

17 February 2021

**ASX Announcement**

**APPENDIX 4D AND INTERIM FINANCIAL REPORT**

Super Retail Group Limited (ASX:SUL) provides its Appendix 4D and Interim Financial Report to the market.

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The release of this announcement has been authorised by the Board of Super Retail Group Limited.

# SUPER RETAIL GROUP LIMITED (SUL) INTERIM REPORT

FOR THE 26 WEEK PERIOD ENDED 26 DECEMBER 2020

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## SECTION A

### APPENDIX 4D INTERIM REPORT

#### SUPER RETAIL GROUP LIMITED (SUL)

ABN 81 108 676 204

##### Statutory Results

Current Reporting Period:

From 28 June 2020 to 26 December 2020 (26 weeks)

Previous Reporting Period:

From 30 June 2019 to 28 December 2019 (26 weeks)

##### Results for Announcement to the Market

	Statutory Results \$m	Comparison to December 2019 \$m
Revenue from ordinary activities	1,776.3	Up 23.1% from 1,443.5
Profit from ordinary activities after tax attributable to members	172.8	Up 201.0% from 57.4
Net profit for the period attributable to members	172.8	Up 201.0% from 57.4

##### Brief explanation of figures reported above to enable the figures to be understood

This report is based on the consolidated interim financial statements which have been reviewed by the auditor. The review report, which was unqualified, is included within the Company's Interim Financial Report for the 26 weeks ending 26 December 2020 which accompanies this Appendix 4D.

For a brief explanation of the figures above please refer to the Results Announcement for the period ended 26 December 2020 and the Directors' Report, which forms part of the Interim Financial Report.

##### Dividends – Ordinary Shares

	Amount per share	Franked amount per share
2020 Final dividend	19.5¢	19.5¢
2021 Interim dividend <sup>(1)</sup>	33.0¢	33.0¢
Record date for determining entitlements to the interim dividend	26 February 2021	

<sup>(1)</sup> Declared 17 February 2021, payable 1 April 2021.

##### Net Tangible Assets per Security

	December 2020	June 2020
Net tangible assets per security <sup>(1)</sup>	\$1.63	\$0.88

<sup>(1)</sup> Net tangible assets per security (NTA) as at 26 December 2020 includes the right-of-use assets in respect of property, plant and equipment leases of \$792.9 million (27 June 2020: \$848.0 million), and the lease liabilities recognised under AASB 16 Leases of \$885.8 million (27 June 2020: \$939.3 million). If the right-of-use assets and associated deferred tax liability were excluded as at 26 December 2020, the NTA would have been negative \$0.85 per security (27 June 2020: negative \$1.85).

##### Foreign Entities

Foreign entities have been accounted for in accordance with Australian Accounting Standards.

##### Control gained or lost over entities during the period

(a) Names of entities where control was gained in the period  
There were no entities over which control was gained during the period.

(b) Names of entities where control was lost in the period  
There were no entities over which control was lost during the period.

## SECTION B

### SUPER RETAIL GROUP LIMITED

### INTERIM FINANCIAL REPORT

FOR THE 26 WEEK PERIOD ENDED 26 DECEMBER 2020

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# DIRECTORS' REPORT

The Directors of Super Retail Group Limited present the Interim Financial Report for the 26 week period ended 26 December 2020.

## Directors

The Directors of the Company at any time during or since the end of the period, up to the date of this report are:

### Directors:

Sally Pitkin  
(Independent Non-Executive Chair)  
Anthony Heraghty  
(Group Managing Director and Chief Executive Officer)  
Reginald Rowe  
(Non-Executive Director)  
Howard Mowlem  
(Independent Non-Executive)  
Peter Everingham  
(Independent Non-Executive)  
Annabelle Chaplain  
(Independent Non-Executive)  
Gary Dunne  
(Independent Non-Executive)

### Former:

Diana Ellert  
(Independent Non-Executive) (retired 31 January 2021)

## Financial and Operational Review

An analysis of the Group's interim period's financial and operating performance from continuing operations is outlined below.

### (a) Group Results

Sales for the period were \$1,776.3 million (2019: \$1,443.5 million), an increase of 23.1 per cent.

The reported Net Profit After Tax for the period attributable to Owners of Super Retail Group Limited was \$172.8 million (2019: \$57.4 million), an increase of 201.0 per cent.

Normalised Net Profit After Tax for the period was \$177.1 million (2019: \$74.1 million), an increase of 139.0 per cent. The impact of Lease Accounting Standard – AASB 16 – is excluded from Normalised Net Profit After Tax. The application of this standard has reduced profit after tax for the period by \$1.5 million (2019: \$4.0 million). Refer to section (c) below for further analysis.

An analysis of the interim period's financial performance is:

Financial Performance	26 December 2020 \$m	28 December 2019 \$m
<b>Profit for the period attributable to Owners of Super Retail Group Limited</b>	<b>172.8</b>	<b>57.4</b>
Lease Accounting Standard – AASB 16 adjustment	1.5	4.0
<b>Pre-AASB 16</b>	<b>174.3</b>	<b>61.4</b>
Team member underpayment remediation after tax	-	9.5
Execution costs to complete the remediation after tax	2.7	3.1
Autoguru net loss from associate accounted for using the equity method	0.1	0.5
Reversals of previous provisions after tax	-	(0.4)
<b>Normalised net profit after tax</b>	<b>177.1</b>	<b>74.1</b>

# DIRECTORS' REPORT (continued)

## Financial and Operational Review (continued)

### (a) Group Results (continued)

#### Impacts of COVID-19

There was increased consumer demand throughout the period that delivered sales growth of 23.1 per cent. This demand resulted in lower promotional activity resulting in higher gross margins.

Fixed costs as a percentage of revenue decreased due to the strong sales generating strong EBIT.

The Group remains cautious on the outlook for the second half given the uncertain economic environment.

