to sales forecast consistent with external market forecasts. The average annual EBITDA margin is based on external sources of information, past performance and management's expectations. This assumption incorporates anticipated market conditions, sales channel performance, and management's expectations of future cost saving initiatives.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### C2 Intangible Assets (continued)

#### Impairment of non-financial assets (continued)

The headroom approximates 35% of the CGU's net carrying value. The recoverable amount is based on approved cash flow projections, however the projections can be influenced by market and macro economic conditions.

The recoverable amount is highly sensitive to changes in the average EBITDA margin assumption. For the recoverable amount to approximate the carrying value, a 180 basis points decrease in the average EBITDA margin would need to occur. Any reasonable possible change in other key assumptions would not result in an impairment.

During the period, a review of the carrying value for each Myer store was undertaken and no indicators of impairment were identified.

#### Accounting policy

##### (i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate they might be impaired. Other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate 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 inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). For store assets, the appropriate cash generating unit is an individual store. Non-financial assets other than goodwill that have previously suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

##### (ii) Goodwill

Goodwill is measured as the excess of the consideration transferred and any non-controlling interest in an acquiree over the fair value of the net identifiable assets acquired. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### (iii) Brand names and trademarks

The useful life of brands are assessed on acquisition. The brands which are not considered to have foreseeable brand maturity dates have been assessed as having indefinite useful lives as there is a view that there is no foreseeable limit to the period over which key brands are expected to generate net cash inflows for the entity. These brands are therefore not amortised. Instead, these brand names are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

##### (iv) Computer software

All costs directly incurred in the purchase or development of major computer software or subsequent upgrades and material enhancements are capitalised as intangible assets where the Group has control and obtains all the future economic benefit from the underlying asset. Direct costs may include internal payroll and on-costs for employees directly associated with the project. Costs incurred on computer software maintenance or during the planning phase are expensed as incurred. Costs paid to the suppliers for Software-as-a-Service arrangements to significantly customise cloud-based software for the Group are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement. Computer software is amortised over the period of time during which the benefits are expected to arise, initially being up to 10 years. The assets' residual values and useful lives are reviewed annually and adjusted if appropriate, which may result in a useful life outside of this period.

##### (v) Lease rights

Lease rights represent the amount paid upfront to take over store site leases from the existing lessee where such payments are in addition to the ongoing payment of normal market lease rentals. Lease rights are amortised over the term of the lease plus any renewal options reasonably certain to be utilised at the time of acquisition of the lease rights.

#### Critical accounting estimates and judgements - impairment

Goodwill and intangible assets that have an indefinite life are tested annually for impairment, or more frequently if there are indicators of impairment, in accordance with the accounting policy noted above. Goodwill and certain intangibles are tested for impairment at the level of the Group as a whole, using value-in-use calculations, which requires an estimation of the recoverable amount.

### C3 Provisions

	2023	2022
	\$m	\$m
<b>Current</b>		
Employee benefits	47.5	49.0
Restructuring <sup>1</sup>	13.2	7.2
Workers' compensation <sup>2</sup>	10.6	9.0
Other <sup>3</sup>	2.1	2.5
	<b>73.4</b>	<b>67.7</b>
<b>Non-current</b>		
Employee benefits	3.6	3.2
Other <sup>3</sup>	1.3	1.2
	<b>4.9</b>	<b>4.4</b>

1. Restructuring - the restructuring provision relates to the costs associated with store and distribution centre closures and space hand backs committed but not yet paid. Refer to note A3 for more information.

2. Workers' compensation - the amount represents a provision for workers' compensation claims in certain states, for which the Group is self-insured.

3. Other - the amount includes the provision for make good associated with leased premises and other provisions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### C3 Provisions (continued)

#### Movement in provisions

Movement in each class of provision during the financial period, other than employee benefits, are set out below:

	Workers' compensation \$m	Restructuring \$m	Other <sup>1</sup> \$m	Total \$m
<b>2023</b>				
Carrying amount at beginning of period	9.0	7.2	3.7	19.9
Additional provisions recognised	2.4	13.0	11.7	27.1
Amounts utilised	(0.8)	(7.0)	(12.0)	(19.8)
Carrying amount at end of period	10.6	13.2	3.4	27.2

1. The movement in the additional provisions recognised and amounts utilised relate to other provisions.

#### Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service. The entire annual leave amount and current portion of the long service leave provision is presented as current since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2023 \$m	2022 \$m
Current long service leave obligations expected to be settled after 12 months	18.2	18.3

#### Accounting policy

##### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The Group is self-insured for costs relating to workers' compensation and general liability claims in certain states. Provisions are recognised based on claims reported, and an estimate of claims incurred but not yet reported, prior to balance date. These provisions are determined utilising an actuarially determined method, which is based on various assumptions including but not limited to future inflation, average claim size and claim administrative expenses. These assumptions are reviewed annually and any reassessment of these assumptions will affect the workers' compensation expense.

##### Employee benefits

###### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

###### (ii) Other long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and 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 to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity 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) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

C3 Provisions (continued)

**Accounting policy (continued)**

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**Critical accounting estimates and judgements - restructuring provision**

Restructuring provision recognised include the Group's best estimate of costs expected to be payable as a result of store and distribution centre exits and restructuring. To the extent the estimates prove incorrect, the Group may be exposed to potential additional costs in future periods or a reversal of the provision if costs are less than estimated.

C4 Leases

The Group has lease agreements for properties and various items of equipment used in its operations. The carrying amounts of the right-of-use assets and movements during the period are set out below:

	Property leases \$m	Equipment leases \$m	Total \$m
<b>At 31 July 2021</b>	1,224.1	-	1,224.1
Additions, modifications and other reassessments	90.4	-	90.4
Depreciation	(136.7)	-	(136.7)
<b>At 30 July 2022</b>	1,177.8	-	1,177.8
<b>At 30 July 2022</b>	<b>1,177.8</b>	<b>-</b>	<b>1,177.8</b>
Additions, modifications and other reassessments	55.0	2.2	57.2
Depreciation	(133.4)	(0.2)	(133.6)
<b>At 29 July 2023</b>	<b>1,099.4</b>	<b>2.0</b>	<b>1,101.4</b>

The carrying amounts of the lease liabilities and movements during the period are set out below:

	Property leases \$m	Equipment leases \$m	Total \$m
<b>At 31 July 2021</b>	1,735.5	-	1,735.5
Additions, modifications and other reassessments	103.3	-	103.3
Cash payments	(227.4)	-	(227.4)
Interest expense	87.8	-	87.8
<b>At 30 July 2022</b>	1,699.2	-	1,699.2
Current	144.2	-	144.2
Non-current	1,555.0	-	1,555.0
<b>At 30 July 2022</b>	<b>1,699.2</b>	<b>-</b>	<b>1,699.2</b>
Additions, modifications and other reassessments	86.4	2.1	88.5
Cash payments	(227.3)	(0.2)	(227.5)
Interest expense	84.6	0.1	84.7
<b>At 29 July 2023</b>	<b>1,642.9</b>	<b>2.0</b>	<b>1,644.9</b>
Current	153.9	0.4	154.3
Non-current	1,489.0	1.6	1,490.6

The following amounts have been recognised in the consolidated income statement during the period:

	2023 52 weeks \$m	2022 52 weeks \$m
Depreciation of right-of-use assets <sup>1</sup>	127.3	130.7
Interest expense on lease liabilities <sup>1</sup>	83.6	86.4
Short-term leases expense <sup>2</sup>	0.6	0.5
Variable lease payments <sup>3</sup>	3.2	0.3
	<b>214.7</b>	217.9

1. The depreciation and interest expense associated with certain leases is recognised in cost of sales in the consolidated income statement.
2. Short-term leases expense are included in selling and administration expenses in the consolidated income statement.
3. Some property leases contain variable payment terms that are linked to sales generated from a store and are recognised in selling expenses in the consolidated income statement in the period in which the condition that triggers those payments occurs.

