MYER HOLDINGS LIMITED

ABN 14 119 085 602

APPENDIX 4E - PRELIMINARY FINAL REPORT

ASX Listing Rule 4.3A

Current reporting period:	**52 weeks ended 30 July 2022**
Previous corresponding period:	53 weeks ended 31 July 2021

Results for announcement to the market				**$m**
Total sales from ordinary activities	up	12.5%	to	2,989.8
Profit attributable to members of Myer Holdings Limited	up	5.7%	to	49.0
Net profit after tax before restructuring, space exit costs and impairment of assets	up	16.5%	to	60.2

Dividends	**Amount per security**	**Franked amount per security**
Current reporting period		
2022 final dividend	2.5 cents	2.5 cents
2022 interim dividend	1.5 cents	1.5 cents
Previous corresponding period		
2021 final dividend	Nil	Nil
2021 interim dividend	Nil	Nil

Record date for determining entitlements to the final dividend 29 September 2022

Commentary on results for the period

For an explanation of the results refer to the ASX and media release and the notes to the Annual Financial Report.

Net tangible assets per ordinary security	**30 July 2022**	**31 July 2021**
Net tangible assets per ordinary security [1]	($0.18)	($0.23)

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

This report is based on the Annual Financial Report which has been audited. Additional Appendix 4E disclosure requirements can be found in the Annual Financial Report attached, which contains the Directors' Report (including the audited Remuneration Report), the Directors' Declaration and the 30 July 2022 consolidated financial statements and accompanying notes.

ANNUAL FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JULY 2022

MYER

MY STORE

Myer Holdings Limited

ABN 14 119 085 602

CONTENTS

- Directors' Report 2
- Remuneration Report 16
- Auditor's Independence Declaration 43
- Financial Statements 44
- Directors' Declaration 80
- Independent Auditor's Report 81

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 30 July 2022.

1. Directors

The following persons were 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	28 November 2016
	Acting Chairman from 29 October 2020 to 15 September 2021	
	Chairman from 16 September 2021	
John King	Chief Executive Officer and Managing Director	4 June 2018
Jacquie Naylor	Independent Non-Executive Director	27 May 2019
Dave Whittle	Independent Non-Executive Director	30 November 2015
Ari Mervis	Independent Non-Executive Director	20 September 2021

Ari Mervis was appointed to the Board with effect from 20 September 2021. 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
- Acting Chairman from 29 October 2020 to 15 September 2021
- 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 25 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.

Other Current Directorships

JoAnne is an Independent Non-Executive Director of Challenger Limited and Qualitas Limited. She is also Chair of the Victorian Major Transport Infrastructure Board. JoAnne was previously a director of Asaleo Care Ltd and Japara Healthcare 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 strategy and performance. 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. In this role, John launched new brands, opened 20 new stores and successfully sold the company back to the founder. More recently, 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.

Jacquie Naylor
Independent Non-Executive Director

- Member of the Board since 27 May 2019
- Member – Audit, Finance and Risk Committee
- 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 in addition, Jacquie was a Non-Executive Director of one of the world's most trusted outdoor brands, Macpac, which is sold in more than thirty countries.

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 brings to the Myer Board considerable eCommerce experience from her retail career and as a strategic adviser at Practicology, a digital marketing and eCommerce agency.

Jacquie was a Non-Executive Director of the Virgin Australia Melbourne Fashion Festival for more than 12 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.

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. Over the last six years Dave has led 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.

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.

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 2019, and the period during which each directorship has been held.

Director	Listed entity	Period directorship held
JoAnne Stephenson	Challenger Limited	October 2012 – present
	Asaleo Care Limited	May 2014 – June 2021
	Japara Healthcare Limited	September 2015 – November 2021
	Qualitas Limited	November 2021 - present
John King	-	-
Jacquie Naylor	Michael Hill International Limited	15 July 2020 – present
Dave Whittle	-	-
Ari Mervis	McPherson's Limited	February 2021 – present

3. Meetings of Directors and Board Committees

The number of meetings of the Board and of each Board Committee held during the period ended 30 July 2022 are set out below. All directors are invited to attend Board Committee meetings. Most Board Committee meetings are attended by all directors; however, only attendance by directors who are members of the relevant Board Committee is shown in the table below.

Director	Meetings of Directors		Audit, Finance and Risk Committee		Human Resources and Remuneration Committee		Nomination Committee	
	Meetings Held*	Attended	Meetings Held*	Attended	Meetings Held*	Attended	Meetings Held*	Attended
JoAnne Stephenson	16	16	6	6	7	7	3	3
John King	16	15	-	-	-	-	-	-
Jacquie Naylor	16	15	6	6	7	7	3	3
Dave Whittle	16	16	6	6	7	7	3	3
Ari Mervis(1)	13	12	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) Ari Mervis was appointed to the Board as an Independent Non-Executive Director, and as a member of the Audit Finance and Risk Committee and Nomination Committee, with effect from 20 September 2021.

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	3,582,432	677,602	4,912,180	5,598,756
Jacquie Naylor	211,000	Nil	Nil	Nil
Dave Whittle	266,666	Nil	Nil	Nil
Ari Mervis	250,000	Nil	Nil	Nil

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 30 July 2022:

- Total sales[(1)] up 12.5% to $2,989.8 million; up 15.0% on a comparable sales basis[(2)].
- Group online sales[(3)] of $722.8 million, up 34.0%, representing 24.2% of total sales.
- Operating Gross Profit (**OGP**) improved by 8.5% to $1,145.2 million, with OGP margin declining by 141 basis points to 38.3%.
- Cost of Doing Business[(4)] as a percent to sales decreased by 12 basis points, and was $745.2 million, including rent waivers.
- Earnings before Interest, Tax, Depreciation and Amortisation (**EBITDA**)[(4)] of $400.0 million.
- Net profit after tax[(4)] was $60.2 million, compared to net profit after tax[(4)] of $51.7 million in prior year.
- Implementation costs and individually significant items of $11.2 million ($13.2 million pre-tax) included store closure and space exit costs and asset impairments.
- Statutory net profit after tax of $49.0 million, up 5.7% from prior year of $46.4 million.
- Net cash position of $185.9 million, an improvement of $74.1 million compared to FY21, reflecting disciplined approach to the balance sheet and cost control.
- Final dividend of 2.5 cents per share, fully franked, to be paid on 7 November 2022 (Record Date is 29 September 2022).

