

MYER HOLDINGS LIMITED
ABN 14 119 085 602
APPENDIX 4D
HALF-YEAR FINANCIAL REPORT

ASX Listing Rule 4.2A.3

Current reporting period: 26 weeks ended 23 January 2021
Previous corresponding period: 26 weeks ended 25 January 2020

Results for announcement to the market				\$m
Total sales from ordinary activities	down	(13.1%)	to	1,398.0
Profit attributable to members of Myer Holdings Limited	up	76.3%	to	43.0
Net profit after tax before restructuring, clearance floor closure and brand exit costs and impairment of assets	up	8.4%	to	42.9

Dividends	Amount per security	Franked amount per security
Current reporting period		
2021 interim dividend	Nil	Nil
2020 final dividend	Nil	Nil
Previous corresponding period		
2020 interim dividend	Nil	Nil
2019 final dividend	Nil	Nil
Record date for determining entitlements to the interim dividend		Not applicable

Commentary on results for the period

For an explanation of the results refer to the ASX and media release.

Net tangible assets per ordinary security	23 January 2021	25 January 2020
Net tangible assets per ordinary security ¹	(\$0.25)	(\$0.17)

1. Includes right-of-use assets and lease liabilities recognised in accordance with AASB 16 *Leases*

This report is based on the Half-Year Financial Report for the half-year ended 23 January 2021, which has been reviewed by PricewaterhouseCoopers. Additional Appendix 4D disclosures can be found in the attached Half-Year Financial Report, which contains the Directors' Report, the Directors' Declaration and the consolidated financial statements for the half-year ended 23 January 2021.

This information should be read in conjunction with the 2020 Annual Financial Report and public announcements made in the period by Myer Holdings Limited, in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Myer Holdings Limited (the Company) and the entities it controlled (collectively referred to as the Group) at the end of, or during, the half-year ended 23 January 2021.

DIRECTORS

The following persons were directors of the Company during the half-year and/or up to the date of this Directors' Report:

Director	Position
JoAnne Stephenson	Acting Chairman and independent non-executive director
Garry Hounsell	Chairman and independent non-executive director (Retired on 28 October 2020)
John King	Chief Executive Officer and Managing Director
Lyndsey Cattermole AM	Independent non-executive director (Retired on 29 October 2020)
Julie Ann Morrison	Independent non-executive director (Retired on 29 October 2020)
Jacquie Naylor	Independent non-executive director
Dave Whittle	Independent non-executive director

REVIEW OF OPERATIONS

A review of the operations of the Group during the half-year and the results of these operations are contained in Myer's ASX and media release for the period accompanying this report.

AUDITOR'S INDEPENDENCE DECLARATION

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

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 half-year financial report have been rounded off to the nearest hundred thousand dollars.

This report is made in accordance with a resolution of directors.



JoAnne Stephenson
Acting Chairman
Melbourne
3 March 2021



Auditor's Independence Declaration

As lead auditor for the review of Myer Holdings Limited for the period 26 July 2020 to 23 January 2021, 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 Myer Holdings Limited and the entities it controlled during the period.

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

Alison Tait
Partner
PricewaterhouseCoopers

Melbourne
3 March 2021

CONSOLIDATED INCOME STATEMENT

for the half-year ended 23 January 2021

		Half-Year Ended	
		2021	2020
		26 weeks	26 weeks
	Notes	\$m	\$m
Total sales		1,398.0	1,607.9
Concession sales		(251.3)	(308.3)
Sale of goods		1,146.7	1,299.6
Sales revenue deferred under customer loyalty program		(19.6)	(18.4)
Revenue from sale of goods		1,127.1	1,281.2
Other operating revenue		63.1	76.1
Cost of goods sold		(650.4)	(727.7)
Operating gross profit		539.8	629.6
Other income		1.1	-
Selling expenses		(307.7)	(371.3)
Administration expenses		(124.2)	(152.1)
Restructuring, clearance floor closure and brand exit costs and impairment of assets	2	0.2	(21.6)
Earnings before interest and tax		109.2	84.6
Finance revenue		0.2	0.2
Finance costs		(47.7)	(50.0)
Net finance costs		(47.5)	(49.8)
Profit before income tax		61.7	34.8
Income tax expense		(18.7)	(10.4)
Profit for the period attributable to owners of Myer Holdings Limited		43.0	24.4
Earnings per share attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share		5.3	3.0
Diluted earnings per share		5.2	2.8