*COVID-19 related rent concessions*

The Group adopted the practical expedient for rent concessions and elected not to account for changes to lease payments negotiated as a consequence of COVID-19 as a lease modification. During the period, no rent concessions (2022: \$14.9 million) were recognised as a reduction in selling and administration expenses in the consolidated income statement. Rent concessions were reflected as an adjustment to the carrying amount of the lease liabilities in additions, modifications and other reassessments in the movement table above.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### C4 Leases (continued)

#### Accounting policy

The Group leases various retail stores, distribution centres and offices. Rental contracts are typically made for fixed periods but may have extension options.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and any estimated restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term. The right-of-use asset can be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise of fixed payments and variable payments that are based on an index or rate.

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

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

#### Critical accounting estimate - Determining the lease term

Extension options are included in a number of leases across the Group. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

**D. Net Debt**

This section provides additional information regarding lines in the financial statements that are most relevant to explaining the net debt position and structure of the Group's borrowings for the period, which are key to financing the Group's activities both now and for the future.

The net debt/(cash) of the Group as at 29 July 2023 and 30 July 2022 is as follows:

	<b>2023</b>	2022
	<b>\$m</b>	\$m
Borrowings	<b>60.1</b>	58.0
Less: cash and cash equivalents	<b>(179.7)</b>	(243.9)
Net cash at end of period (excluding lease liabilities)	<b>(119.6)</b>	(185.9)
Plus: lease liabilities	<b>1,644.9</b>	1,699.2
Net debt at end of period	<b>1,525.3</b>	1,513.3

The movement in net cash excluding lease liabilities is as follows:

Opening balance	<b>(185.9)</b>	(111.8)
Net decrease/(increase) in cash and cash equivalents	<b>64.2</b>	(65.3)
Repayment of borrowings, including transaction costs	-	(70.0)
Proceeds from borrowings, net of transaction costs	-	56.6
Other non-cash movements	<b>2.1</b>	4.6
Closing balance	<b>(119.6)</b>	(185.9)

**D1 Cash and Cash Equivalents**

	<b>2023</b>	2022
	<b>\$m</b>	\$m
Cash on hand	<b>2.1</b>	2.1
Cash at bank	<b>177.6</b>	241.8
	<b>179.7</b>	243.9

**Accounting policy**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**D2 Reconciliation of Cash Flows from Operating Activities**

	<b>2023</b>	2022
	<b>52 weeks</b>	52 weeks
	<b>\$m</b>	\$m
Profit for the period	<b>60.4</b>	49.0
Depreciation, amortisation and impairment	<b>213.2</b>	207.2
Interest income	<b>(4.7)</b>	(0.3)
Finance costs	<b>2.1</b>	4.6
Share-based payments expense	<b>4.3</b>	3.9
Net exchange differences	<b>(0.9)</b>	0.9
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables and prepayments	-	(10.0)
(Increase)/decrease in inventories	<b>(2.7)</b>	(61.6)
(Increase)/decrease in deferred tax assets	<b>(11.6)</b>	(0.5)
Decrease/(increase) in derivative financial instruments	<b>2.8</b>	(6.2)
(Decrease)/increase in trade and other payables	<b>(17.4)</b>	78.0
(Decrease)/increase in current tax payable	<b>(14.0)</b>	7.4
Increase/(decrease) in provisions	<b>6.2</b>	2.8
Increase/(decrease) in other liabilities	-	(0.1)
Net cash inflow from operating activities	<b>237.7</b>	275.1

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### D3 Borrowings

#### (a) Structure of debt

The debt funding of the Group at 29 July 2023 is an Asset Based Loan (ABL) syndicated facility, which contains a term loan tranche and a revolving credit tranche. The maximum facility size is \$215 million and availability fluctuates in line with a borrowing base of nominated assets, including specified inventory and intangibles, less allowances and certain liabilities. This facility was established on 28 November 2021 and the Term Loan was drawn down on 3 December 2021. As at 29 July 2023, the following amounts were drawn:

	29 July 2023	30 July 2022
	\$m	\$m
<b>Non-current</b>		
Bank loans	65.0	65.0
Less: transaction costs	(4.9)	(7.0)
Borrowings	60.1	58.0

The terms and conditions of the Group's syndicated facility is as follows:

	Amount <sup>3,4</sup>	Term	Expiry date
Term loan - Tranche A <sup>1</sup>	\$65 million	4 years	3 December 2025
Revolving Credit - Tranche B <sup>2</sup>	\$150 million	4 years	3 December 2025
Total syndicated facility	\$215 million		

- Tranche A is a non-amortising term loan and is required to be fully drawn during the term.
- Tranche B is a revolving credit and may be redrawn during the term.
- The syndicated facility available at 29 July 2023 was \$132.3 million, at which time the Company also had \$179.7 million cash on hand. Refer to note E1 (c) for more information.
- Subsequent to the end of the financial period, the available syndicated facility increased to \$201.7 million in line with the seasonal and fluctuating nature of the ABL facility.

#### (b) Security

The ABL facility is secured, subject to various representations, undertakings, events of default and review events.

#### (c) Fair value

The fair value of existing borrowings approximates their carrying amount, as the impact of discounting is not significant.

#### (d) Risk exposures

Details of the Group's exposure to risks arising from borrowings are set out in note E1.

#### (e) Debt covenants

Under the terms of the ABL facility, the Group is not required to comply with any financial covenant unless it utilises more than 90% of the available facility. The Group did not utilise more than 90% of the available borrowing base at any time in the period ended 29 July 2023, and therefore testing of compliance with the financial covenant was not required.

#### Accounting policy

##### 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 profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

**E. Risk Management**

This section provides information relating to the Group's exposure to various financial risks, how they could affect the Group's financial position and performance and how these risks are managed.

**E1 Financial Risk Management**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes and are not used as trading or other speculative instruments.

The Group's financial risk management is predominantly controlled by the centralised Group Treasury function under the Group's financial risk management policies approved by the Board of Directors. The Group Treasury function is responsible for the identification and management of financial risks, with the co-operation of other Group functions. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, and use of financial instruments and non-derivative financial instruments.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate borrowings and inventory at a fixed foreign currency rate for the hedged purchases.

**Financial Instruments**

The Group holds the following financial instruments, classified under the categories in the table below:

	Notes	Total \$m	Amortised cost \$m	Fair value through OCI \$m
<b>At 29 July 2023</b>				
<b>Financial assets</b>				
Cash and cash equivalents	D1	179.7	179.7	-
Trade and other financial receivables	B1	20.7	20.7	-
Derivative financial instruments	E1	6.4	-	6.4
<b>Total financial assets</b>		<b>206.8</b>	<b>200.4</b>	<b>6.4</b>
<b>Financial liabilities</b>				
Trade and other financial payables <sup>1</sup>	B3	305.0	305.0	-
Borrowings	D3	60.1	60.1	-
Lease liabilities	C4	1,644.9	1,644.9	-
Derivative financial instruments	E1	1.4	-	1.4
<b>Total financial liabilities</b>		<b>2,011.4</b>	<b>2,010.0</b>	<b>1.4</b>
<b>At 30 July 2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	D1	243.9	243.9	-
Trade and other financial receivables	B1	22.0	22.0	-
Derivative financial instruments	E1	5.6	-	5.6
<b>Total financial assets</b>		<b>271.5</b>	<b>265.9</b>	<b>5.6</b>
<b>Financial liabilities</b>				
Trade and other financial payables <sup>1</sup>	B3	329.4	329.4	-
Borrowings	D3	58.0	58.0	-
Lease liabilities	C4	1,699.2	1,699.2	-
Derivative financial instruments	E1	0.7	-	0.7
<b>Total financial liabilities</b>		<b>2,087.3</b>	<b>2,086.6</b>	<b>0.7</b>

1. Trade and other financial payables comprise trade payables, other financial payables and accruals.

**(a) Market risk****(i) Foreign exchange risk**

The Group is exposed to foreign exchange risk when there is mismatch between the currencies in which future commercial transactions and assets and liabilities recognised are denominated, and the respective functional currency of the Group companies.