(1) Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was $2,340.6 million (FY21: $2,116.5 million)
(2) In addition to the historical definition of comparable sales, stores closed during COVID-19 have been removed from both the current and previous year to obtain comparable sales. Where a store was closed mid-week, the week in which the store closed has been removed. On reopening, the store has been included from the first full week of trade. Also excluded is the 53rd week in 2021
(3) Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads
(4) Excluding implementation costs and individually significant items

Income Statement for the 52 Weeks to 30 July 2022

	2022 $m	2021 $m	Change
Total sales[(1)]	**2,989.8**	**2,658.3**	12.5%
Operating gross profit	**1,145.2**	**1,055.7**	8.5%
Cost of doing business[(2)]	**(745.2)**	**(665.7)**	11.9%
EBITDA[(2)]	**400.0**	**390.0**	2.6%
Depreciation[(2)]	**(215.8)**	**(219.5)**	(1.7%)
EBIT[(2)]	**184.2**	**170.5**	8.0%
Net finance costs	**(98.9)**	**(96.1)**	2.8%
Tax[(2)]	**(25.1)**	**(22.7)**	10.7%
Profit after tax[(2)]	**60.2**	**51.7**	16.5%
Implementation costs and individually significant items (post-tax)	**(11.2)**	**(5.3)**	111.2%
Statutory profit after tax	**49.0**	**46.4**	5.7%

(1) Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was $2,340.6 million (FY21: $2,116.5 million)
(2) Excluding implementation costs and individually significant items

Balance Sheet as at 30 July 2022

	July 2022 $m	July 2021 $m
Inventory	**371.4**	**305.2**
Creditors	**(429.3)**	**(353.3)**
Other assets	**147.2**	**137.3**
Other liabilities	**(96.7)**	**(85.6)**
Right-of-use assets	**1,177.8**	**1,224.1**
Lease liabilities	**(1,699.2)**	**(1,735.5)**
Property	**21.2**	**21.7**
Fixed assets	**283.8**	**296.8**
Intangibles – Brands	**240.2**	**240.2**
Intangibles - Software	**65.1**	**64.2**
Total Funds Employed	**81.5**	**115.1**
Debt	**(58.0)**	**(66.8)**
Less Cash	**243.9**	**178.6**
Net Cash	**185.9**	**111.8**
Equity	**267.4**	**226.9**

Cash Flow for the 52 Weeks to 30 July 2022

	2022 $m	2021 $m
EBITDA[1]	400.0	390.0
Less Implementation costs and individually significant items	(13.2)	(7.6)
Add Non-cash impairments	2.4	1.8
Working capital movement	(2.3)	(19.0)
Operating cash flow (before interest and tax)	386.9	365.2
Conversion	*99.4%*	*95.1%*
Tax (paid)/refunded	(16.4)	6.8
Net Interest paid	(7.3)	(7.5)
Interest – lease liabilities	(87.8)	(87.2)
Operating cash flow	275.4	277.3
Capex paid[2]	(44.2)	(31.9)
Free cash flow	231.2	245.4
Dividends paid	(12.3)	-
Principle portion of lease liabilities paid	(139.6)	(140.3)
Other	(0.6)	(0.4)
Net cash flow	78.7	104.7

(1) Excluding implementation costs and individually significant items
(2) Net of landlord contributions

Shares and Dividends

	2022	2021
Shares on issue	821.3 million	821.3 million
Basic earnings per share[1]	6.0 cents	5.7 cents
Basic earnings per share (pre implementation and individually significant items)[2]	7.3 cents	6.3 cents
Dividend per share	4.0 cents	Nil

(1) Calculated on weighted average number of shares of 820.6 million (FY21: 818.9 million) and based on NPAT
(2) Calculated on weighted average number of shares of 820.6 million (FY21: 818.9 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
Statutory reported result	**171.0**	**(98.9)**	**(23.1)**	**49.0**
Add back: implementation costs and individually significant items				
Space exit costs and other asset impairments	13.2	-	(2.0)	11.2
Results excluding implementation costs and individually significant items	**184.2**	**(98.9)**	**(25.1)**	**60.2**

FY22 Operations

In addition to the Company's actions during the COVID-19 pandemic as noted below, the Company achieved the following during FY22:

- 2H FY22 represented the best second half NPAT(1) since 2H FY13.
- Comparable sales growth of 15%.(2)
- Group online sales(3) of $722.8 million, representing 24.2% of total sales, driven by conversion improvements and a record online Net Promoter Score.
- Launched the popular Commbank pay with points partnership online, which was previously only available in-store.
- Launched The Movement at Myer, an all-encompassing fitness and lifestyle destination.
- Continued to improve the MYER one program resulting in an increase in tag rate to 71.3% (FY21: 69.7%).
- Exited the Blacktown and Knox stores, and refurbished the Toowoomba and Albury stores.
- Relocated the Store Support Office (SSO) to a new and smaller footprint.
- Took possession of the National Distribution Centre (NDC) facility in Ravenhall, Victoria. Expect the state of the art facility to be fully operational in 2H FY23.
- Refinanced existing credit facilities with a four-year Asset Based Loan funding package.

(1) Excluding implementation costs and Individually Significant Items
(2) In addition to the historical definition of comparable sales, stores closed during COVID-19 have been removed from both the current and previous year to obtain comparable sales. Where a store was closed mid-week, the week in which the store closed has been removed. On reopening, the store has been included from the first full week of trade. Also excluded is the 53rd week in 2021
(3) Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads

Further to these matters, Section 9 provides an outline of the Company's future developments and strategy. These should be read in conjunction with Section 10, which describes factors that could impact the Company's results.

Impact of COVID-19

The COVID-19 pandemic and associated Government actions had an ongoing impact on the Company during FY22. The Company's response has been managed by its Executive Management team, and Board, with the primary focus being on the health and wellbeing of its customers, team members and the broader community in which it operates, and in supporting government health measures.

As a result of COVID-19 outbreaks in the community and Government directions, the Company temporarily closed some stores across its network in the first half of FY22. A breakdown of the temporary store closures is set out below.

State	Period of temporary closure	Days closed	Stores affected
Australian Capital Territory	13 August 2021 – 21 October 2021	70 days	2 stores
New South Wales	1 August 2021 – 10 October 2021	71 days	16 stores
	6 August 2021 – 10 October 2021	66 days	1 store
	12 August 2021 – 10 October 2021	60 days	1 store
	15 August 2021 – 10 September 2021	27 days	2 stores
	17 September 2021 – 22 September 2021	6 days	1 store
Queensland	1 August 2021 – 8 August 2021	8 days	9 stores
	9 August 2021 – 11 August 2021	3 days	1 store
Tasmania	16 October 2021 – 18 October 2021	3 days	1 store
Victoria	6 August 2021 – 28 October 2021	84 days	11 stores
	6 August 2021 – 9 August 2021	4 days	3 stores
	22 August 2021 – 9 September 2021	19 days	3 stores
	16 September 2021 – 22 September 2021	7 days	1 store
	20 September 2021 – 26 September 2021	7 days	1 store

The Company ceased to generate revenue or cash inflows from its physical stores during these temporary closures, other than through click-and-collect services. When stores reopened in line with the easing of Government restrictions, various factors continued to impact sales in physical stores including staffing challenges with significant numbers of team members absent as a result of COVID-19 and isolation requirements, the ongoing uncertainty generated by Omicron, the lack of tourism, a large proportion of workers still working remotely, and reduced foot traffic (primarily in CBD store locations). Global supply chain disruptions associated with COVID-19 also resulted in increased supply chain costs, shipping delays and disruption to stock flow.