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 23 January 2021

	Half-Year Ended	
	2021	2020
	26 weeks	26 weeks
	\$m	\$m
Profit for the period	43.0	24.4
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss:		
Cash flow hedges	(6.3)	(2.7)
Exchange differences on translation of foreign operations	0.1	(0.1)
Other comprehensive income/(loss) for the period, net of tax	(6.2)	(2.8)
Total comprehensive income for the period attributable to owners of Myer Holdings Limited	36.8	21.6

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

CONSOLIDATED BALANCE SHEET

as at 23 January 2021

	Notes	23 January 2021 \$m	25 July 2020 \$m	25 January 2020 \$m
ASSETS				
Current assets				
Cash and cash equivalents		276.5	86.5	180.3
Trade and other receivables and prepayments		28.8	57.7	26.4
Inventories		265.8	256.0	340.7
Derivative financial instruments	3	-	0.3	3.6
Current tax assets		-	7.2	-
Total current assets		571.1	407.7	551.0
Non-current assets				
Property, plant and equipment		339.3	347.0	359.9
Right-of-use assets		1,243.5	1,272.6	1,388.7
Intangible assets		310.4	319.6	463.6
Deferred tax assets		103.4	115.5	52.6
Other non-current assets		1.4	1.7	2.3
Total non-current assets		1,998.0	2,056.4	2,267.1
Total assets		2,569.1	2,464.1	2,818.1
LIABILITIES				
Current liabilities				
Trade and other payables		454.3	354.2	455.1
Borrowings	4	-	78.6	-
Lease liabilities		143.9	167.5	140.8
Provisions		59.8	55.0	63.1
Derivative financial instruments	3	11.9	3.5	0.3
Current tax liabilities		6.7	-	8.9
Other liabilities		0.2	0.2	0.2
Total current liabilities		676.8	659.0	668.4
Non-current liabilities				
Borrowings	4	75.4	-	77.4
Lease liabilities		1,599.8	1,627.2	1,693.4
Provisions		5.0	3.6	3.5
Derivative financial instruments	3	0.9	0.2	0.1
Total non-current liabilities		1,681.1	1,631.0	1,774.4
Total liabilities		2,357.9	2,290.0	2,442.8
Net assets		211.2	174.1	375.3
EQUITY				
Contributed equity	5	737.9	738.1	738.1
Accumulated losses		(515.9)	(558.9)	(362.1)
Reserves		(10.8)	(5.1)	(0.7)
Total equity		211.2	174.1	375.3

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 23 January 2021

	Notes	Contributed equity \$m	Accumulated losses \$m	Reserves \$m	Total \$m
Balance as at 27 July 2019		738.8	(138.6)	1.9	602.1
Adjustment on initial application of AASB 16, net of tax		-	(247.9)	-	(247.9)
Restated balance as at 28 July 2019		738.8	(386.5)	1.9	354.2
Net profit for the period		-	24.4	-	24.4
Other comprehensive income/(loss) for the period		-	-	(2.8)	(2.8)
Total comprehensive income/(loss) for the period		-	24.4	(2.8)	21.6
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares	5	(0.7)	-	-	(0.7)
Employee share schemes		-	-	0.2	0.2
		(0.7)	-	0.2	(0.5)
Balance as at 25 January 2020		738.1	(362.1)	(0.7)	375.3