#### Store Movements

	Stores 28/06/2020	Opened	Closed	Stores 26/12/2020
Supercheap Auto	326	1	-	327
rebel	160	1	(4)	157
BCF	139	2	-	141
Macpac	72	-	-	72
<b>Group</b>	<b>697</b>	<b>4</b>	<b>(4)</b>	<b>697</b>

### (b) Division Results

	Sales		EBITDA		EBIT	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Supercheap Auto	661.9	550.7	127.7	75.5	104.1	57.3
rebel	623.7	542.8	119.0	68.4	99.6	53.7
BCF	427.7	283.5	72.7	22.1	62.0	12.1
Macpac	63.0	66.5	5.2	3.7	3.5	2.3
Unallocated	-	-	(13.2)	(9.9)	(13.2)	(10.0)
	<b>1,776.3</b>	<b>1,443.5</b>	<b>311.4</b>	<b>159.8</b>	<b>256.0</b>	<b>115.4</b>

#### Supercheap Auto

The divisional total sales increased by 20.2 per cent to \$661.9 million with like for like sales growth of 19.6 per cent. A key contributor to the like for like growth was the digital sales increase of 46.1 per cent on the previous corresponding period.

Segment EBIT grew by 81.7 per cent to \$104.1 million.

Total active Club Plus members grew to 1.9 million in the period and represented 42 per cent of total sales.

#### rebel

Total divisional sales increased by 14.9 per cent to \$623.7 million with like for like sales growth of 17.1 per cent. A key contributor to the like for like growth was the digital sales increase of 102.1 per cent on the previous corresponding period.

Segment EBIT increased by 85.5 per cent to \$99.6 million.

The Infinite Retail business which was included in this segment was closed during the period.

#### BCF

The divisional total sales increased by 50.9 per cent to \$427.7 million with like for like sales growth of 50.8 per cent. A key contributor to the like for like growth was the digital sales increase of 113.1 per cent on the previous corresponding period.

Segment EBIT grew by 412.4 per cent to \$62.0 million.

Total active Club Plus members grew to 1.8 million in the period and represented 82 per cent of total sales.

# DIRECTORS' REPORT (continued)

## Financial and Operational Review (continued)

### (b) Division Results (continued)

#### Macpac

Total divisional sales decreased by 5.3 per cent to \$63.0 million with sales significantly impacted by government-mandated store closures in key markets of Melbourne and Auckland, relating to COVID-19. Like for like sales were negative 3.3 per cent. Excluding the impact of store closures, like for like sales increased to 6.0 per cent.

Digital sales increased by 93.8 per cent on the previous corresponding period.

Segment EBIT grew by 52.2 per cent to \$3.5 million due to a growth in gross margins.

#### Group and Unallocated

Group costs at \$13.2 million were \$3.2 million higher than the prior comparative period. Group costs include corporate activities which have increased as a result of additional safety and compliance costs as well as the return of \$1.7 million of JobKeeper funds received during the period.

### (c) Impact of AASB 16 Leases

Given the significance of the impact that accounting standard AASB 16 Leases has on the financial results, the Directors have included the following tables which are considered to provide useful information to the Group's shareholders, on a pre-AASB 16 basis. This is non-IFRS information.

AASB 16 Leases has required operating leases to be recognised as right-of-use assets and lease liabilities, and for lease expenses to be treated as depreciation and interest. Cash lease payments are classified as lease principal payments and interest paid.

The impact of the implementation of the standard has a net negative impact on Net Profit After Tax of \$1.5 million during the period (2019: net negative impact \$4.0 million).

#### AASB 16 Leases impact on Finance Metrics

	26-Dec-20 Statutory	26-Dec-20 AASB16 Adjustment	26-Dec-20 Pre-AASB16	28-Dec-19 Pre-AASB16
	\$m	\$m	\$m	\$m
<b>Profit attributable to Owners of Super Retail Group</b>	172.8	1.5	174.3	61.4
Add: Taxation expense	74.0	0.6	74.6	26.6
Net finance costs	21.1	(18.0)	3.1	9.4
Depreciation and amortisation	146.2	(90.8)	55.4	44.4
<b>EBITDA</b>	<b>414.1</b>	<b>(106.7)</b>	<b>307.4</b>	<b>141.8</b>
Rental expense	21.2	106.3	127.5	125.7
<b>EBITDAR</b>	<b>435.3</b>	<b>(0.4)</b>	<b>434.9</b>	<b>267.5</b>
Net finance costs	21.1	(18.0)	3.1	9.4
Rental expense	21.2	106.3	127.5	125.7
<b>Fixed charges</b>	<b>42.3</b>	<b>88.3</b>	<b>130.6</b>	<b>135.1</b>
<b>Fixed charge cover ratio</b>	<b>10.29</b>		<b>3.33</b>	<b>1.98</b>

# DIRECTORS' REPORT (continued)

## Financial and Operational Review (continued)

### (c) Impact of AASB 16 Leases (continued)

#### AASB 16 Leases impact on Segment Note

For the period ended 26 December 2020	SCA \$m	rebel \$m	BCF \$m	Macpac \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
<b>Segment Revenue and Other Income</b>							
External segment revenue	661.9	623.7	427.7	63.0	1,776.3	-	1,776.3
Other income	-	0.1	-	0.2	0.3	0.1	0.4
<b>Total segment revenue and other income</b>	<b>661.9</b>	<b>623.8</b>	<b>427.7</b>	<b>63.2</b>	<b>1,776.6</b>	<b>0.1</b>	<b>1,776.7</b>
<b>Segment EBITDA</b>	<b>164.5</b>	<b>156.8</b>	<b>96.7</b>	<b>13.3</b>	<b>431.3</b>	<b>(13.2)</b>	<b>418.1</b>
Segment depreciation and amortisation	(55.5)	(52.8)	(29.1)	(8.8)	(146.2)	-	(146.2)
<b>Segment EBIT result</b>	<b>109.0</b>	<b>104.0</b>	<b>67.6</b>	<b>4.5</b>	<b>285.1</b>	<b>(13.2)</b>	<b>271.9</b>
Net finance costs	(6.2)	(6.6)	(4.3)	(0.9)	(18.0)	(3.1)	(21.1)
<b>Total segment NPBT</b>	<b>102.8</b>	<b>97.4</b>	<b>63.3</b>	<b>3.6</b>	<b>267.1</b>	<b>(16.3)</b>	<b>250.8</b>
Segment income tax expense							(75.2)
<b>Normalised NPAT</b>							<b>175.6</b>
Other items not included in the total segment NPAT							(2.8)
<b>Profit for the period</b>							<b>172.8</b>