The focus of the Group's foreign exchange risk management activities is on the transaction exposures that arise on the sourcing and purchasing of inventory, with these transactions primarily denominated in United States Dollar (USD). This risk is hedged with the objective of minimising the volatility of the Australian Dollar (AUD) cost of forecast inventory purchases.

The Group's financial risk management policy is to hedge forecast USD cash flows for inventory purchases, up to 18 months in advance. The amount of hedging required is dependent on the timing of the settlement of the forecast inventory purchases, with a higher percentage required to be hedged for inventory purchases with an earlier settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

E1 Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group uses forward foreign exchange contracts to hedge its exposure to foreign currency risk. The Group designates the forward rate of foreign currency forwards to hedge its currency risk. The Group's policy is for the critical terms of the forward foreign exchange contracts to align with the hedged item.

At the end of the reporting period, the Group is holding the following forward foreign exchange contracts:

	2023	2022
	\$m	\$m
Carrying amount - Derivative Financial Instruments (Asset)	6.4	5.6
Carrying amount - Derivative Financial Instruments (Liability)	1.4	0.7
Notional amount	273.5	161.6
Maturity date	Aug 2023 - Dec 2024	Aug 2022 - Oct 2023
Change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	0.1	2.3
Change in value of hedged item used to determine hedge effectiveness	(0.1)	(2.3)
Weighted average hedged rate (AUD/USD)	0.670	0.703

Exposure

At the end of the reporting period, the Group's exposure to foreign exchange risk, expressed in AUD, was as follows:

	2023		2022	
	USD \$m	Other \$m	USD \$m	Other \$m
Cash and cash equivalents	14.2	4.7	0.9	5.0
Trade payables	29.0	-	42.9	-
Forward exchange contracts	273.2	0.3	159.6	2.0

Sensitivity

As shown in the table above, the Group is primarily exposed to changes in USD/AUD exchange rates. The table below shows the impact of reasonably possible foreign exchange movements in the USD against the AUD and the effect this would have on the measurement of the financial instruments denominated in these currencies:

Currency	Sensitivity assumption	Impact directly on equity	
		2023 \$m	2022 \$m
United States Dollar	+10%	26.4	15.4
United States Dollar	-10%	(21.6)	(12.2)

(ii) Interest rate risk

The Group is exposed to interest rate risk from floating rate long-term borrowings. The Group's policy is to maintain an appropriate mix between fixed and floating rate borrowings through the use of interest rate swap contracts. This risk is managed through the forecasting of expected borrowings to determine the level of exposure to floating rates.

Exposure

At the end of the reporting period, the Group's exposure to interest rate risk was as follows:

	2023	2022
	\$m	\$m
Cash and cash equivalents	179.7	243.9
Floating rate borrowings	60.1	58.0

At the end of the reporting period the Group held no interest rate swap contracts as the interest rate risk associated with borrowings is managed against the interest rate earned on operating cash held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

E1 Financial Risk Management (continued)

**(a) Market risk (continued)**

**(ii) Interest rate risk (continued)**

*Sensitivity*

Applying a sensitivity of 100 basis points to the Group's period end floating interest rate results in an immaterial impact on post tax profit and equity. This assumes that the change in interest rates is effective from the beginning of the financial period and the net debt position and fixed/floating mix is constant over the period. However, interest rates and the debt profile of the Group are unlikely to remain constant and therefore the above sensitivity analysis will be subject to change.

**(iii) Hedge ineffectiveness**

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. This arises primarily from the following assets: cash and cash equivalents, trade and other receivables and derivative financial instruments.

Group Treasury function manages credit risk from banks and financial institutions, in accordance with Board approved policy. The policy is to limit the Group's loss from default by any one counterparty by dealing only with banks and financial institution counterparties whose long-term credit rating is at or above an 'A' rating.

Trade and other receivables balances outstanding with third parties are primarily ad-hoc in nature and the credit quality of the third party is assessed by taking into account its financial position, past experience and other relevant factors.

Sales to retail customers are primarily required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

*Exposure*

At the end of the reporting period, the maximum credit risk exposure is the carrying value of the financial assets below:

	<b>2023</b>	2022
	<b>\$m</b>	\$m
Cash and cash equivalents	<b>179.7</b>	243.9
Trade and other financial receivables	<b>20.7</b>	22.0
Derivative financial instruments - assets	<b>6.4</b>	5.6

*Trade and other receivables*

The Group applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rates are based on historical observed default rates, adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Refer to note B1 for more information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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E1 Financial Risk Management (continued)

(c) Liquidity risk

The Group adopts a prudent liquidity risk management strategy by seeking to maintain sufficient cash and availability of funding through an adequate amount of committed credit facilities to meet financial obligations as and when they fall due. The Group's objective is to maintain flexibility in funding given the seasonal nature of the retail business.

The Group monitors forecast and actual cash flows and performs sensitivity analysis, to ensure at all times there is an appropriate minimum level of liquidity available through committed undrawn borrowing facilities and cash and cash equivalents.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2023	2022
	\$m	\$m
<b>Floating rate</b>		
Expiring within one-year	-	-
Expiring beyond one-year <sup>1</sup>	35.3	44.9
	<b>35.3</b>	<b>44.9</b>

1. The ABL maximum facility size is \$215 million and fluctuates in line with a borrowing base of nominated assets, including specified inventory and intangibles, less allowances and certain liabilities. The syndicated facility available at 29 July 2023 was \$132.3 million with \$35.3 million accessible, at which time the Company also had \$179.7 million cash on hand. Refer to note D3 for more information on the syndicated facility.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- (a) all non-derivative financial liabilities; and  
(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows and therefore may not equal their carrying amount. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>2023</b>							
<b>Non-derivatives</b>							
Trade and other payables	305.0	-	-	-	-	305.0	305.0
Borrowings	4.5	4.5	8.9	68.1	-	86.0	65.0
Lease liabilities	116.2	115.1	223.7	652.4	999.2	2,106.6	1,644.9
<b>Total non-derivatives</b>	<b>425.7</b>	<b>119.6</b>	<b>232.6</b>	<b>720.5</b>	<b>999.2</b>	<b>2,497.6</b>	<b>2,014.9</b>
<b>Derivatives</b>							
Gross settled							
- (inflow)	(153.2)	(83.7)	(41.6)	-	-	(278.5)	(6.4)
- outflow	150.1	82.2	41.2	-	-	273.5	1.4
<b>Total derivatives</b>	<b>(3.1)</b>	<b>(1.5)</b>	<b>(0.4)</b>	<b>-</b>	<b>-</b>	<b>(5.0)</b>	<b>(5.0)</b>
<b>2022</b>							
<b>Non-derivatives</b>							
Trade and other payables	329.4	-	-	-	-	329.4	329.4
Borrowings	3.9	3.9	7.7	75.4	-	90.9	65.0
Lease liabilities	105.7	108.8	211.5	624.7	1,172.7	2,223.4	1,699.2
<b>Total non-derivatives</b>	<b>439.0</b>	<b>112.7</b>	<b>219.2</b>	<b>700.1</b>	<b>1,172.7</b>	<b>2,643.7</b>	<b>2,093.6</b>
<b>Derivatives</b>							
Gross settled							
- (inflow)	(89.3)	(65.6)	(11.6)	-	-	(166.5)	(5.6)
- outflow	86.0	64.2	11.4	-	-	161.6	0.7
<b>Total derivatives</b>	<b>(3.3)</b>	<b>(1.4)</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>(4.9)</b>	<b>(4.9)</b>

The amount disclosed for variable rate instruments is determined by reference to the interest rate at the last re-pricing date.