8. Significant Changes in the State of Affairs in FY22

In addition to the matters described in Section 7 above, the following significant changes occurred during FY22:

- JoAnne Stephenson was appointed Chairman of the Company with effect from 16 September 2021.
- Ari Mervis was appointed as an Independent Non-Executive Director of the Company, and as a member of the Audit Finance and Risk Committee and Nomination Committee with effect from 20 September 2021.

There were no new Executive appointments during the period.

9. Business Strategies and Future Developments

The Board and the Executive Management Group continue to focus on delivery against the Customer First Plan. The FY22 results reflect the improving momentum driven by the successful transformation of the business achieved under the Customer First Plan – it is the right strategy for the Company. The Customer First Plan further evolved during COVID-19 and focuses on the following areas:

- Accelerate Online: focus on profitable online growth in terms of both overall scale and as a percentage of total company sales. Investment in customer experience has led to significant improvements in conversion and customer Net Promoter Scores.

- Accelerate Factory to Customer (F2C) change: improvements to online fulfilment (3PL / multicarrier) arrangements delivered cost and customer experience benefits, and the development of a National Distribution Centre (expected to be fully operational in 2H FY23) will be transformational to Myer's supply chain and customer experience.
- 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 and the one device strategy, will continue to deliver a compelling experience for our customers.
- Refocus Merchandise: improving our range in key categories, with continuation of a more disciplined approach to purchasing and inventory, focusing on core lines and supplier relationships, making the big brands bigger.
- Rationalise Property: strategically review, optimise and reduce our overall store space with a view to driving greater profitability. Our approach will seek the appropriate balance between physical stores and online capability 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.

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; poor consumer confidence; changes in government policies; external, natural or unforeseen events, such as an act of terrorism, political instability, 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, though reduced, remains a risk. Lockdowns in other countries may impact speed to market through congested ports, shipping delays and increased costs, and disruption of stock flow. Supply chain management continues to work with suppliers and partners to ensure these 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.

COVID-19

The impact of the COVID-19 pandemic or other wide spread pandemics on the Company's operations (including any requirement for further temporary store closures), domestic and global economic conditions, and consumer behaviour remains uncertain, and may adversely affect the Company's financial position and performance. The Executive Management Group continue to monitor and assist the business to adapt to changes in ongoing risks and adhere to Government requirements and health measures. 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.

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 2022 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.

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 in response to COVID-19 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 labour shortages in the external market, Myer needs to attract and retain 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.

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. We conduct regular detailed risk assessments at each store, distribution centre, and at our support office, as well as provide regular education sessions.

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

Following the end of the financial year, the Company announced that it will exit its Frankston store in January 2023. No other 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

Myer paid an interim dividend of AU$0.015 per share, fully franked, totalling $12.3 million on 12 May 2022.

The Board has determined a final dividend of AU$0.025 per share, fully franked, to be paid on 7 November 2022 (Record Date of 29 September 2022).

This takes the total FY22 dividend to 4.0 cents per share.

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

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 and FY22, 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 a significant growth to share price.

During the financial period ended 30 July 2022, the Company granted a total of 6,514,842 performance rights under the LTI plan: 1,469,558 performance rights to the CEO and 5,045,284 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 30 July 2022.

In September 2021, a total of 30,046,033 performance options granted under the LTI plan in FY19 lapsed following testing against the performance criteria.

The table in Section 14 sets out the details of performance options and rights that have been granted under the LTI plan and the alignment rights 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 TI plan, the Chief Executive Officer and nominated executives receive 50% of the annual TI achieved in cash and 50% in the form of deferred rights to shares in the Company.

During the financial period ended 30 July 2022, the Company issued a total of 2,294,105 deferred rights under the FY21 TI plan, comprising 677,602 deferred rights to the CEO and 1,616,503 deferred rights to other nominated senior executives.

The number of deferred shares to be issued under the FY22 TI plan will be determined by dividing the dollar value of the deferred component of the TI plan award outcome 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.

Further information about performance options and rights issued under the LTI plan and TI plan (including the performance conditions attached to the performance options and rights granted under the LTI plan and TI plan, 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 and TI 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 30 July 2022, 1,147,053 fully paid ordinary shares were purchased on market by the Trust and 2,987,987 shares were transferred from the Trust for alignment rights issued to John King and Allan Winstanley in 2018 and that fully vested in FY21. Since 30 July 2022, 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 plan or TI plan.

Date performance rights and options granted	Expiry date	Issue price	Number of performance rights and options remaining on issue(1)
21 November 2019 (options grant to CEO under the FY20 LTI plan offer)	21 Nov 2023	Nil	5,598,756
21 November 2019 (options grant to senior executives under the FY20 LTI plan offer)	21 Nov 2023	Nil	18,658,535
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	10,697,922
8 October 2021 (deferred rights grant to CEO under the FY21 TI plan)	n/a	Nil	677,602
8 October 2021 (deferred rights grant to senior executives under the FY21 TI plan)	n/a	Nil	1,616,503
10 November 2021 (rights grant to CEO under the FY22 LTI plan offer)	n/a		1,469,558
10 November 2021 (rights granted to senior executives under the FY22 LTI plan offer)	n/a		5,045,284
Closing balance of performance rights and options			**47,206,782**

(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.

15. Remuneration Report

The Remuneration Report, which forms part of this Directors' Report, is presented separately from page 16.

16. Indemnification and Insurance of Directors and Officers

The Company's Constitution requires the Company 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 2022. 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 2022.

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.

20. Auditor's Independence Declaration

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

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

The Annual General Meeting of the Company will be held on Thursday 10 November 2022.

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

JoAnne Stephenson
Chairman

Melbourne, 15 September 2022

REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board, I present to you Myer Holdings Limited's (**Myer** or the **Company**) Remuneration Report for FY22. This report sets out the remuneration information for the Non-Executive Directors and Executive Key Management Personnel (**Executive KMP**). It describes our executive remuneration framework and pay outcomes for FY22 in a simple and transparent way.

The remuneration outcomes set out in this Report were carefully considered by the Board, taking into account all relevant factors, including the Management team's performance in delivering the FY22 results, and ensuring the best interest 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

Company Performance in FY22

The FY22 results showed the strength of Myer's omni channel offering in driving sales and earnings momentum. The business showed strong improvement in sales, profitability, cash generation and other key measures. Progress in our Customer First Plan means Myer is well placed to drive value creation for all shareholders, and Myer recommenced dividend distributions during FY22.