For the period ended 28 December 2019	SCA \$m	rebel \$m	BCF \$m	Macpac \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
<b>Segment Revenue and Other Income</b>							
External segment revenue	550.7	542.8	283.5	66.5	1,443.5	-	1,443.5
Other income	-	0.1	-	-	0.1	-	0.1
<b>Total segment revenue and other income</b>	<b>550.7</b>	<b>542.9</b>	<b>283.5</b>	<b>66.5</b>	<b>1,443.6</b>	<b>-</b>	<b>1,443.6</b>
<b>Segment EBITDA</b>	<b>108.4</b>	<b>105.1</b>	<b>44.6</b>	<b>11.1</b>	<b>269.2</b>	<b>(9.9)</b>	<b>259.3</b>
Segment depreciation and amortisation	(47.5)	(46.7)	(28.2)	(8.7)	(131.1)	(0.1)	(131.2)
<b>Segment EBIT result</b>	<b>60.9</b>	<b>58.4</b>	<b>16.4</b>	<b>2.4</b>	<b>138.1</b>	<b>(10.0)</b>	<b>128.1</b>
Net finance costs	(6.2)	(6.7)	(4.6)	(1.0)	(18.5)	(9.4)	(27.9)
<b>Total segment NPBT</b>	<b>54.7</b>	<b>51.7</b>	<b>11.8</b>	<b>1.4</b>	<b>119.6</b>	<b>(19.4)</b>	<b>100.2</b>
Segment income tax expense							(30.1)
<b>Normalised NPAT</b>							<b>70.1</b>
Other items not included in the total segment NPAT							(12.7)
<b>Profit for the period</b>							<b>57.4</b>

Management does not review the operating segments or make strategic decisions utilising this information. It is shown here to provide additional information on the impact of AASB 16 Leases.



# DIRECTORS' REPORT (continued)

## Financial and Operational Review (continued)

### (d) Cash Flow and Net Debt

The Group has delivered strong operating cash flows of \$527.2 million (2019: \$340.6 million) through increased sales and management of payment terms with creditors. This has funded the repayment of \$250 million in bank debt resulting in bank debt being nil at the end of the period. Capital investment was \$29.4 million (2019: \$37.9 million) in general capital expenditure projects, with continued major investments in information technology to support omni-retailing projects.

The equity raising was completed in July 2020 resulting in \$41.4 million of proceeds (net of transaction costs) for the period.

The Group Strategy and Material Business Risks remain consistent with those disclosed in the 2020 Annual Report and the Group continues to monitor the impacts of COVID-19.

### Dividends

On 17 February 2021, the Directors declared a dividend of 33.0 cents fully franked. The dividend will be paid on 1 April 2021.

### Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and consolidated interim financial statements. Amounts rounded are rounded off to the nearest hundred thousand dollars.

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is included at page 8 of this report.

Signed in accordance with a resolution of Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors:



Sally Pitkin  
Chair



Anthony Heraghty  
Group Managing Director and Chief Executive Officer

Brisbane  
17 February 2021

### *Auditor's Independence Declaration*

As lead auditor for the review of Super Retail Group Limited for the period from 28 June 2020 to 26 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Super Retail Group Limited and the entities it controlled during the period.



Paddy Carney  
Partner  
PricewaterhouseCoopers

Brisbane  
17 February 2021

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 26 weeks period ended 26 December 2020

	Notes	26 December 2020 \$m	28 December 2019 \$m
<b>Revenue from continuing operations</b>		<b>1,776.3</b>	1,443.5
Other income from continuing operations		<b>0.4</b>	0.1
Total revenues and other income		<b>1,776.7</b>	1,443.6
<b>Expenses</b>			
Cost of sales of goods		<b>(929.6)</b>	(794.0)
Other expenses from ordinary activities			
- selling and distribution		<b>(214.8)</b>	(193.3)
- marketing		<b>(56.0)</b>	(51.2)
- occupancy		<b>(103.7)</b>	(102.0)
- administration		<b>(204.6)</b>	(192.5)
Net finance costs	4	<b>(21.1)</b>	(27.9)
Share of net loss of associates and joint ventures	4	<b>(0.1)</b>	(0.5)
Total expenses		<b>(1,529.9)</b>	(1,361.4)
<b>Profit before income tax</b>		<b>246.8</b>	82.2
Income tax expense	5	<b>(74.0)</b>	(24.8)
<b>Profit for the period</b>		<b>172.8</b>	57.4
<b>Profit for the period is attributable to:</b>			
Owners of Super Retail Group Limited		<b>172.8</b>	57.4
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may be reclassified to profit or loss</b>			
Changes in the fair value of cash flow hedges		<b>(5.7)</b>	(1.5)
Exchange differences on translation of foreign operations		-	(0.2)
<b>Other comprehensive income for the period, net of tax</b>		<b>(5.7)</b>	(1.7)
<b>Total comprehensive income for the period</b>		<b>167.1</b>	55.7
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of Super Retail Group Limited		<b>167.1</b>	55.7
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		<b>76.7</b>	29.1
Diluted earnings per share		<b>76.3</b>	28.8