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for the period ended 29 July 2023

E1 Financial Risk Management (continued)

(d) Fair value measurements

The Group has the following derivative financial instruments:

	2023	2022
	\$m	\$m
<b>Current assets</b>		
Forward foreign exchange contracts	6.0	5.3
Total current derivative financial instrument assets	6.0	5.3
<b>Non-current assets</b>		
Forward foreign exchange contracts	0.4	0.3
Total non-current derivative financial instrument assets	0.4	0.3
<b>Current liabilities</b>		
Forward foreign exchange contracts	1.4	0.6
Total current derivative financial instrument liabilities	1.4	0.6
<b>Non-current liabilities</b>		
Forward foreign exchange contracts	-	0.1
Total non-current derivative financial instrument liabilities	-	0.1

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities either directly (as prices) or indirectly derived from prices; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's financial instruments were valued using the Level 2 technique, with no transfers between levels during the period.

The fair value of forward foreign exchange contracts is determined using the present value of future cash flows based on the forward exchange rates at the end of the reporting period. The fair value of interest rate swaps is determined using the present value of the estimated future cash flows based on observable yield curves.

**Accounting policy - Financial assets and liabilities**

*Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

*Initial recognition and measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*(i) Financial assets at amortised cost (debt instruments)*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are recognised in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15 *Revenue from Contracts with Customers*.

*(ii) Financial assets at fair value through OCI (debt instruments)*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are recognised in profit or loss.

*(iii) Financial assets at fair value through profit or loss (debt instruments)*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### E1 Financial Risk Management (continued)

#### Accounting policy - Financial assets and liabilities (continued)

##### (iv) Financial assets designated at fair value through OCI (equity instruments)

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in profit or loss, as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Refer to note E1 (b) for more information.

#### Accounting policy - 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 at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of the cash flows or recognised assets or liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

##### (i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

##### (ii) Cash flow hedge

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities.

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 profit or loss.

When forward contracts are used to hedge forecast transactions, the Group designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. Gains or losses relating to the effective portion of the change in the fair value of the entire forward contracts are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs at the same time as the interest expense on the hedged borrowings.

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 profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

##### (iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### F. Equity

This section provides additional information regarding lines in the financial statements that are most relevant to explaining the equity position of the Group at the end of the period, including the dividends declared and/or paid during the period.

#### F1 Contributed Equity

	2023 Number of shares	2022 Number of shares	2023 \$m	2022 \$m
Ordinary shares - fully paid	<b>821,278,815</b>	821,278,815	<b>780.0</b>	780.0
<b>Treasury shares</b>				
Opening balance	<b>(1,147,053)</b>	(2,987,987)	<b>(42.9)</b>	(42.3)
Shares issued for alignment rights granted	-	2,987,987	-	-
Shares acquired by Myer Equity Plans Trust on market at \$0.52	-	(1,147,053)	-	(0.6)
Shares acquired by Myer Equity Plans Trust on market at \$0.58	<b>(3,260,930)</b>	-	<b>(1.9)</b>	-
Share issued under transformation incentive plan	<b>2,742,226</b>	-	-	-
Shares issued on exercise of options at \$0.55	<b>901,045</b>	-	-	-
Shares acquired by Myer Equity Plans Trust on market at \$0.88	<b>(1,348,803)</b>	-	<b>(1.2)</b>	-
Closing balance of treasury shares	<b>(2,113,515)</b>	(1,147,053)	<b>(46.0)</b>	(42.9)
Closing balance	<b>819,165,300</b>	820,131,762	<b>734.0</b>	737.1

#### Ordinary shares

The ordinary shares issued are fully paid. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person, or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

#### Treasury shares

Treasury shares are shares in Myer Holdings Limited that are held by the Myer Equity Plans Trust for the purposes of issuing shares under the Equity Incentive Plans. Refer to note H4 for more information.

#### Employee share schemes

Information relating to the employee share-based payment schemes, including details of shares issued under the schemes, is set out in note H4.

#### Capital risk management

The Group's key objective when managing capital is to minimise its weighted average cost of capital while maintaining appropriate financing facilities. This provides the opportunity to pursue growth and capital management initiatives. In managing its capital structure, the Group also seeks to safeguard its ability to continue as a going concern in order to provide appropriate returns to shareholders and benefits for other stakeholders.

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.

Consistent with others in the industry, the Group monitors capital on the basis of various balance sheet ratios including the gearing ratio. This ratio is calculated as net debt/(cash) divided by total capital. Net debt/(cash) is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt/(cash).

The gearing ratios at 29 July 2023 and 30 July 2022 were as follows:

	2023 \$m	2022 \$m
Borrowings (note D3)	<b>60.1</b>	58.0
Less: cash and cash equivalents (note D1)	<b>(179.7)</b>	(243.9)
Net cash at end of period (excluding lease liabilities)	<b>(119.6)</b>	(185.9)
Plus: lease liabilities	<b>1,644.9</b>	1,699.2
Net debt at end of period	<b>1,525.3</b>	1,513.3
Total equity	<b>240.5</b>	267.4
Total capital (excluding lease liabilities)	<b>120.9</b>	81.5
Total capital	<b>1,765.8</b>	1,780.7
<b>Gearing ratio (excluding lease liabilities)</b>	<b>-98.9%</b>	-228.2%
<b>Gearing ratio</b>	<b>86.4%</b>	85.0%

#### Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments; for example, as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Myer Holdings Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Myer Holdings Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

## F2 Accumulated Losses and Reserves

	2023 \$m	2022 \$m
<b>(a) Accumulated losses</b>		
Movements in Accumulated losses were as follows:		
Balance at beginning of period	(477.3)	(514.0)
Profit for the period	60.4	49.0
Dividends paid	(86.2)	(12.3)
Balance at end of period	(503.1)	(477.3)
<b>(b) Reserves</b>		
Share-based payments <sup>1</sup>	34.9	32.0
Cash flow hedges <sup>2</sup>	4.0	4.0
Other reserve <sup>3</sup>	(25.6)	(25.6)
Foreign currency translation <sup>4</sup>	(3.7)	(2.8)
	9.6	7.6
Movements in reserves were as follows:		
<i>Share-based payments</i>		
Balance at beginning of period	32.0	29.3
Share-based payments expense recognised (note H4)	4.3	3.9
Income tax	(1.4)	(1.2)
Balance at end of period	34.9	32.0
<i>Cash flow hedges</i>		
Balance at beginning of period	4.0	3.2
Net (loss)/gain on revaluation	(0.1)	2.3
Transfer to net profit	0.1	(1.5)
Balance at end of period	4.0	4.0
<i>Foreign currency translation</i>		
Balance at beginning of period	(2.8)	(3.7)
Exchange differences on translation of foreign operations during the period	(0.9)	0.9
Balance at end of period	(3.7)	(2.8)

**1. Share-based payments**

The share-based payments reserve is used to recognise the fair value of options and rights granted to employees under the employee share plans. Further information on share-based payments is set out in note H4.

**2. Cash flow hedges**

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 E1. Amounts are recognised in the consolidated income statement when the associated hedged transaction affects profit or loss.

**3. Other reserve**

The Group acquired 65% of the sass & bide business in 2011, and the non-controlling shareholders held a put option over the remaining 35%. This resulted in the Group recognising a financial liability for the put option and a corresponding amount in other reserve. In 2014, upon acquisition of the remaining 35% of sass & bide, the cash payment of \$33.4m was recorded against the financial liability and non-controlling interests balances were recorded against other reserve.

**4. Foreign currency translation**

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the consolidated income statement when the net investment is disposed of.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### F2 Accumulated Losses and Reserves (continued)

#### Accounting policy

##### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Myer Holdings Limited's 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 end of period exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

##### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated income statement and statement of comprehensive income are translated at the rates prevailing on the transaction dates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, when a foreign operation is sold, the associated exchange difference is reclassified to profit or loss, as part of the gain or loss on sale.