These results were achieved despite the impacts of the COVID-19 pandemic, particularly in 1H22 which saw Government mandated lockdowns across the first quarter and then footfall during the Christmas and January sales periods impacted by the Omicron variant. In 2H22, which was not impacted by lockdowns, Myer recorded its highest net profit after tax since 2H13[4] demonstrating the strong momentum in the business.

FY22 results and highlights include:

- Total sales[1] up 12.5% to $2,989.8 million; up 15.0% on a comparable sales basis[2].
- Group online sales[3] of $722.8 million, up 34.0%, representing 24.2% of total sales.
- Net profit after tax[4] was $60.2 million, compared to net profit after tax[4] of $51.7 million in prior year.
- Statutory net profit after tax of $49.0 million, up 5.7% from prior year of $46.4 million.
- Net cash position of $185.9 million, an improvement of $74.1 million compared to FY21.
- Launched the popular Commbank pay with points partnership online, which was previously only available in-store.
- Launched The Movement at Myer, an all-encompassing fitness and lifestyle destination.
- Continued to improve the MYER one program resulting in an increase in tag rate to 71.3% (FY21: 69.7%), its highest since public listing in 2009.
- Exited the Blacktown and Knox stores, and refurbished the Toowoomba and Albury stores.
- Relocated the Store Support Office (SSO) to a new and smaller footprint.
- Took possession of the National Distribution Centre (NDC) facility in Ravenhall, Victoria, with the state of the art facility expected to be fully operational in 2H23.
- Refinanced existing credit facilities with a four-year Asset Based Loan.

(1) Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was $2,340.6 million (FY21: $2,116.5 million)
(2) In addition to the historical definition of comparable sales, stores closed during COVID-19 have been removed from both the current and previous year to obtain comparable sales. Where a store was closed mid-week, the week in which the store closed has been removed. On reopening, the store has been included from the first full week of trade. Also excluded is the 53rd week of 2021
(3) Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads
(4) Excluding implementation costs and individually significant items

Changes to the Executive Remuneration Framework for FY21 and FY22

As outlined in both the FY20 and FY21 Remuneration Reports, in FY21 we made a number of changes to our remuneration framework to further align the remuneration of our executives with the interests of our shareholders.

These changes included the introduction of the Transformation Incentive (**TI**) plan to replace the normal Short Term Incentive (**STI**) plan for both FY21 and FY22.

The objective of the TI plan was to promote longer-term shareholder interests during a crucial period for the Company, by placing significant importance on transforming the business and ensuring an optimal response to the challenges presented by the COVID-19 pandemic. In line with this, financial performance was measured against net profit after tax, the strongest indicator of Myer's profitability, but performance was also assessed against key measures critical to the transformation of Myer, such as online profitability, physical stores earnings per square metre, management of stock and the MYER one tag rate.

For the period of the TI plan, a greater portion of Executive KMP's remuneration was also weighted towards the TI plan, relative to the Long Term Incentive (**LTI**) plan, and a higher percentage of awards were granted in equity as opposed to cash. The Board is pleased with the outcomes of the TI plan over the last two years, as well as the positive shareholder response.

As previously disclosed, from FY23 we will revert to a more traditional STI structure and remuneration mix. The Board has decided to retain key elements of the TI plan, including in particular transformative performance measures that remain strongly aligned to our Customer First Plan.

The LTI plan introduced for FY21 has been retained, with the delivery of the plan by way of performance rights as opposed to performance options; and the inclusion of a positive absolute Total Shareholder Return (**TSR**) gateway measure, which prevents reward outcomes where there have been declines in shareholder return over the performance period.

The changes made to the executive remuneration framework over the past two years support the Company's transformation agenda and the challenging macro environment. As always, the Board is focussed on maintaining a strong link between transforming our business performance and executive remuneration outcomes, as well as ensuring our approach to executive remuneration supports the delivery of our Customer First Plan, for the benefit of our customers and our shareholders.

Executive Remuneration Outcomes in FY22

The Board believes the remuneration outcomes detailed below reflect the performance of our Executive KMP during FY22, including in particular the Executive Management's Team efforts in continuing to lead the transformation of the business in alignment with our Customer First Plan.

- **The freeze on the CEO and Managing Director's total fixed compensation (TFC) continued in FY22.**
- **Other Executive KMP received a 5% TFC increase effective 1 April 2022, which was their first increase to TFC since 2015 (apart from an increase made to the CFO's TFC in 2018 to reflect a change to his role).** The Board considered this to be an appropriate decision given the continuing priority to retain our high calibre senior personnel who are critical in the delivery of our Customer First Plan and market conditions. This increase was effected as part of the annual remuneration review process conducted at this time for salaried team members.
- When assessing performance and associated remuneration outcomes for the FY22 TI plan, the Board made the decision to take account of material matters beyond the control of the executive team, including in particular extensive store closures in the first half of FY22 as well as the impact of the Omicron wave.
- **Executive KMP and the broader Management team will receive a TI award equal to 47.3% of their maximum entitlement.** The TI award outcome reflected strong performance against the key financial metric of net profit after tax, with the Company's growth in profitability driven by the Management team's efforts in continuing to lead the transformation of the business in alignment with our Customer First Plan. Despite strong progress in relation to other key transformational measures, the challenging targets set by the Board for these measures were not met and there was no vesting in relation to these measures.
- In relation to performance options issued under the FY20 LTI plan for Executive KMP, the Relative TSR component did not vest, but maximum performance under the EPS condition was met with a compound annual growth rate of 22.4%[1].

(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 Remuneration Report after taking account of shareholder feedback, there have been no further changes to the Chairman's and Non-Executive Directors' base annual fees and these reduced fees will continue to apply for the duration of FY23.

FY23 Remuneration Framework

At our 2021 Annual General Meeting (**AGM**), the majority of eligible shareholder votes cast (63.18 percent) were in favour of adopting the FY21 Remuneration Report and 36.82 percent of the votes cast were against the adoption of the Report.

The Board has determined to revert back to a more traditional STI and LTI framework for FY23.

While the total variable remuneration opportunity will not change for FY23, the overall remuneration mix will shift with the STI opportunity decreasing from 100% to 90% for the CEO and Managing Director and 75% to 65% for other Executive KMP and the LTI opportunity increasing from 70% to 80% for the CEO and Managing Director and 45% to 55% for other Executive KMP, promoting long-term shareholder alignment.

Further details regarding the FY23 remuneration framework will be provided in the Notice of Meeting and next year's Remuneration Report.

We thank the many stakeholders who have shared their feedback with 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,

J Naylor

Jacquie Naylor
Chairman – Human Resources and Remuneration Committee

Contents

(1)	Introduction	19
(2)	Snapshot of Remuneration Framework	20
(3)	Executive KMP Remuneration	25
(4)	Executive KMP Service Agreements	32
(5)	Non-Executive Director Remuneration	32
(6)	Remuneration Governance	35
(7)	Executive KMP Statutory Disclosures	36
(8)	Equity	41
(9)	Loans	42
(10)	Dealing in Securities	42

1. Introduction

The Directors of the Company present the Remuneration Report for the financial period ended 30 July 2022 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 FY22.