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

# CONSOLIDATED BALANCE SHEET

As at 26 December 2020

	Notes	26 December 2020 \$m	27 June 2020 \$m
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		416.8	285.1
Trade and other receivables	6	52.0	26.3
Inventories		640.5	502.4
Total current assets		1,109.3	813.8
<b>Non-current assets</b>			
Property, plant and equipment	7	212.5	227.8
Intangible assets	8	867.1	874.3
Right-of-use assets	9	792.9	848.0
Deferred tax assets		9.4	4.9
Other financial assets		6.2	6.3
Total non-current assets		1,881.1	1,961.3
<b>Total assets</b>		<b>2,997.4</b>	<b>2,775.1</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	775.6	442.3
Lease liabilities	9	188.0	178.4
Current tax liabilities		54.7	17.1
Provisions	12	86.0	111.1
Derivative financial instruments		10.1	1.9
Total current liabilities		1,114.4	750.8
<b>Non-current liabilities</b>			
Borrowings	11	-	247.8
Lease liabilities	9	697.8	760.9
Provisions	12	25.5	24.3
Total non-current liabilities		723.3	1,033.0
<b>Total liabilities</b>		<b>1,837.7</b>	<b>1,783.8</b>
<b>NET ASSETS</b>		<b>1,159.7</b>	<b>991.3</b>
<b>EQUITY</b>			
Contributed equity	13	740.7	698.1
Reserves		4.5	7.5
Retained earnings		414.5	285.7
<b>TOTAL EQUITY</b>		<b>1,159.7</b>	<b>991.3</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 26 weeks ended 26 December 2020

	Notes	Contributed Equity \$m	Reserves \$m	Retained Earnings \$m	Total \$m	Non- Controlling Interests \$m	Total Equity \$m
<b>Balance at 29 June 2019</b>		542.3	8.2	265.9	816.4	(0.4)	816.0
Change in accounting policy – AASB 16		-	-	(34.2)	(34.2)	-	(34.2)
<b>Restated total equity at 29 June 2019</b>		542.3	8.2	231.7	782.2	(0.4)	781.8
Profit for the period		-	-	57.4	57.4	-	57.4
Other comprehensive income for the period		-	(1.7)	-	(1.7)	-	(1.7)
Total comprehensive income for the period		-	(1.7)	57.4	55.7	-	55.7
<b>Transactions with owners in their capacity as owners</b>							
Dividends provided for or paid		-	-	(56.2)	(56.2)	-	(56.2)
Employee performance rights		-	(0.7)	-	(0.7)	-	(0.7)
Change in ownership interest in controlled entities		-	(0.4)	-	(0.4)	0.4	-
		-	(1.1)	(56.2)	(57.3)	0.4	(56.9)
<b>Balance at 28 December 2019</b>		542.3	5.4	232.9	780.6	-	780.6
<b>Balance at 27 June 2020</b>		<b>698.1</b>	<b>7.5</b>	<b>285.7</b>	<b>991.3</b>	<b>-</b>	<b>991.3</b>
Profit for the period		-	-	172.8	172.8	-	172.8
Other comprehensive income for the period		-	(5.7)	-	(5.7)	-	(5.7)
Total comprehensive income for the period		-	(5.7)	172.8	167.1	-	167.1
<b>Transactions with owners in their capacity as owners</b>							
Contributions of equity, net of transaction costs	13	42.6	-	-	42.6	-	42.6
Dividends provided for or paid		-	-	(44.0)	(44.0)	-	(44.0)
Employee performance rights		-	2.7	-	2.7	-	2.7
		42.6	2.7	(44.0)	1.3	-	1.3
<b>Balance at 26 December 2020</b>		<b>740.7</b>	<b>4.5</b>	<b>414.5</b>	<b>1,159.7</b>	<b>-</b>	<b>1,159.7</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the 26 weeks ended 26 December 2020

	26 December 2020 \$m	28 December 2019 \$m
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	1,932.0	1,572.2
Payments to suppliers and employees (inclusive of goods and services tax)	(1,341.0)	(1,182.4)
Rental payments	(24.4)	(28.4)
Income taxes paid	(39.4)	(20.8)
Net cash inflow from operating activities	527.2	340.6
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and software	(29.4)	(37.8)
Payments for acquisitions of investments in associates/joint ventures	-	(0.1)
Net cash (outflow) from investing activities	(29.4)	(37.9)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	396.0
Repayment of borrowings	(250.0)	(480.0)
Lease principal payments	(91.0)	(84.6)
Interest paid	(22.6)	(28.5)
Proceeds from issue of shares, net of transaction costs	41.4	-
Dividend paid to Company's shareholders	(44.0)	(56.2)
Net cash (outflow) from financing activities	(366.2)	(253.3)
<b>Net increase in cash and cash equivalents</b>	131.6	49.4
Cash and cash equivalents at the beginning of the period	285.1	7.5
Effects of exchange rate changes on cash and cash equivalents	0.1	0.2
<b>Cash and cash equivalents at the end of the interim period</b>	416.8	57.1

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 26 weeks ended 26 December 2020

## 1. Reporting entity

Super Retail Group Limited (the Company) is a company domiciled in Australia. The address of the Company's registered office and principal place of business is 6 Coulthards Avenue, Strathpine, Queensland.

The condensed consolidated interim financial report of the Company as at and for the period ended 26 December 2020 comprises: the Company and its subsidiaries (together referred to as the Group, and individually as Group entities).

The Group is a for-profit entity and is primarily involved in the retail industry. Principal activities of the Group consist of:

- retailing of auto parts and accessories, tools and equipment;
- retailing of boating, camping, outdoor equipment, fishing equipment and apparel; and
- retailing of sporting equipment and apparel.