### F3 Dividends

	2023 \$m	2022 \$m
<b>(a) Ordinary shares</b>		
Final fully franked dividend for the period ended 30 July 2022 of 2.5 cents (2021: nil) per fully paid ordinary share, paid 7 November 2022.	20.5	-
Interim fully franked dividend for the period ended 29 July 2023 of 4.0 cents (2022: 1.5 cents) and special fully franked dividend of 4.0 cents (2022: nil) per fully paid ordinary share, paid 11 May 2023.	65.7	12.3
Total dividends paid	86.2	12.3
<b>(b) Dividends not recognised at the end of the reporting period</b>		
The directors have determined the payment of a final dividend of 1.0 cent (2022: 2.5 cents) per fully paid ordinary share fully franked based on tax paid at 30%, payable on 16 November 2023. The aggregate amount of the proposed dividend expected to be paid after period end, but not recognised as a liability at period end, is:	8.2	20.5
<b>(c) Franked dividends</b>		
The franked portions of final dividends recommended after 29 July 2023 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the period ending 27 July 2024: Franking credits available for subsequent reporting periods based on a tax rate of 30% (2022: 30%)	88.6	85.5

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the reporting period.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

#### Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial period but not distributed at balance date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### G. Group Structure

This section summarises how the Group structure affects the financial position and performance of the Group as a whole.

#### G1 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described below:

Name of entity	Notes	Country of incorporation	Class of shares	Equity holdings <sup>(4)</sup>	
				2023	2022
				%	%
NB Elizabeth Pty Ltd	(1), (3)	Australia	Ordinary	100	100
NB Russell Pty Ltd	(2), (3)	Australia	Ordinary	100	100
NB Lonsdale Pty Ltd	(2), (3)	Australia	Ordinary	100	100
NB Collins Pty Ltd	(1), (3)	Australia	Ordinary	100	100
Warehouse Solutions Pty Ltd	(2), (3)	Australia	Ordinary	100	100
Myer Group Pty Ltd	(1), (3)	Australia	Ordinary	100	100
Myer Pty Ltd	(1), (3)	Australia	Ordinary	100	100
Myer Group Finance Limited	(1), (3)	Australia	Ordinary	100	100
The Myer Emporium Pty Ltd	(2), (3)	Australia	Ordinary	100	100
ACT Employment Services Pty Ltd	(2)	Australia	Ordinary	100	100
Myer Employee Share Plan Pty Ltd	(2)	Australia	Ordinary	100	100
Myer Travel Pty Ltd	(2)	Australia	Ordinary	100	100
Myer Sourcing Asia Ltd		Hong Kong	Ordinary	100	100
Shanghai Myer Service Company Ltd		China	Ordinary	100	100
Boogie & Boogie Pty Ltd	(2), (3)	Australia	Ordinary	100	100
sass & bide Pty Ltd	(2), (3)	Australia	Ordinary	100	100
sass & bide Retail Pty Ltd	(2), (3)	Australia	Ordinary	100	100
sass & bide Retail (NZ) Pty Ltd	(2), (3)	Australia	Ordinary	100	100
sass & bide USA inc.		USA	Ordinary	100	100
sass & bide inc.		USA	Ordinary	100	100
Marcus David Lawrence Pty Ltd	(1), (3)	Australia	Ordinary	100	100

(1) Each of these entities have been granted relief from the necessity to prepare financial statements in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

(2) Each of these entities is classified as small proprietary and therefore relieved from the requirement to prepare and lodge financial reports with ASIC.

(3) Each of these entities is party to a deed of cross guarantee, refer to note G2.

(4) The proportion of ownership interest is equal to the proportion of voting power held.

#### Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Myer Holdings Limited ('Company' or 'parent entity') as at 29 July 2023 and the results of all subsidiaries for the period then ended.

##### Subsidiaries

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 impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, balance sheet and statement of changes in equity respectively.

##### Employee Share Trust

The Group has the Myer Equity Plans Trust to administer the Group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares in Myer Holdings Limited held by the trust are disclosed as treasury shares and deducted from contributed equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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G2 Deed of Cross Guarantee

The following entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others:

- Myer Holdings Limited
- NB Elizabeth Pty Ltd
- NB Russell Pty Ltd
- Myer Group Pty Ltd
- NB Lonsdale Pty Ltd
- NB Collins Pty Ltd
- Warehouse Solutions Pty Ltd
- Myer Pty Ltd
- Myer Group Finance Limited
- The Myer Emporium Pty Ltd
- Boogie & Boogie Pty Ltd
- sass & bide Pty Ltd
- sass & bide Retail Pty Ltd
- sass & bide Retail (NZ) Pty Ltd
- Marcs David Lawrence Pty Ltd

By entering into the deed, the wholly-owned entities within note reference 1 in note G1 have been relieved from the requirements to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The above companies represent a 'closed group' for the purposes of the ASIC Legislative Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Myer Holdings Limited, they also represent the 'extended closed group'.

**(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated accumulated losses**

Set out below is a consolidated income statement, statement of comprehensive income and a summary of movements in consolidated accumulated losses for the closed group for the period ended 29 July 2023:

	2023 52 weeks \$m	2022 52 weeks \$m
<b>Income statement</b>		
<b>Total sales</b>	<b>3,362.9</b>	2,989.8
Concession sales	(748.3)	(606.2)
<b>Sale of goods</b>	<b>2,614.6</b>	2,383.6
Sales revenue deferred under customer loyalty program	(48.8)	(43.0)
<b>Revenue from sale of goods</b>	<b>2,565.8</b>	2,340.6
Other operating revenue	194.7	161.4
Cost of goods sold	(1,536.9)	(1,356.7)
<b>Operating gross profit</b>	<b>1,223.6</b>	1,145.3
Other income	-	0.9
Selling expenses	(751.1)	(690.9)
Administration expenses	(277.3)	(271.0)
Restructuring, space exit costs and impairment of assets	(15.4)	(13.2)
<b>Earnings before interest and tax</b>	<b>179.8</b>	171.1
Finance revenue	4.7	0.3
Finance costs	(96.2)	(99.2)
<b>Net finance costs</b>	<b>(91.5)</b>	(98.9)
<b>Profit before income tax</b>	<b>88.3</b>	72.2
Income tax expense	(28.6)	(23.1)
<b>Profit for the period attributable to Deed of Cross Guarantee group</b>	<b>59.7</b>	49.1
<b>Statement of comprehensive income</b>		
<b>Profit for the period</b>	<b>59.7</b>	49.1
<b>Other comprehensive income</b>		
Items that may be reclassified to profit or loss:		
Cash flow hedges	-	0.8
Exchange differences on translation of foreign operations	(0.9)	0.7
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(0.9)</b>	1.5
<b>Total comprehensive income for the period</b>	<b>58.8</b>	50.6
<b>Summary of movements in accumulated losses</b>		
Balance at beginning of period	(473.7)	(510.5)
Profit for the period	59.7	49.1
Dividends paid	(86.2)	(12.3)
<b>Balance at end of period</b>	<b>(500.2)</b>	(473.7)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

G2 Deed of Cross Guarantee (continued)

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 29 July 2023 of the closed group:

	2023	2022
	\$m	\$m
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	175.5	240.8
Trade and other receivables and prepayments	37.1	36.1
Inventories	370.8	371.3
Derivative financial instruments	6.0	5.3
<b>Total current assets</b>	<b>589.4</b>	<b>653.5</b>
<b>Non-current assets</b>		
Property, plant and equipment	321.6	304.8
Right-of-use assets	1,100.6	1,177.6
Intangible assets	305.2	305.3
Deferred tax assets	122.0	111.4
Derivative financial instruments	0.4	0.3
Other non-current assets	2.5	3.2
<b>Total non-current assets</b>	<b>1,852.3</b>	<b>1,902.6</b>
<b>Total assets</b>	<b>2,441.7</b>	<b>2,556.1</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	404.7	429.7
Lease liabilities	151.0	144.0
Provisions	73.3	67.7
Derivative financial instruments	1.4	0.6
Current tax liabilities	9.8	23.8
Other liabilities	0.1	0.1
<b>Total current liabilities</b>	<b>640.3</b>	<b>665.9</b>
<b>Non-current liabilities</b>		
Borrowings	60.1	58.0
Lease liabilities	1,490.0	1,554.9
Provisions	4.9	4.3
<b>Total non-current liabilities</b>	<b>1,555.0</b>	<b>1,617.2</b>
<b>Total liabilities</b>	<b>2,195.3</b>	<b>2,283.1</b>
<b>Net assets</b>	<b>246.4</b>	<b>273.0</b>
<b>Equity</b>		
Contributed equity	734.0	737.1
Accumulated losses	(500.2)	(473.7)
Reserves	12.6	9.6
<b>Total equity</b>	<b>246.4</b>	<b>273.0</b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