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

Name	Role
Non-Executive Directors	
J Stephenson[(1)]	Chairman, Independent Non-Executive Director
D Whittle	Independent Non-Executive Director
J Naylor	Independent Non-Executive Director
A Mervis[(2)]	Independent Non-Executive Director
Executive Directors	
J King	Chief Executive Officer and Managing Director
Other Executive KMP	
N Chadwick	Chief Financial Officer
A Sutton	Executive General Manager Stores
A Winstanley	Chief Merchandise Officer

(1) Ms Stephenson was Acting Chairman from 29 October 2020 to 15 September 2021, and was appointed Chairman with effect from 16 September 2021.
(2) Mr Mervis was appointed as a Non-Executive Director with effect from 20 September 2021.

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.

Business Priorities – focus areas and efficiency levers

Accelerate online	Accelerate F2C	Adapt in-store experience	Refocus merchandise	Rationalise property	Reduce overheads	Engage the customer

Remuneration Principles

Reward outcomes that **reinforce our Customer First Plan**	Build our capability by **attracting and retaining high calibre talent**	Align the interests of our executives to those of our shareholders – **think like owners**	**Drive sustainable long term performance** of the business	**Be simple and transparent**

2.2 Remuneration Structure for FY22

Strategic objectives and performance link	Performance measures	What has changed for FY22?
Total Fixed Compensation (TFC)		
• To attract and retain high calibre talent. • Provides "predictable" base level of reward. • Set with reference to the market using external benchmark data.	• Varies based on employee's experience, skills, and performance. • Consideration is given to both internal and external relativities across retail and other relevant sectors.	• No changes to the CEO and Managing Director's TFC during FY22. • The other Executive KMP received a TFC increase of 5%, effective 1 April 2022 which represents the first TFC increase for the Executive KMP since 2015[1].
Transformation Incentive (TI) plan		

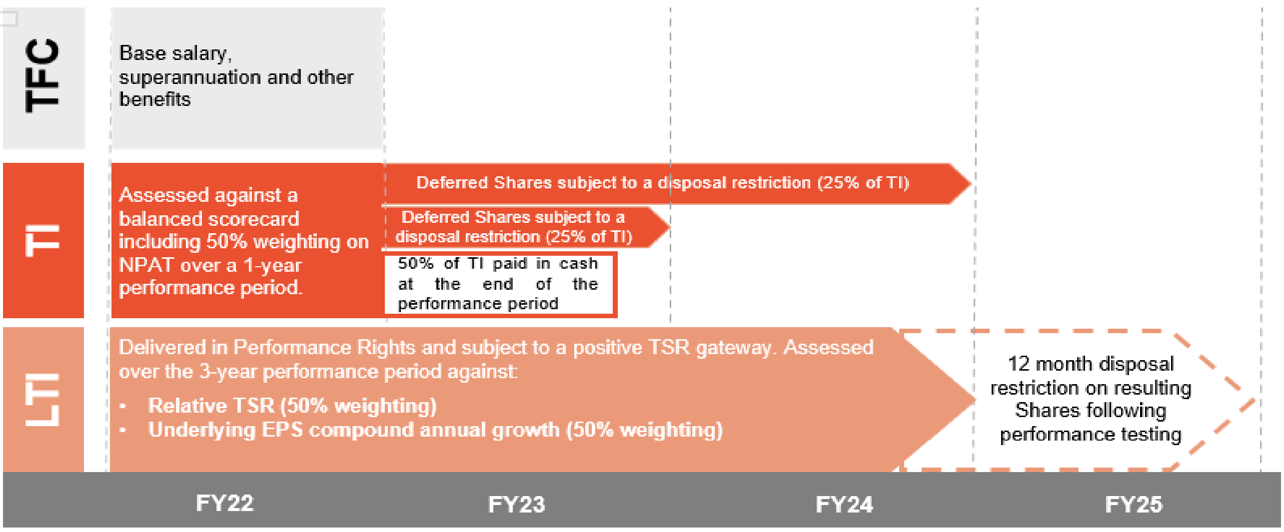
• For Executive KMP, 50 percent of the award is delivered in cash, and 50 percent is delivered in deferred shares subject to a disposal restriction for 12 months (as to 25 percent) and 24 months (as to the other 25 percent) following performance testing. Under the TI plan, a greater portion of the award is delivered in equity and there is a longer deferral period than the previous STI plan (FY20).
• 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.
• Encourages focus on long-term value in addition to annual results, through the
	• TI awards for all participants at Myer are assessed against a set of balanced scorecard measures outlined below:
	  ◦ Net profit after tax accounts for 50 percent of the maximum TI.
	  ◦ Transformation progress against the accelerated Customer First Plan accounts for 50 percent of the maximum TI.
	• Transformation measures include online EBIT, Bricks & mortar EBITDA per square metre, cost per customer order, Stock turn performance
		• This is the second and final year of the TI plan. The FY22 TI plan remains largely unchanged from the FY21 TI plan.
		• Performance measures remain focused on our Customer First Plan and Myer's turnaround strategy with net profit after tax the key financial measure of performance under the TI plan.
		• The equity component will be delivered in deferred shares subject to a disposal restriction only, over a period of 12 and 24 months.

equity component.	and MYER one tag rate(2).	
Long Term Incentive (LTI)		

• Delivered in equity, in the form of performance rights, which most appropriately aligns Executive KMP with shareholder interests and avoids the dilutive impact of performance options.
• Focused on delivery of Myer's long-term business strategy and shareholder value creation.
• Measures complement those in the TI plan to provide a holistic and aligned reward offer.
• Supports ongoing, sustainable performance and the retention of key executive talent.
	• All Performance Rights granted under each LTI award will be tested against a positive absolute Total Shareholder Return (**TSR**) gateway measure.
	• Where positive TSR is achieved over the 3-year performance period (FY22-FY24), the award will be assessed against:
	  ◦ Relative TSR (50 percent of award) against a retail and consumer services peer group; and
	  ◦ Underlying Earnings Per Share (**EPS**) compound annual growth (50 percent of award).
	• Performance is measured over 3 years and shares are provided on vesting following performance testing, which are restricted for 12 months. For the CEO and Managing Director, performance is measured over 3 years, but the vesting period is 4 years and no further restriction period applies.
		• Performance rights have been maintained for the FY22 LTI plan.
		• The absolute TSR gateway which was introduced last year has also been maintained.

(1) Apart from an increase made to the CFO's TFC in 2018 to reflect an increase in the scope of his role.
(2) 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). The CEO and Managing Director has a vesting period of 4 years for the LTI, with no restriction period which has not been illustrated in the below diagram.



2.3 Company Performance for FY22

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 2018.