## 2. Basis of preparation of interim financial report

This condensed consolidated interim financial report for the 26 week period ended 26 December 2020 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: *Interim Financial Reporting*.

The condensed consolidated interim financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual financial report for the period ended 27 June 2020 and any public announcements made by Super Retail Group Limited and its controlled entities during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated below. Where applicable, various comparative balances have been reclassified to align with current period presentation. These amendments have no material impact on the consolidated financial statements.

### (a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

## 3. Segment information

### (a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Group Managing Director and Chief Executive Officer that are used to make strategic decisions. No operating segments have been aggregated to form the below reportable operating segments. This results in the following business segments:

- Supercheap Auto (SCA): retailing of auto parts and accessories, tools and equipment;
- rebel: retailing of sporting equipment and apparel;
- BCF: retailing of boating, camping, outdoor equipment, fishing equipment and apparel; and
- Macpac: retailing of apparel, camping and outdoor equipment.

### (b) Segment information provided to the Group Managing Director and Chief Executive Officer

Detailed below is the information provided to the Group Managing Director and Chief Executive Officer for reportable segments. Items not included in Normalised Net Profit After Tax (Normalised NPAT) and excluded from the calculation of Segment EBITDA and Segment EBIT, are one-off charges relating to business restructuring, non-continuing operations and other costs not considered part of normal operations. Normalised NPAT also excludes the impact of leasing standard AASB 16 – Leases.

Other items not included in total segment NPAT are determined by management based on those items' nature and size. They are items of income or expense which are, either individually or in aggregate, material to the Group or to the relevant business segment but are not in the ordinary course of business (for example reorganisations), or are part of the ordinary activities of the business but are unusual due to their size and nature (for example professional fees in relation to remediation activities).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

## 3. Segment information (continued)

(b) Segment information provided to the Group Managing Director and Chief Executive Officer (continued)

For the period ended 26 December 2020	SCA \$m	rebel \$m	BCF \$m	Macpac \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
<b>Segment Revenue and Other Income</b>							
External segment revenue	661.9	623.7	427.7	63.0	1,776.3	-	1,776.3
Other income	-	0.1	-	0.2	0.3	0.1	0.4
<b>Total segment revenue and other income</b>	<b>661.9</b>	<b>623.8</b>	<b>427.7</b>	<b>63.2</b>	<b>1,776.6</b>	<b>0.1</b>	<b>1,776.7</b>
<b>Segment EBITDA<sup>(1)</sup></b>	<b>127.7</b>	<b>119.0</b>	<b>72.7</b>	<b>5.2</b>	<b>324.6</b>	<b>(13.2)</b>	<b>311.4</b>
Segment depreciation and amortisation <sup>(2)</sup>	(23.6)	(19.4)	(10.7)	(1.7)	(55.4)	-	(55.4)
<b>Segment EBIT result</b>	<b>104.1</b>	<b>99.6</b>	<b>62.0</b>	<b>3.5</b>	<b>269.2</b>	<b>(13.2)</b>	<b>256.0</b>
Net finance costs <sup>(3)</sup>							(3.1)
<b>Total segment NPBT</b>							<b>252.9</b>
Segment income tax expense <sup>(4)</sup>							(75.8)
<b>Normalised NPAT</b>							<b>177.1</b>
AASB 16 adjustment <sup>(5)</sup>							(1.5)
Other items not included in the total segment NPAT <sup>(5)</sup>							(2.8)
<b>Profit for the period</b>							<b>172.8</b>

Footnote item	<sup>(1)</sup> Segment EBITDA adjusted for \$m	<sup>(2)</sup> Segment D&A adjusted for \$m	<sup>(3)</sup> Net finance costs adjusted for \$m	<sup>(4)</sup> Segment income tax adjusted for \$m	<sup>(5)</sup> Other items not included in total segment NPAT \$m
Execution costs for team member remediation	3.9	-	-	1.2	2.7
Equity accounted losses – Autoguru	0.1	-	-	-	0.1
Impact of AASB 16 Leases adjustment	106.7	90.8	18.0	0.6	1.5
	<b>110.7</b>	<b>90.8</b>	<b>18.0</b>	<b>1.8</b>	<b>4.3</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

## 3. Segment information (continued)

### (b) Segment information provided to the Group Managing Director and Chief Executive Officer (continued)

For the period ended 28 December 2019	SCA \$m	rebel \$m	BCF \$m	Macpac \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
<b>Segment Revenue and Other Income</b>							
External segment revenue	550.7	542.8	283.5	66.5	1,443.5	-	1,443.5
Other income	-	0.1	-	-	0.1	-	0.1
<b>Total segment revenue and other income</b>	550.7	542.9	283.5	66.5	1,443.6	-	1,443.6
<b>Segment EBITDA<sup>(1)</sup></b>	75.5	68.4	22.1	3.7	169.7	(9.9)	159.8
Segment depreciation and amortisation <sup>(2)</sup>	(18.2)	(14.7)	(10.0)	(1.4)	(44.3)	(0.1)	(44.4)
<b>Segment EBIT result</b>	57.3	53.7	12.1	2.3	125.4	(10.0)	115.4
Net finance costs <sup>(3)</sup>							(9.4)
<b>Total segment NPBT</b>							106.0
Segment income tax expense <sup>(4)</sup>							(31.9)
<b>Normalised NPAT</b>							74.1
AASB 16 adjustment <sup>(5)</sup>							(4.0)
Other items not included in the total segment NPAT <sup>(5)</sup>							(12.7)
<b>Profit for the period</b>							57.4