Balance as at 25 July 2020		738.1	(558.9)	(5.1)	174.1
Net profit for the period		-	43.0	-	43.0
Other comprehensive income/(loss) for the period		-	-	(6.2)	(6.2)
Total comprehensive income/(loss) for the period		-	43.0	(6.2)	36.8
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares	5	(0.2)	-	-	(0.2)
Employee share schemes		-	-	0.5	0.5
		(0.2)	-	0.5	0.3
Balance as at 23 January 2021		737.9	(515.9)	(10.8)	211.2

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 23 January 2021

	Notes	Half-Year Ended	
		2021 26 weeks \$m	2020 26 weeks \$m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,335.4	1,509.0
Payments to suppliers and employees (inclusive of goods and services tax)		(1,010.3)	(1,218.3)
		325.1	290.7
Other income		1.2	-
Interest paid		(45.9)	(49.0)
Income tax refunded/(paid)		7.0	(8.2)
Net cash inflow from operating activities		287.4	233.5
Cash flows from investing activities			
Payments for property, plant and equipment		(24.7)	(11.1)
Payments for intangible assets		(5.9)	(11.3)
Lease incentives and contributions received		16.4	-
Interest received		0.2	0.2
Net cash outflow from investing activities		(14.0)	(22.2)
Cash flows from financing activities			
Repayment of borrowings, including transaction costs		(2.6)	(10.0)
Payments for principal portion of lease liabilities		(80.6)	(67.7)
Payment for acquisition of treasury shares	5	(0.2)	(0.7)
Net cash outflow from financing activities		(83.4)	(78.4)
Net increase in cash and cash equivalents		190.0	132.9
Cash and cash equivalents at the beginning of the period		86.5	47.4
Cash and cash equivalents at end of the period		276.5	180.3

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 23 January 2021

1 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.

Seasonality of operations

The financial performance of the Group is subject to seasonal fluctuations in sales volumes, and as such revenue and profit is historically weighted in favour of the first half of the financial year, driven by the Christmas trading period.

2 EXPENSES

Restructuring, clearance floor closure and brand exit costs and impairment of assets

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

	Half-Year Ended 2021 26 weeks \$m	2020 26 weeks \$m
Restructuring and redundancy costs ¹	-	3.1
Clearance floor closure and brand exit costs and related asset impairments ²	-	18.4
Store exit costs/(reversals) and other asset impairments/(reversals) ³	(0.2)	0.1
	(0.2)	21.6
Income tax expense/(benefit)	0.1	(6.4)
Restructuring, clearance floor closure and brand exit costs and impairment of assets, net of tax	(0.1)	15.2

1. In 2020, the Group completed a restructuring program resulting in redundancy and other costs being incurred.

2. In 2020, clearance floor closure and brand exit costs and related asset impairments included the write-down of inventories to reflect the accelerated liquidation of inventories and impairment of store assets associated with the closure of the clearance floor concept. Also included was the write-down of inventories for the exit of brands from category changes, as part of the Customer First Plan.

3. Store exit costs/(reversals) and other asset impairments/(reversals) includes the final net costs associated with previously announced space hand backs and other store based asset impairments. In 2020, the amount included an offset for the reversal of previous asset impairments associated with surplus space identified at the support office as a sublease has been entered into for this space.

Government grant income

The Group has been eligible to receive payments under the JobKeeper Payment Scheme (Australia) and Wage Subsidy (New Zealand). The Group only qualified for the first phase of the JobKeeper Payment Scheme which ended on 27 September 2020. The payments received have been recognised as government grant income because the wage subsidy has been provided with the objective of keeping employees connected with the Group during the COVID-19 pandemic. During the period, the Group recognised government grant income totalling \$50.7 million, with \$19.1 million incurred for payments to eligible employees whose remuneration was lower than the required income threshold under the JobKeeper Payment Scheme. These amounts have been included in administration and selling expenses in the consolidated income statement.