	FY18	FY19	FY20	FY21	FY22
Basic EPS (cents)	(59.2)	3.0	(21.0)	5.7	6.0
Basic EPS (cents) – adjusted[1]	4.0	4.0	(1.6)	6.3	7.3
Net profit after tax (**NPAT**) (pre implementation costs and individually significant items) ($m)	32.5	33.2	(13.4)	51.7	60.2
NPAT (post implementation costs and individually significant items) ($m)	(486.0)	24.5	(172.4)	46.4	49.0
Dividends (cents per share)	-	-	-	-	4.0
Share price at beginning of year ($)	0.77	0.46	0.53	0.21	0.49
Share price at end of year ($)	0.46	0.53	0.21	0.49	0.47
Market capitalisation ($m)	377.8	435.3	172.5	402.4	386.0

(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 FY22

FY22 TFC

No increase was made to the CEO and Managing Director's TFC in FY22. Mr King's fixed TFC has not increased since his appointment in June 2018.

The other Executive KMP received a TFC increase of 5%, effective 1 April 2022 in response to labour market pressures and to ensure we retain our critical executive talent through our transformation period. This increase was effected as part of the annual remuneration review process conducted at this time for salaried team members. This represents the first 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.

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.

FY22 TI Plan Outcome

The Board set challenging performance targets for the FY22 TI following a robust target setting process that took into account many factors, including FY21 performance, market conditions such as disruptions to the supply chain and the continuing challenges presented by COVID-19.

Following a year in which significant progress was made by our people in delivering the Customer First Plan, TI outcomes for FY22 reflect the strong growth that was again achieved against the key financial metric of net profit after tax.

The remaining TI metrics were transformational objectives, aligned with key priorities of the Customer First Plan. These measures comprised online EBIT, Bricks & mortar EBITDA per square metre, cost per customer order, Stock turn performance and MYER one tag rate. Whilst FY22 saw further strong progress in relation to these measures, the challenging threshold targets set by the Board were not achieved.

Actual TI payments to each Executive KMP are detailed in the table at Section 7. The payment of a TI award for FY22 represents the second time that the Company has paid either a TI or STI award to Executive KMP since the STI award relating to FY16.

The following table details FY22 TI scorecard measures and assessment applied to Executive KMP.

Objectives	2022 Performance Assessment	Commentary
Financial Objectives (50% weighting)		
NPAT	Threshold hurdle exceeded	• NPAT threshold target achieved despite lockdowns in FY22. • Company achieved highest 2H NPAT[1] since 2H13.
Transformation Objectives (50% weighting, 10% for each measure)		
Online Earnings Before Interest and Taxes	Threshold hurdle not met	• Achieved strong growth from sales increase and significant market share gains but below stretch transformation objective.
Cost per Customer Order	Threshold hurdle not met	• Did not achieve targeted improvement Year on Year (**YoY**).
Department Store, Bricks and Mortar EBITDA per square metre	Threshold hurdle not met	• Despite a 15% YoY increase in this metric, did not meet the stretch transformation objective due to 1H22 lockdowns and COVID-19 impacts.
Stock turn	Threshold hurdle not met	• Despite the improvements to inventory health, stock-turn did not meet threshold hurdle as more inventory on average was held due to 1H22 COVID-19 impacts and to mitigate supply chain disruptions.
MYER one tag rate (in-store and online) %	Threshold hurdle not met	• Grew tag rate significantly YoY to 71.3%, a record result since public listing in 2009, but not above threshold hurdle, largely due to Omicron impacts.
		% of Maximum Achieved: 47.3%

(1) Excluding implementation costs and individually significant items

FY20 LTI Plan Outcome

The FY20 LTI was tested equally against both performance conditions over the three-year performance period between 28 July 2019 and 30 July 2022. Maximum performance under the EPS condition (accounting for 50% of the performance options) was met with a compound annual growth rate of 22.4%[1]. The relative TSR component did not vest.

The performance options have an exercise price of $0.55 and will expire on 23 November 2023, four years after the grant date.

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

2.5 Payments to Executive KMP in FY22

The table below sets out the actual remuneration received by Executive KMP in FY22. 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.

				Short Term Incentive	Long Term Incentive		
Name	**Cash salary[1] $**	**Super-annuation[2] $**	**FY21 TIP[3] $**	**STI deferred from prior year[4] $**	**Vested & exercised LTIP[5] $**	**Termination and other payments $**	**Actual FY22 Remuneration $**
Executive Directors							
J King[6]	1,200,000	-	387,318	-	1,386,486	-	2,973,804
Other Executive KMP							
N Chadwick	784,538	23,712	192,449	-	-	-	1,000,699
A Sutton	647,288	23,712	159,769	-	-	-	830,769
A Winstanley[7]	808,250	-	192,449	-	316,666	-	1,317,365

(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) TIP payments relating to FY21 performance and conditions, but paid during FY22. Includes only the non-deferred component.
(4) Deferred STI relating to FY20 performance and conditions, paid during FY22.
(5) Mr King and Mr Winstanley exercised rights vested under their equity alignment plans following the opening of the trading window after the release of the FY21 Results. The Myer share price at exercise was $0.57.
(6) 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.
(7) 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. More details can be found in Section 7.

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:

- Total Fixed Compensation;
- Transformation Incentive Plan; and
- Long Term Incentives.

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 Total Fixed Compensation

What is included in TFC?

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).

How is TFC reviewed?

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.

The Human Resources and Remuneration Committee (**Committee**) 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.

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.

Which benchmarks are used?

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.

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 was set at the same level as the previous CEO, and has not been adjusted since 2015.

Some of Mr King's significant achievements have included:

- Leading the ongoing business transformation under the Customer First Plan which was launched in September 2018.
- Delivering improved FY22 results, despite ongoing COVID-19 impacts, with the Company recording its highest second half net profit after tax since 2H13[1], demonstrating the continuing strong momentum in the business.
- Continued strong growth in the online business, now one of Australia's largest online businesses, demonstrating the strength of Myer's omni channel offer (annual Group online sales[2] up to $722.8 million or 24% of total sales).
- Further progress on space optimisation (exited Blacktown store and refurbished the Toowoomba store).
- Significantly improved net cash position of $185.9 million (up $74.1 million compared to FY21), reflecting a disciplined approach to balance sheet and cost control.

- Relocated the Store Support Office (**SSO**) to a new and smaller footprint and took possession of the NDC facility in Ravenhall, Victoria.
- Refinanced existing credit facilities with a four-year Asset Based Loan.
- Launched the Commbank pay with points partnership online (previously only available in- store).
- Continued to improve the MYER one program resulting in an increase in tag rate to 71.3% (highest level since public listing in 2009), from 69.7% in previous year.

As in FY21, Mr King did not receive an increase to his TFC in FY22.

(1) Excluding implementation costs and individually significant items
(2) Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads.