Footnote item	<sup>(1)</sup> Segment EBITDA adjusted for \$m	<sup>(2)</sup> Segment D&A adjusted for \$m	<sup>(3)</sup> Net finance costs adjusted for \$m	<sup>(4)</sup> Segment income tax adjusted for \$m	<sup>(5)</sup> Other items not included in total segment NPAT \$m
Team member underpayment remediation	13.5	-	-	4.0	9.5
Execution costs for team member remediation	4.5	-	-	1.4	3.1
Equity accounted losses – Autoguru	0.5	-	-	-	0.5
Provision reversals from previous years	(0.5)	-	-	(0.1)	(0.4)
Impact of AASB 16 Leases adjustment	99.5	86.8	18.5	1.8	4.0
	117.5	86.8	18.5	7.1	16.7

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

	26 December 2020 \$m	28 December 2019 \$m
<b>4. Expenses from continuing operations</b>		
<b>Profit before income tax includes the following specific gains and expenses:</b>		
<i>Expenses</i>		
Share of net loss from associates and joint ventures accounted for using the equity method	0.1	0.5
<i>Depreciation</i>		
Right-of-use assets	92.9	88.2
Plant and equipment	21.6	20.4
Computer equipment	11.4	6.9
Total depreciation <sup>(1)</sup>	125.9	115.5
<sup>(1)</sup> The impact of applying AASB 16 Leases was an increase of \$90.8 million in depreciation to 26 December 2020 (2019: \$86.8 million)		
<i>Amortisation and impairment charge</i>		
Computer software	20.3	15.7
Total amortisation and impairment charge	20.3	15.7
<i>Net finance costs</i>		
Interest and finance charges	21.1	27.9
Net finance costs <sup>(2)</sup>	21.1	27.9
<sup>(2)</sup> The impact of applying AASB 16 Leases was an increase of \$18.0 million in net finance costs to 26 December 2020 (2019: \$18.5 million)		
<i>Employee benefits expense</i>		
Superannuation	20.6	20.0
Salaries and wages	300.8	278.1
Total employee benefits expense	321.4	298.1
<i>Government grant received</i>		
Australian JobKeeper for Macpac Retail Pty Ltd <sup>(3)</sup>	1.7	-
<sup>(3)</sup> Government grant revenue is offset against expenses where applicable. However government grant revenue received in respect of JobKeeper has been recognised as a liability as at 26 December 2020 to be repaid to the government.		
<i>Rental expense relating to operating leases</i>		
Lease expenses	19.5	24.6
Equipment hire	1.7	1.6
Total rental expense relating to operating leases <sup>(4)</sup>	21.2	26.2
<sup>(4)</sup> The impact of applying AASB 16 Leases was a decrease of \$106.3 million in rental expense to 26 December 2020 (2019: \$99.5 million)		
<i>Foreign exchange gains and losses</i>		
Net foreign exchange (gain)/loss	(7.0)	(4.8)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

	26 December 2020 \$m	28 December 2019 \$m
<b>5. Income tax</b>		
<b>Income tax expense</b>		
Current tax expense	76.1	15.0
Deferred tax (revenue)/expense	(2.1)	10.0
Adjustments to tax expense of prior periods	-	(0.2)
Total income tax expense	74.0	24.8

Deferred income tax (revenue)/expense included in income tax expense comprises:

Decrease in deferred tax assets	18.7	10.1
(Decrease) in deferred tax liabilities	(20.8)	(0.1)
	(2.1)	10.0

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 26 December 2020 is 30.0%, compared to 30.2% for the six months ended 28 December 2019.

	26 December 2020 \$m	27 June 2020 \$m
<b>6. Trade and other receivables</b>		
<b>Current</b>		
Trade receivables	18.7	10.9
Loss allowance	(0.5)	(0.5)
Net trade receivables	18.2	10.4
Other receivables	19.9	7.7
Prepayments	13.9	8.2
Net current trade and other receivables	52.0	26.3

## 7. Property, plant and equipment

Plant and equipment, at cost	420.6	421.0
Less accumulated depreciation	(233.4)	(223.9)
Net plant and equipment	187.2	197.1
Motor vehicles, at cost	0.5	0.5
Less accumulated depreciation	(0.4)	(0.4)
Net motor vehicles	0.1	0.1
Computer equipment, at cost	100.8	100.6
Less accumulated depreciation	(75.6)	(70.0)
Net computer equipment	25.2	30.6
Total net property, plant and equipment	212.5	227.8

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

	26 December 2020 \$m	27 June 2020 \$m
<b>8. Intangible assets</b>		
Goodwill, at cost	528.7	528.7
Less accumulated impairment charge	(2.1)	(2.1)
Net goodwill	526.6	526.6
Computer software, at cost	235.2	262.8
Less accumulated amortisation	(148.0)	(168.4)
Net computer software	87.2	94.4
Brand names, at cost	311.8	311.8
Less accumulated amortisation and impairment charge	(58.5)	(58.5)
Net brand names	253.3	253.3
Total net intangible assets	867.1	874.3

## (a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGU's) identified according to the group of assets based on acquisition. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Since the end of the financial year, there have been no indicators of impairment for any of the CGU's and management have not updated any of the impairment calculations.

### Macpac

Macpac had a challenging financial performance last financial year with a 44.6 percent decline in Segment EBITDA. This was due to the impact of summer bushfires on peak trading, a change in promotional strategy generating a delay in price increases and the impact of COVID-19. The New Zealand mandatory store closures drove a 17.5 per cent like-for-like sales decline in the last 14 weeks of the last financial year. While not impaired, Macpac was sensitive to reasonably possible changes in key assumptions.

Since the beginning of the current financial year, Macpac has traded as expected and has achieved a 40.5 per cent increase in Segment EBITDA compared to the prior comparative period. EBITDA margin has increased 3.4 percentage points to 9.0 percent. This growth is in line with assumptions used in impairment calculations performed last financial year. Current outlook for the full year would see Macpac achieve a result more favourable than those used in those same impairment calculations.

## (b) Impairment tests for the useful life for brands

The carrying value of brand names represents purchased brand names for rebel and Macpac.