G3 Parent Entity Financial Information

**(a) Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	2023	2022
	\$m	\$m
<b>Balance sheet</b>		
Current assets	207.1	235.7
Total assets	407.0	435.6
Current liabilities	26.4	45.8
Total liabilities	86.5	103.8
Shareholders' equity		
Issued capital	734.0	737.1
Reserves		
Other reserves	(2.7)	(2.7)
Share-based payments	32.1	27.9
Retained profits reserve - pre 2018	-	66.6
Accumulated losses reserve - 2018	(406.7)	(406.7)
Retained profits reserve - 2019	-	6.0
Accumulated losses reserve - 2020	(170.6)	(170.6)
Retained profits reserve - 2022	60.6	74.2
Retained profits reserve - 2023	73.7	-
<b>Profit for the period</b>	<b>73.7</b>	<b>74.2</b>
<b>Total comprehensive income for the period</b>	<b>73.7</b>	<b>74.2</b>

**(b) Guarantees entered into by the parent entity**

Carrying amount included in current liabilities

-

The parent entity is the borrowing entity under the Group's financing facilities. Under these facilities, the parent entity is party to a cross-guarantee with various other Group entities, who guarantee the repayment of the facilities in the event that the parent entity is in default.

The parent entity is also party to the deed of cross guarantee. The details of the deed of cross guarantee are set out in note G2. At the end of the reporting period, no liability has been recognised in relation to these guarantees on the basis that the potential exposure is not considered material.

**(c) Contingent liabilities of the parent entity**

The parent entity did not have any contingent liabilities as at 29 July 2023 or 30 July 2022.

**(d) Contractual commitments for the acquisition of property, plant or equipment**

The parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 29 July 2023 or 30 July 2022.

**(e) Event subsequent to balance date**

Refer to note H6 for additional events which have occurred after the financial reporting date.

**Accounting policy**

The financial information that is disclosed for the parent entity, Myer Holdings Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

*(i) Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the financial statements of Myer Holdings Limited.

*(ii) Tax consolidation legislation*

Myer Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Myer Holdings Limited, and the controlled entities in the tax consolidated group continue to 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 stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Myer Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Myer Holdings Limited for any current tax payable assumed and are compensated by Myer Holdings Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Myer Holdings Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The funding amounts are recognised as current intercompany receivables or payables.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### H. Other Financial Information

This section of the notes includes other financial information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements. This section also provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

#### H1 Contingencies

##### Contingent liabilities

The Group had contingent liabilities at 29 July 2023 in respect of:

##### Guarantees

The Group has issued bank guarantees amounting to \$32.0 million (2022: \$32.3 million), of which \$14.3 million (2022: \$14.1 million) represents guarantees supporting workers' compensation self-insurance licences in various jurisdictions. For information about other guarantees given by entities within the Group, including the parent entity, refer to notes G2 and G3.

There can be legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items, or the amount of any such liability.

#### H2 Commitments

##### Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2023	2022
	\$m	\$m
Property, plant, equipment and software Payable:		
Within one-year	21.8	26.7
Later than one-year but not later than five years	-	-
Later than five years	-	-
	<b>21.8</b>	<b>26.7</b>

#### H3 Related Party Transactions

##### (a) Parent entities

The parent entity within the Group is Myer Holdings Limited, a listed public company, incorporated in Australia.

##### (b) Subsidiaries

Interests in subsidiaries are set out in note G1.

##### (c) Key Management Personnel

###### (i) Compensation

Key Management Personnel compensation for the period ended 29 July 2023 is set out below. The Key Management Personnel of the Group are persons having the authority for planning, directing and controlling the Company's activities directly or indirectly, including the directors of Myer Holdings Limited.

	2023	2022
	\$	\$
Short-term employee benefits	4,467,067	4,750,055
Post employment benefits	119,884	102,506
Long-term benefits	92,862	2,077
Share-based payments	2,343,555	2,278,990
	<b>7,023,368</b>	<b>7,133,628</b>

Detailed remuneration disclosures are provided in the Remuneration Report on pages 29 to 53.

###### (ii) Loans

In 2023 and 2022 there were no loans made to directors of Myer Holdings Limited and other Key Management Personnel of the Group, including their related parties.

###### (iii) Other transactions

The transactions with Key Management Personnel or entities related to them are as disclosed in the Remuneration Report.

##### (d) Transactions with other related parties

There were no material transactions with other related parties during the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

H4 Share-Based Payments

(a) Long Term Incentive Plan

The Myer Long Term Incentive Plan (LTI plan) is an incentive that is intended to promote alignment between executive and shareholder interests over the longer term. Under the LTI plan, performance rights and options may be offered annually to the Chief Executive Officer and nominated executives. The employees invited to participate in the plan include executives who are considered to play a leading role in achieving the Group's long-term strategic and operational objectives.

Each right and option offered is an entitlement to one fully paid ordinary share in the Company, subject to adjustment for capital actions, on terms and hurdles determined by the Board, including hurdles linked to Company performance and service. Performance options vest and are automatically exercised on a net settlement basis.

The LTI plan is delivered via a grant of performance rights or options. The number of performance rights or options that vest is not determined until after the end of the performance period. The performance right or option will therefore not provide any value to the holder between the date the performance right or option is granted and after the end of the vesting period, if the performance hurdles and service conditions are satisfied. Performance rights and options do not carry entitlements to ordinary dividends or other shareholder rights until the end of the vesting period.

Set out below is a summary of performance rights and options granted under the plan:

	Balance 30 July 2022	Granted	Exercised	Expired and lapsed	Balance 29 July 2023
Performance rights	20,655,386	7,361,928	-	(779,352)	27,237,962
Performance options	24,257,291	-	(9,329,267)	(12,128,646)	2,799,378
Total	44,912,677	7,361,928	(9,329,267)	(12,907,998)	30,037,340
Weighted average exercise price	\$0.30	\$0.00	\$0.55	\$0.52	\$0.05

	Balance 31 July 2021	Granted	Exercised	Expired and lapsed	Balance 30 July 2022
Performance rights	17,128,531	6,514,842	(2,987,987)	-	20,655,386
Performance options	54,303,324	-	-	(30,046,033)	24,257,291
Total	71,431,855	6,514,842	(2,987,987)	(30,046,033)	44,912,677
Weighted average exercise price	\$0.36	\$0.00	\$0.00	\$0.42	\$0.30

The weighted average remaining contractual life of share rights and options outstanding at the end of the period was 1.0 year (2022: 1.0 year).

*Fair value of performance rights granted*

The assessed fair value at grant date of rights granted during the period is noted below. Fair value varies depending on the period to vesting date. The fair values at grant dates were independently determined using a Monte Carlo simulation pricing model that takes into account the exercise price, the term of the rights, the impact of dilution, the fair value of shares in the Company at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right. The fair values and model inputs for performance rights granted during the period included:

	2023 LTI Plan Rights (TSR)	2023 LTI Plan Rights (EPS)
(a) Fair value of performance rights granted	\$0.44	\$0.46
(b) Grant date	16-Nov-22	16-Nov-22
(c) Expiry date	16-Nov-26	16-Nov-26
(d) Share price at grant date	\$0.65	\$0.65
(e) Expected price volatility of the Group's shares	76.84%	76.84%
(f) Expected dividend yield	6.15%	6.15%
(g) Risk-free interest rate	3.37%	3.37%

The expected price volatility is based on the historic volatility (based on the remaining life of the performance options), adjusted for any expected changes to future volatility due to publicly available information.