3.2 Transformation Incentive Plan

As part of the executive reward review undertaken during FY20, the Transformative Incentive (TI) plan was introduced to replace the normal STI plan for a period of 2 years, starting in FY21. The FY22 TI 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

What is the TI plan?

The TI plan replaces the annual STI plan for a period of two years after which the Company intends to return to a STI plan. The TI plan is an at risk component of an Executive KMP's reward opportunity, with longer deferral periods and greater deferral into equity than the previous STI plan, which is designed to put a meaningful part of the Executive KMP's remuneration at risk. Payment under the TI plan has been designed to link a portion of remuneration to the transformation of Myer, aligned with delivery of the Customer First Plan and to address the new challenges presented by COVID-19.

What is the value of the TI opportunity?

TI targets are set as a percentage of the Executive KMP's TFC. The maximum levels for Executive KMP are set out below.

- CEO and Managing Director – 100 percent of TFC.
- Other Executive KMP – 75 percent of TFC.

Does the TI include a deferred component?

50 percent of the FY22 TI award will be delivered in deferred shares subject to a disposal restriction meaning that the shares are unable to be disposed during the restriction period. The TI plan also allocates a greater portion of the TI award into equity than the previous STI plan which ensures further shareholder alignment.

The equity component to be granted under the FY22 TI plan will be issued in two tranches:

- **Tranche 1:** 50% of the deferred shares will be subject to a one-year disposal restriction, which will not be released until the first day after the first anniversary of the date on which the deferred shares are granted which occurs during a trading window under the Company's Security Dealing Policy; and
- **Tranche 2:** the remaining 50% of deferred shares will be subject to a two-year disposal restriction, which will not be released until the first day after the second anniversary of the date on which the deferred shares are granted which occurs during a trading window under the Company's Security Dealing Policy.

Performance measures

What were the FY22 performance measures?

The performance measures and their relative weightings applicable to the FY22 TI plan are:

- NPAT accounts for 50 percent of the TI scorecard.
- Transformation measures (Online EBIT, cost per customer order, Bricks & mortar EBITDA per square metre, stock turn performance, and MYER one tag rate) account for 50 percent of the TI scorecard, with each measure counting towards 10 percent of the TI scorecard.

Why were the performance measures selected?

Performance measures under the TI plan are transformational in nature, in line with the accelerated Customer First Plan. These measures immediately align Executive KMP effort with the turnaround strategy of the Company. The performance measures are quantifiable and heavily focused on financial performance. The Board believes that a large component of an Executive KMP's TI award should be driven by the financial performance of the Company, and accordingly 50 percent of the TI is dependent on Company NPAT, providing close alignment with shareholder outcomes.

The Transformation measure reflects the significant importance of transforming the business and focus on our Customer First Plan and turnaround strategy, including key focus areas of online profitability, physical stores earnings per square metre, management of stock and M 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.

Governance

When are performance targets set and reviewed?

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.

How is performance measured?

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.

The quantum of any TI 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 TI awards to be paid to the Executive KMP and other participants.

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 TI 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.

When are incentives paid?

The component of the TI awards approved by the Board that is not subject to deferral is paid to participating Executive KMP in October following the Financial Year End and are subject to ongoing employment at the date of payment.

The deferred component of Executive KMP's TI is provided in deferred shares, which they will not be able to trade during the relevant disposal restriction period. See above for details.

Cessation of employment, clawback or change of control

If an individual ceases employment during the performance year, will they receive a payment?

Participants leaving employment during the performance year due to resignation, termination for cause, or gross misconduct are generally not eligible to receive an award under the TI plan.

Participants leaving employment during the performance year for other reasons (e.g. redundancy) will be entitled to receive a pro-rata award.

Does a "clawback" apply?

The TI plan allows the Board to take any steps that it determines appropriate to recover from the individual executives any TI 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 TI. 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.

How would a change of control affect TI plan entitlements?

The Board has absolute discretion in relation to the treatment, payment or provision of TI awards on a change of control, which it would exercise in the best interests of the Company.

3.3 FY22 Long Term Incentive Plan

Features of the LTI plan applicable in respect of FY22 are outlined in the table below.

Form and purpose of the plan

What is the LTI plan?

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 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.

How is the LTI plan delivered?

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.

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.

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.

How was the number of performance rights determined?

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.

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 70 percent of TFC in FY22. Other Executive KMP are entitled to a maximum value of 45 percent of TFC. These opportunity levels are the same as in FY21, representing a reduction in quantum from the maximum opportunity levels provided to Executive KMP under the FY20 LTI plan. This reduction was implemented as part of changes to the remuneration mix and the introduction of the TI plan for FY21 and FY22.

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 $0.5716, being the volume weighted average price (VWAP) of the Company's shares over the five trading days following the release of the Company's FY21 results (i.e. the 5 trading days commencing on 16 September 2021).

Vesting and performance hurdles

What is the performance period?

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 FY22 LTI plan, the performance period started on 1 August 2021 and ends on 27 July 2024. Following the end of the performance period and after the Company has lodged its audited financial results for FY24 with the ASX, the Board will test the performance hurdles that apply to the FY22 LTI plan offer and will determine how many performance rights (if any) are eligible to vest.

What are the performance hurdles?

The performance measures approved by the Board for the FY22 LTI plan offer were in two stages:

Stage 1 – Absolute TSR gateway - requiring achievement of a positive absolute TSR over the testing period. If absolute TSR is negative, performance rights lapse.

Stage 2 – Where absolute TSR performance is positive over the performance period, performance rights will be assessed against underlying EPS and relative TSR:

- 50 percent of the award is subject to the EPS hurdle; and
- 50 percent of the award is subject to the relative TSR hurdle.

Why were the performance hurdles chosen?

The hurdles were chosen to align shareholder returns with executive remuneration outcomes over the three-year performance period and to complement the TIP plan measures.

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.

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.

What is the vesting framework?

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.

For the FY22 LTI plan offer, the following vesting hurdles apply:

Stage 1 – Absolute TSR gateway

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.

For the purpose of this calculation, the opening value was set at $0.459, this being the 5 trading day VWAP up to and including 30 July 2021. The end value will be based on the 5 trading day VWAP up to and including the last day of the performance period.

The Board retains discretion to adjust the absolute TSR performance gateway in exceptional circumstances.

Stage 2 – Relative TSR and Underlying EPS

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:

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 (**Performance Period**);

b) 50% of the performance rights will be subject to a hurdle based on the Company's underlying EPS.

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.

Stage 2 - Performance rights subject to the EPS hurdle (50 percent of the Award)

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 FY21 as the base year. The 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 EPS targets were the same as under the FY21 LTI plan. The Board believes that the FY22 targets provide appropriate ambition and stretch for Executives, in light of Myer's EPS growth in prior years.