No amortisation is provided against the carrying value of the purchased brand names on the basis that they are considered to have indefinite useful lives.

Key factors taken into account in assessing the useful life of brands were:

- the strong recognition of brands; and
- there are currently no legal, technical or commercial factors indicating that the life should be considered limited.

## Critical accounting estimates and assumptions

### Estimated impairment of indefinite useful life non-financial assets

The Group tests annually whether indefinite useful life non-financial assets have suffered any impairment, or more frequently if events or changes in circumstances indicate that they might be impaired, in accordance with the accounting policy as described in the annual financial report. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to the Group's annual financial report for the period ended 27 June 2020 for details of these assumptions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

	26 December 2020 \$m	27 June 2020 \$m
<b>9. Leases</b>		
<b>Right-of-Use assets</b>		
Properties	788.5	842.0
Computer equipment	4.4	6.0
Total right-of-use assets	792.9	848.0
<b>Lease liabilities</b>		
Current	188.0	178.4
Non-current	697.8	760.9
Total lease liabilities	885.8	939.3

Additions to the right-of-use assets during the period were \$70.5 million (2019: \$92.7 million).

	26 December 2020 \$m	28 December 2019 \$m
<b>Depreciation charge on right-of-use assets</b>		
Properties	91.3	86.8
Computer equipment	1.6	1.4
Total depreciation charge on right-of-use assets	92.9	88.2
Interest expenses (included in Net finance costs)	18.0	18.5
Expense relating to short-term leases (included in Occupancy expenses)	6.7	11.8
Expense relating to leases of low-value assets (included in Cost of Goods Sold and Administrative expenses)	1.7	1.6
Expense relating to variable lease payments not included in lease liabilities (included in Occupancy expenses)	14.3	14.2

The total cash outflow for leases during the period were \$109.1 million (2019: \$103.2 million).

## Impact of COVID-19

The Group has adopted the practical expedient in paragraph 46A of AASB 16 Leases and elected not to account for any rent concessions granted as a result of the COVID-19 pandemic as a lease modification. The amount recognised in profit or loss due to changes in lease payments arising from such concessions was nil during the period.

## Critical accounting estimates and assumptions

### Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are included in the lease term only if the lease is reasonably certain to be extended (or not terminated).

Given the uncertainties that exist within the retail market, management considers leases with more than 12 months to expiry as not reasonably certain to be extended. Of the Group's lease portfolio 63% of leases contain option renewals. The lease liability currently includes extension options in the calculation of lease term for 10% of leases with those options.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

	26 December 2020 \$m	27 June 2020 \$m
<b>10. Trade and other payables</b>		
<b>Current</b>		
Trade payables	603.0	335.2
Other payables	172.6	107.1
Total current trade and other payables <sup>(1)</sup>	775.6	442.3

<sup>(1)</sup> Current trade and other payables at 28 December 2019 was \$543.2 million. The trade payables balance is impacted by the increase in inventory purchases required for the peak December sales. In addition, working capital initiatives such as timing the inventory build closer to December has resulted in a higher payables balance.

## 11. Borrowings

### Non-current

Bank debt funding facility - unsecured <sup>(1)</sup>	-	247.8
Total non-current borrowings	-	247.8

<sup>(1)</sup> Net of borrowing costs capitalised of \$2.2 million as at 27 June 2020. Capitalised borrowing costs of \$1.5 million as at 26 December 2020 are presented in Trade and other receivables as a Prepayment (refer note 6).

### (a) Reconciliation of liabilities arising from financing activities

	27 June 2020 \$m	Cash flows \$m	Non-cash – Amortisation and additions \$m	Reclassified to Trade and Other Receivables \$m	26 December 2020 \$m
Bank debt funding facility	250.0	(250.0)	-	-	-
Capitalised borrowing costs	(2.2)	-	0.7	1.5	-
Total	247.8	(250.0)	0.7	1.5	-
	29 June 2019 \$m	Cash flows \$m	Non-cash – Amortisation and additions \$m	Reclassified to Trade and Other Receivables \$m	28 December 2019 \$m
Bank debt funding facility	390.0	(84.0)	-	-	306.0
Capitalised borrowing costs	(3.0)	-	0.4	-	(2.6)
Total	387.0	(84.0)	0.4	-	303.4

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

	26 December 2020 \$m	27 June 2020 \$m
<b>12. Provisions</b>		
<b>Current</b>		
Employee benefits <sup>(a)</sup>	76.1	103.3
Onerous contracts	1.5	2.6
Make good provision	3.7	3.0
Other provisions	4.7	2.2
Total current provisions	86.0	111.1
<b>Non-current</b>		
Employee benefits <sup>(a)</sup>	10.7	9.6
Make good provision	14.8	14.7
Total non-current provisions	25.5	24.3

## (a) Employee Benefits

Provisions for employee benefits includes accrued annual leave, long service leave and accrued bonuses.

In prior years, the Group identified that certain team members should have received additional amounts to the amounts paid. A remediation program is ongoing. At 26 December 2020 there is a provision to recognise the amount the Group expects to incur for additional overtime and allowances to current and former team members of an estimated \$13.3 million (27 June 2020: \$32.4 million). This provision has decreased as remediation amounts have been paid.