Where rights are issued to employees of subsidiaries within the Group, the subsidiaries compensate the Company for the amount recognised as an expense in relation to these rights.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### H4 Share-Based Payments (continued)

#### (a) Long Term Incentive Plan (continued)

##### Modification of the FY21 and FY22 LTI Plans

During the period the Board exercised its discretion under the FY21 and FY22 LTI plans with respect to the terms upon which performance rights were granted.

In relation to the FY21 LTI plan, the Board resolved to reduce the continuous service condition period of one-year following the end of the performance period and subsequent allocation of restricted shares (expected to be on or around 30 September 2024), to 31 January 2024. There was no change in fair value on the date of this modification and the revised service period has been accounted for prospectively from the date of modification.

In relation to the FY22 LTI plan, the Board resolved to remove the continuous service condition period of one-year following the end of the performance period and subsequent allocation of restricted shares (expected to be on or around 30 September 2025), to 30 September 2024. There was no change in fair value on the date of this modification and the revised service period has been accounted for prospectively from the date of modification.

#### (b) Transformation Incentive Plan

The Transformation Incentive (TI) plan was introduced to replace the normal STI plan for a period of two years, starting in FY21. Under the TI plan, the Chief Executive Officer and nominated executives receive 50% of the annual TI achieved in cash and 50% in equity.

##### FY21 TI Plan

The FY21 TI plan delivered the equity component via deferred rights, 50% subject to a one-year deferral period and 50% subject to a two-year deferral period. On vesting following the end of the deferral periods, the rights automatically convert into ordinary shares on a one for one basis at an exercise price of nil. There is no entitlement to receive dividends nor any voting rights in relation to the deferred rights during the vesting period. If an executive ceases to be employed by the Group within this period, the rights will be forfeited, except in circumstances that are approved by the board on a case-by-case basis.

During the period, 50% of the total deferred rights awarded automatically converted into ordinary shares and were issued to executives following completion of the one-year deferral period.

##### FY22 TI Plan

The FY22 TI plan delivered the equity component via rights to deferred shares, 50% subject to a one-year disposal restriction and 50% subject to a two-year disposal restriction. During the period deferred shares totalling 1,595,176 were allocated to executives, determined by dividing the dollar value of the right to deferred shares component of the FY22 TI plan award by the volume weighted average price of the Company's shares over the five trading days immediately following the release to the market of the Company's full year FY22 results. The deferred shares carry rights to dividends and voting rights and rank equally in all respects with other ordinary shares already on issue on the date of allocation, except for entitlements which had a record date before the date of allocation.

#### (c) Short Term Incentive Plan

Under the Group's FY23 Short Term Incentive (STI) plan, the Chief Executive Officer and nominated executives receive 75% of the award achieved in cash and 25% in the form of rights to deferred shares. The number of deferred shares allocated will be determined by dividing the dollar value of the deferred shares component of the STI plan award by the volume weighted average price of the Company's shares over a period of trading days determined by the Board following the release to the market of the Company's full year FY23 results. The deferred shares are subject to a one-year disposal restriction from the date of allocation.

#### (d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2023	2022
	\$m	\$m
Rights and options issued under the LTI Plan	3.9	3.1
Rights issued under the TI and STI Plan	0.4	0.8

Share-based payment transaction expenses represent the amount recognised in the period in relation to share-based remuneration plans. Where expectations of the number of rights or options expected to vest changes, the life to date expense is adjusted, which can result in a negative expense for the period due to the reversal of amounts recognised in prior periods.

#### Accounting policy

Share-based compensation benefits are provided to employees through the Myer Long Term Incentive Plan (LTI plan), Transformation Incentive Plan (TI plan) and Short Term Incentive Plan (STI plan).

The fair value of rights and options granted under a plan are recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights and options granted, which includes any market performance conditions but excludes the impact of any services and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights and options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of rights or options that are expected to vest based on the non-market vesting conditions. It recognises the impact of revisions to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The LTI, TI and STI plans are administered by the Myer Equity Plan Trust (refer to note G1). When rights or options are vested, the trust transfers the appropriate number of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 29 July 2023

H5 Remuneration of Auditors

During the period, the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:

	2023	2022
	\$	\$
<b>(a) PwC Australia</b>		
(i) Assurance services		
<i>Audit services</i>		
Audit and review of financial statements	553,481	498,260
<i>Other assurance services</i>		
Audit of rent certificates	37,211	40,769
Total remuneration for audit and other assurance services	590,692	539,029
(ii) Taxation services		
Tax compliance services	3,500	3,000
(iii) Other services		
Consulting services	22,440	-
Total remuneration of PwC Australia	616,632	542,029
<b>(b) Overseas practices of PwC</b>		
(i) Assurance services		
<i>Audit services</i>		
Audit and review of financial statements	73,026	71,796
Total remuneration for overseas practices of PwC	73,026	71,796

H6 Events Occurring After the Reporting Period

*Dividends on the Company's ordinary shares*

The directors have determined to pay a final dividend of 1.0 cent per share, fully franked at the 30% corporate income tax rate, payable on 16 November 2023 for the period ended 29 July 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 29 July 2023

### I. Other Accounting Policies

This section provides a list of other accounting policies adopted in the preparation of these consolidated financial statements. Specific accounting policies are disclosed in their respective notes to the financial statements. This section also provides information on the impacts of new accounting standards, amendments and interpretations, and whether they are effective in the current or future reporting periods.

The principal accounting policies adopted in the preparation of these consolidated financial statements ('financial statements' or 'financial report') 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 Myer Holdings Limited and its subsidiaries ('Group').

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Myer Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

##### *Compliance with IFRS*

The consolidated financial statements of Myer Holdings Limited 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, except for financial assets and liabilities (including derivative instruments), which have been measured at fair value through profit or loss.

##### *Working capital position*

As at 29 July 2023, the Group has a net current liability position of \$55.3 million, which includes cash and cash equivalents of \$179.7 million. The net current liability includes the recognition of current lease liabilities of \$154.3 million from the adoption of AASB 16 Leases. The Group has available borrowing facility of \$35.3 million, which when combined with the orderly realisation of inventory above cost will enable the Group to pay its debts as and when they become due and payable.

#### (b) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, except where otherwise stated, amounts in the consolidated financial statements have been rounded off to the nearest hundred thousand dollars.

#### (c) New accounting standards and interpretations

##### *New and amended standards adopted by the Group*

The Group note that none of the new standards or amendments to existing standards that are mandatory for the first time for the 29 July 2023 reporting period materially affect any of the amounts recognised in the current period or prior period, and are not likely to significantly affect future periods.

## DIRECTORS' DECLARATION

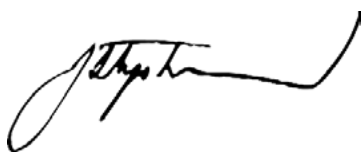
In the Directors' opinion:

- (a) the financial statements and notes set out on pages 55 to 91 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 consolidated entity's financial position as at 29 July 2023 and of its performance for the financial period 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; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note G2.

Note I. (a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and the 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.



**JoAnne Stephenson**  
Chairman

Melbourne, 14 September 2023



## Independent auditor's report

To the members of Myer Holdings Limited

### Report on the audit of the financial report

#### Our opinion

In our opinion:

The accompanying financial report of Myer Holdings 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 29 July 2023 and of its financial performance for the period 31 July 2022 to 29 July 2023
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 29 July 2023
- the consolidated statement of comprehensive income for the period then ended
- the consolidated statement of changes in equity for the period then ended
- the consolidated statement of cash flows for the period then ended
- the consolidated income statement for the period then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- 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.



## 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.



### Materiality

- For the purpose of our audit we used overall Group materiality of \$4.46 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

### Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.