COVID-19 related rent concessions

The Group has 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, the total rent concessions recognised as a reduction in selling and administration expenses in the consolidated income statement was \$15.8 million. This has been reflected as an adjustment to the carrying amount of lease liabilities as at 23 January 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 23 January 2021

3 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

As at 23 January 2021 and 25 July 2020, the Group held the following derivative financial instruments:

	23 January 2021 \$m	25 July 2020 \$m
Current assets		
Forward foreign exchange contracts	-	0.3
Total current derivative financial instrument assets	-	0.3
Current liabilities		
Forward foreign exchange contracts	11.9	3.5
Total current derivative financial instrument liabilities	11.9	3.5
Non-current liabilities		
Forward foreign exchange contracts	0.9	0.2
Total non-current derivative financial instrument liabilities	0.9	0.2

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.

4 BORROWINGS

(a) Structure of debt

The debt funding of the Group at 23 January 2021 is a syndicated facility, which contains an amortising term loan tranche and a revolving tranche. This facility was established on 23 November 2018, drawn down on 26 November 2018 and amended and extended on 26 August 2020. As at 23 January 2021, the following amounts were drawn:

	23 January 2021 \$m	25 July 2020 \$m
Current		
Bank loans	-	80.0
Less: transaction costs	-	(1.4)
Non-current		
Bank loans	80.0	-
Less: transaction costs	(4.6)	-
Total borrowings	75.4	78.6

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

	Amount	Term	Expiry date
Amortising term loan - Tranche A ¹	\$80 million	2 years	31 August 2022
Revolving - Tranche B ²	\$240 million	2 years	31 August 2022
Total syndicated facility	\$320 million		

1. Tranche A is required to be fully drawn during its term. This tranche steps down by \$10 million on 5 April 2021 and a further \$20 million during the period ending 30 July 2022. The Group has the discretion to draw Tranche B to at least the equivalent of the step downs in Tranche A at all times.

2. Tranche B is revolving and amounts repaid may be redrawn during their term. This tranche was \$260 million when the facility was amended and extended, with further step downs of \$40 million during the period ending 30 July 2022.

(b) Security

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

(c) Debt covenants

Under the terms of the syndicated facility, the Group is required to comply with financial covenants and report compliance on a quarterly basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 23 January 2021

5 CONTRIBUTED EQUITY

	23 January 2021 Number of shares	25 July 2020 Number of shares	23 January 2021 \$m	25 July 2020 \$m
Ordinary shares - fully paid	821,278,815	821,278,815	780.0	780.0
Treasury shares				
Opening balance	(1,376,662)	(331,996)	(41.9)	(41.2)
Shares acquired by Myer Equity Plans Trust on market at \$0.61	-	(1,044,666)	-	(0.7)
Shares acquired by Myer Equity Plans Trust on market at \$0.21	(931,893)	-	(0.2)	-
Closing balance of Treasury shares	(2,308,555)	(1,376,662)	(42.1)	(41.9)
Closing balance	818,970,260	819,902,153	737.9	738.1

6 SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

7 BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year ended 23 January 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the information and disclosures normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 25 July 2020 and any public announcements made by Myer Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied in this half-year financial report are consistent with those applied in the previous financial period and corresponding interim reporting period.

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.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 23 January 2021 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



JoAnne Stephenson
Acting Chairman
Melbourne
3 March 2021



Independent auditor's review report to the members of Myer Holdings Limited

Report on the financial report

Conclusion

We have reviewed the financial report of Myer Holdings Limited (the Company) and the entities it controlled during the period (together the Group), which comprises the consolidated balance sheet as at 23 January 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 26 July 2020 to 23 January 2021, 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 financial report of Myer Holdings 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 23 January 2021 and of its performance for the period from 26 July 2020 to 23 January 2021
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 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 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.

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the 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 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 23 January 2021 and of its performance for the period from 26 July 2020 to 23 January 2021, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a 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 signature of the PricewaterhouseCoopers firm, written in black ink.

PricewaterhouseCoopers

A handwritten signature of Alison Tait, written in black ink.

Alison Tait
Partner

Melbourne
3 March 2021