	26 December 2020 \$m	27 June 2020 \$m
<b>13. Contributed equity</b>		
<b>(a) Share Capital</b>		
Ordinary shares fully paid (225,826,500 ordinary shares as at 26 December 2020)	<b>740.7</b>	698.1
<b>(b) Movement in ordinary share capital</b>		
	<b>Number of Shares</b>	<b>Issue Price</b>
Balance 29 June 2019	197,383,751	
Shares issued under performance rights	160,968	-
Shares issued from equity raise – Institutional Entitlement	22,152,988	\$7.19
Less: Transaction costs arising on share issue	-	-
Balance 27 June 2020	219,697,707	
Shares issued under performance rights <sup>(1)</sup>	54,798	-
Shares issued from equity raise – Retail Entitlement	6,073,995	\$7.19
Less: Transaction costs arising on share issue	-	-
Closing balance 26 December 2020	<b>225,826,500</b>	<b>740.7</b>

<sup>(1)</sup> Performance rights were fulfilled through a combination of on market share purchases and new share issues. Performance rights vested were 172,653 (117,855 purchased on market and 54,798 new share issues).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

	26 December 2020 \$m	28 December 2019 \$m
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## 14. Dividends

### Ordinary Shares

Dividends paid by Super Retail Group Limited during the interim period

44.0	56.2
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### Dividends not recognised at the end of the interim period

Subsequent to the end of the interim period, the Directors have declared the payment of an interim dividend of 33.0 cents (2019: 21.5 cents declared but subsequently cancelled) per ordinary share fully franked based on tax paid at 30%.

The aggregate amount of the interim dividend expected to be paid on 1 April 2021 (2019: cancelled), out of retained profits at 26 December 2020, but not recognised as a liability at the end of the interim period is

74.5	-
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## 15. Financial assets and financial liabilities

### (a) Financial instruments

The Group holds the following financial instruments:

	Notes	Derivatives used for hedging \$m	Financial assets and liabilities at amortised cost \$m	Total \$m
<b>26 December 2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents		-	416.8	416.8
Trade and other receivables	6	-	52.0	52.0
Total		-	468.8	468.8
<b>Financial liabilities</b>				
Trade and other payables	10	-	775.6	775.6
Lease liabilities	9	-	885.8	885.8
Derivative financial instruments		10.1	-	10.1
Total		10.1	1,661.4	1,671.5
<b>27 June 2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents		-	285.1	285.1
Trade and other receivables	6	-	26.3	26.3
Total		-	311.4	311.4
<b>Financial liabilities</b>				
Trade and other payables	10	-	442.3	442.3
Borrowings	11	-	247.8	247.8
Lease liabilities	9	-	939.3	939.3
Derivative financial instruments		1.9	-	1.9
Total		1.9	1,629.4	1,631.3

The Group's exposure to various risks associated with the financial instruments is discussed in note 16 of the Group's 2020 Annual Report. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

## 15. Financial assets and financial liabilities (continued)

### (b) Recognised fair value measurements

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is outlined below.

The Group recognises and measures derivatives used for hedging at their fair values classified as a level 2 financial instrument. At 26 December 2020 the Group had no derivative financial assets (27 June 2020: nil) and financial liabilities totalling \$10.1 million (27 June 2020: \$1.9 million).

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

There were no transfers between any levels for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

#### (ii) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date;
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

## 16. Investments in subsidiaries and other entities

### (a) Subsidiaries

The Group's subsidiaries at 26 December 2020 are as detailed in note 27 of the Group's 2020 Annual Report. There has been no change to the Group's ownership interests in these entities during the current reporting period.

### (b) Associates and joint ventures

The Group's investments in associates and joint ventures are as disclosed in note 24(b) of the Group's 2020 Annual Report. There has been no change to the Group's ownership interests in these entities during the current reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 26 weeks ended 26 December 2020

## 17. Contingencies

### Guarantees

Guarantees issued by the bankers of the Group in support of various rental arrangements.

The maximum future rental payments guaranteed amount to:

26 December 2020 \$m	27 June 2020 \$m
4.8	4.9

### Other contingencies

The Group continues to work with the Fair Work Ombudsman as the underpayment of retail team members is remediated. This may result in regulator undertakings and further amounts becoming payable at the direction of the regulator. Future professional advisory fees will be incurred to finalise remediation outcomes.

From time to time the Group is subject to legal claims as a result of its operations. A contingent liability may exist for any exposure over and above current provisioning levels.

## 18. Commitments

Commitments payable for the acquisition of plant and equipment and computer software, contracted for at the reporting date but not recognised as liabilities payable, total \$10.4 million as at 26 December 2020 (27 June 2020: \$2.6 million).

## 19. Related party transactions

The nature of related party transactions is consistent with those in the previous financial year. The Group's transactions with related parties are disclosed in note 23 of the Group's 2020 Annual Report. Transactions with related parties are at arm's length unless otherwise stated. Store lease payments made to related parties for the period ended 26 December 2020 are \$5,145,285 (28 December 2019: \$5,730,442).

## 20. Events occurring after reporting date

On 2 February 2021, there was an extension of the expiry date of \$200 million of the bank debt funding facility to December 2024.

No matter or circumstance has arisen since 26 December 2020 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Group's state of affairs in future financial years.

## DIRECTORS' DECLARATION

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In the Directors' opinion:

- (a) the consolidated interim financial statements and notes set out on pages 2 to 24, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of Group's financial position as at 26 December 2020 and of its performance, for the period ended on that date;
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that Super Retail Group Limited will be able to pay its debts as and when they become due and payable.

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



Sally Pitkin  
Chair



Anthony Heraghty  
Group Managing Director and Chief Executive Officer

Brisbane  
17 February 2021

## **Independent auditor's review report to the members of Super Retail Group Limited**

### ***Report on the interim financial report***

#### ***Conclusion***

We have reviewed the interim financial report of Super Retail Group Limited (the Company) and the entities it controlled during the period from 28 June 2020 to 26 December 2020 (the half-year) (together the Group), which comprises the consolidated balance sheet as at 26 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Super Retail Group Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 26 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### ***Basis for conclusion***

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

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Responsibility of the directors for the interim financial report***

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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### *Auditor's responsibility for the review of the interim financial report*

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 26 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in black ink.

PricewaterhouseCoopers

A handwritten signature of 'P.J. Carney' in black ink.

Paddy Carney  
Partner

Brisbane  
17 February 2021