## 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. We communicated the key audit matters to the Audit, Finance and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying value of the Myer brand name</b> (Refer to note C2)</p> <p>The Group holds an indefinite life brand name for Myer of \$232.8 million, as at 29 July 2023. The brand is allocated to the Myer Cash Generating Unit (CGU).</p> <p>The Group performed an impairment assessment for the CGU, by preparing a financial model to determine if the carrying value of the assets is supported by forecast future cash flows, discounted to present value (the “model”).</p> <p>We considered the carrying value of the Myer brand name to be a key audit matter due to the size of the balances and the significant judgements applied by the Group in estimating future cash flows.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluating whether the allocation of the Group’s assets to the CGU was consistent with our knowledge of the Group’s operations and internal Group reporting</li> <li>• Evaluating the appropriateness of the Group’s method for developing the estimate of the recoverable amount.</li> <li>• Comparing the Group’s forecast cash flows to the Board approved budget.</li> <li>• Assessing the significant forecast cash flow assumptions, for appropriateness with reference to external market data where possible.</li> <li>• Assessing the Group’s historical ability to forecast cash flows by comparing the forecast cash flows to actual results for the past three years.</li> <li>• Together with PwC valuation experts, comparing the terminal growth rate and discount rates used in the model to external market data.</li> <li>• Evaluating the reasonableness of the Group’s disclosures in the financial report considering the requirements of the Australian Accounting Standards.</li> </ul>



### **Net realisable value of inventory** (Refer to note B2)

The Group held inventory of \$371.3 million at 29 July 2023. Inventories are valued at the lower of cost and net realisable value.

The Group recognises a provision where it expects the net realisable value of inventory to fall below its cost price.

We considered this a key audit matter because the Group applies significant judgements and assumptions in forecasting future selling prices to estimate the value of inventory likely to sell below cost in the future.

Our audit procedures included, amongst others:

- Assessing the Group's inventory provisioning policy by considering the levels of aged inventory and the Group's inventory clearance strategy.
- Testing the mathematical accuracy of key data included in the calculation of the Group's inventory provision.
- Comparing the selling price (net realisable value) subsequent to period end to the recorded cost, for a sample of inventory items.
- Evaluating the reasonableness of the Group's disclosures in the financial report considering the requirements of the Australian Accounting Standards.

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report for the period ended 29 July 2023, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or 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.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

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### **Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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.

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### 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](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

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#### Our opinion on the remuneration report

We have audited the remuneration report included in pages 31 to 53 of the directors' report for the period ended 29 July 2023.

In our opinion, the remuneration report of Myer Holdings Limited for the period ended 29 July 2023 complies with section 300A of the *Corporations Act 2001*.

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#### 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

Alison Tait Milner  
Partner

Melbourne  
14 September 2023

# Shareholder information

As at 15 September 2023.

Myer has one class of shares on issue (being ordinary shares). All the Company's shares are listed on the Australian Securities Exchange.

Focus Area	Number
Issued Capital	821,278,815
Number of Shareholders	40,457
Minimum Parcel Price	\$0.640
Holders with less than a marketable parcel	18,662

## Distribution of shareholders and shareholdings

Range	Units	%	Holders	%
100,001 and Over	656,435,902	79.93	408	1.01
10,001 to 100,000	105,901,760	12.89	3,455	8.54
5,001 to 10,000	20,419,760	2.49	2,559	6.33
1,001 to 5,000	28,397,995	3.46	12,899	31.88
1 to 1,000	10,123,398	1.23	21,136	52.24
<b>Total</b>	<b>821,278,815</b>	<b>100.00</b>	<b>40,457</b>	<b>100.00</b>

## Unmarketable parcels

Range	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.640 per unit	782	18,662	7,775,775

### Twenty largest shareholders

Rank	Name	Units	% of Units
1	METALGROVE PTY LTD	236,433,283	28.79
2	CITICORP NOMINEES PTY LIMITED	99,731,661	12.14
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	89,792,552	10.93
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	23,259,756	2.83
5	BOND STREET CUSTODIANS LIMITED	13,413,633	1.63
6	SPROUT GROUP PTY LTD	8,585,031	1.05
7	GLADIATOR SECURITIES PTY LTD	8,270,000	1.01
8	AM GLORY PTY LTD	6,131,195	0.75
9	ACE PROPERTY HOLDINGS PTY LTD	5,160,000	0.63
10	NATIONAL NOMINEES LIMITED	4,774,642	0.58
11	RIADIS HOLDINGS PTY LTD	4,000,000	0.49
12	SRH SUPER PTY LTD	3,600,000	0.44
13	MR JOHN ANTHONY KING	3,582,432	0.44
14	PACIFIC CUSTODIANS PTY LIMITED	3,524,293	0.43
15	MR PAT O'NEILL	3,478,649	0.42
16	NETWEALTH INVESTMENTS LIMITED	3,431,155	0.42
17	WARBONT NOMINEES PTY LTD	3,282,578	0.4
18	NEWECONOMY COM AU NOMINEES PTY LIMITED	3,184,386	0.39
19	MR RAJESH PARSOTAM HARIDAS	2,800,000	0.34
20	MR YOUSSEF ELBAYEH	2,760,779	0.34
<b>Total</b>		<b>529,196,025</b>	<b>64.45</b>
<b>Balance of register</b>		<b>292,082,790</b>	<b>35.55</b>
<b>Grand total</b>		<b>821,278,815</b>	<b>100.00</b>

### Substantial shareholders

As at 15 September 2023, there are two substantial shareholders that Myer is aware of:

	Date of last notice	Number of securities in last notice	%
Premier Investments	1 September 2023	236,433,283	28.79
Dimensional Fund Advisors	3 August 2023	49,251,659	5.99
<b>Total</b>			<b>34.78</b>

The above table sets out the number and percentage of securities held by substantial shareholders in Myer as disclosed in their last substantial shareholder's notice. Note that those shareholders may have acquired or disposed of securities in Myer since the date of that notice. A substantial shareholder is only required to disclose acquisitions or disposals where there has been a movement of at least 1% in their shareholding.

### Voting rights

Shareholders may vote at a meeting of shareholders in person, directly or by proxy, attorney or representative, depending on whether the shareholder is an individual or a company. Subject to any rights or restrictions attaching to shares, on a show of hands each shareholder present in person or by proxy, attorney or representative has one vote and, on a poll, has one vote for each fully paid share held.

Presently, Myer has only one class of fully paid ordinary shares and these do not have any voting restrictions. If shares are not fully paid, on a poll the number of votes attaching to the shares is pro-rated accordingly. Options and performance rights do not carry any voting rights.

### Performance options and rights

Myer has unlisted performance options and rights on issue. As at 15 September 2023, there were 23 holders of performance options and rights.

# Corporate directory

## Registered office

Myer Holdings Limited  
Level 7, 1000 La Trobe Street  
Docklands VIC 3008

## Myer postal address

Myer Holdings Limited  
PO Box 869J  
Melbourne VIC 3001

## Company secretary

Paul Morris  
General Counsel and Company Secretary

## Shareholder enquiries: Share registry

Link Market Services Limited  
Attn: Myer Holdings Limited  
Locked Bag A14  
Sydney South NSW 1235

## Myer shareholder information line

Australian Telephone: 1300 820 260  
International Telephone: +61 1300 820 260  
Facsimile: +61 2 9287 0309  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## Investor relations and media enquiries

Email: [myer.corporate.affairs@myer.com.au](mailto:myer.corporate.affairs@myer.com.au)

## Sustainability

Email: [sustainability@myer.com.au](mailto:sustainability@myer.com.au)

## Myer customer service centre

PO Box 869J  
Melbourne VIC 3001  
Phone: 13 69 37 (within Australia)

## Auditor

PricewaterhouseCoopers  
2 Riverside Quay  
Southbank VIC 3006

## Securities exchange listing

Myer Holdings Limited (MYR) shares are listed on the Australian Securities Exchange (ASX)

## Websites

[myer.com.au](http://myer.com.au)  
[myerone.com.au](http://myerone.com.au)  
[myer.com.au/investor](http://myer.com.au/investor)

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