Growth in underlying EPS from base year EPS	% of performance rights subject to the EPS Hurdle that will vest (rounded down to the nearest whole number)
Below 5% compound annual growth	Nil
At 5% compound annual growth	50%
Between 5% and 12% (inclusive) compound annual growth	Straight line pro-rata vesting between 50% and 100%
At or above 12% 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 FY21 LTI grant includes listed companies from the retail and the consumer services sector. The constituents are: Accent Group, Adairs, Adore Beauty Group, Baby Bunting, Beacon Lighting, Best & Less Holdings,

Booktopia Group, Cettire, City Chic Collective, Dusk Group, Endeavour Group, Harvey Norman Holdings, JB Hi-Fi, Kogan, Lovisa Holdings, Metcash, Michael Hill International, Nick Scali, Premier Investments, Redbubble, Super Retail Group, Temple & Webster Group, The Reject Shop, Universal Store Holdings, Wesfarmers and Woolworths. This group is different to that used for the FY21 LTI grant and was selected following a Board review with a view to ensuring the list contains companies that are appropriate comparators for Myer for the purposes of assessing company performance during the LTIP period. Key changes to the peer group include the addition of recently listed consumer discretionary retailers (including several online retailers) and the removal of several travel companies and automotive retailers. The comparator 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:

TSR performance relative to peer group	% of performance rights subject to the TSR Hurdle that will vest (rounded down to the nearest whole number)
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%

Are the performance hurdles subject to retesting?

No. Each performance hurdle is only tested once at the end of the performance period.

How are shares allocated?

Under the plan, following vesting, the performance rights will be automatically exercised and the Executive is allocated one fully paid ordinary share for each vested performance right.

Do any restrictions apply once the rights vest?

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. A continuous service restriction will also apply during the restriction period.

Due to foreign resident tax considerations, for the CEO and Managing Director, the performance period is 3 years, but the vesting period is 4 years during which a continuous service condition applies.

Cessation of employment, change of control, clawback, forfeiture, participation in future issues and hedging arrangements

Cessation of employment

The treatment of performance rights on cessation of employment will depend on the date as well as the circumstances of cessation. Generally, if an executive ceases employment on or before the end of the restriction period due to resignation, termination for cause or gross misconduct, they will forfeit any interest in the rights. If employment ceases on or before the end of the restriction period for other reasons, the executive will retain a pro-rata interest in the vested shares. The calculation is determined based on time elapsed between the start of the performance period and cessation of employment. Subject to applicable law, the Board has the discretion to allow a different treatment (although the discretion is only likely to be exercised in exceptional circumstances).

How would a change of control impact LTI plan entitlements?	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.
Does a "clawback" and/or forfeiture apply?	The LTI plan allows the Board to take any steps that it determines appropriate to recover from the 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 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.
How would a bonus or rights issue impact performance rights under the LTI plan?	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 which an executive is entitled 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.
Do any other restrictions apply to performance rights prior to vesting or subject to restriction?	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 FY22, 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 FY22 performance rights granted to Executive KMP:

Name	Number of performance rights granted	Valuation of each performance right at grant date(1) $	Exercise price $	Applicable hurdles	End of performance period
J King	734,779	0.3760	Nil	TSR	27 July 2024
	734,779	0.3982	Nil	EPS	27 July 2024
N Chadwick	312,937	0.3760	Nil	TSR	27 July 2024
	312,937	0.3982	Nil	EPS	27 July 2024
A Sutton	259,797	0.3760	Nil	TSR	27 July 2024
	259,797	0.3982	Nil	EPS	27 July 2024
A Winstanley	312,937	0.3760	Nil	TSR	27 July 2024
	312,937	0.3982	Nil	EPS	27 July 2024

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

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 TI 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; and
- 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.
- The cost to the Company in providing this support for the period ended 30 July 2022 is summarised in Section 7.

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; and
- 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.
- 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 FY22. 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.

During her tenure as Acting Chairman, Ms Stephenson elected not to receive the full Chairman fee and instead only received an annual Non-Executive Director fee of $120,000. From her appointment as Chairman on 16 September 2021, Ms Stephenson received the full Chairman fee.

Chairman and Non-Executive Directors' base annual fees are as detailed below. The same base annual fees will apply for FY23.

Base Annual Fees	**1 August 2021 – 30 July 2022**
Chairman (all inclusive)(1)	250,000
Other Non-Executive Directors	100,000

Additional annual fees	
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	-

(1) As Acting Chairman until 15 September 2021, JoAnne Stephenson received a base annual fee of $120,000.

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.

REMUNERATION REPORT

Continued

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 Fees $	Superannuation $	Total $
Non-Executive Directors				
J Stephenson(1)	2022	211,484	22,266	233,750
	2021	108,550	11,450	120,000
D Whittle(2)	2022	107,950	12,050	120,000
	2021	104,094	10,982	115,076
J Naylor(3)	2022	107,950	12,050	120,000
	2021	104,094	10,982	115,076
A Mervis(4)	2022	78,027	8,716	86,743
	2021	-	-	-
Former Non-Executive Directors				
G Hounsell(5)	2022	-	-	-
	2021	55,347	5,259	60,606
J Morrison(6)	2022	-	-	-
	2021	22,282	2,339	24,621
L Cattermole AM(7)	2022	-	-	-
	2021	22,282	2,339	24,621
Total Non-Executive Directors	**2022**	**505,411**	**55,082**	**560,493**
	2021	416,649	43,351	460,000

(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 Whittle was appointed Chairman of the Audit, Finance and Risk Committee on 29 October 2020.
(3) Ms Naylor was appointed Chairman of the Human Resource and Remuneration Committee on 29 October 2020.
(4) Mr Mervis was appointed as a Non-Executive Director on 20 September 2021.
(5) Mr Hounsell retired as a Non-Executive Director on 28 October 2020.
(6) Ms Morrison retired as a Non-Executive Director on 29 October 2020.
(7) Ms Cattermole AM retired as a Non-Executive Director on 29 October 2020.

6. Remuneration Governance

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 FY22 as defined in the *Corporations Act 2001*.

7. Executive KMP Statutory Disclosures

The following table shows details of the nature and amount of each element 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.

		Short-term employee benefits				Post employment benefits[5]		Long-term benefits		Total remuneration expense				
Name	**FY**	**Cash salary[1] $**	**TI[2] $**	**Non-Monetary[3] $**	**Other[4] $**	**Super-annuation[6] $**	**Subtotal $**	**Long service leave[7] $**	**Termination & other payments $**	**Excluding share based payments $**	**Share-based payment expense[8] $**	**Total $**	**% of Performance related remuneration**	**% of Remuneration consisting of rights and/or options**
Executive Directors														
J King[9]	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%
	2021	1,200,000	388,779	76,488	70,506	-	1,735,773	26,112	-	1,761,885	671,327	2,433,212	44%	28%
Other Executive KMP														
N Chadwick	2022	784,538	143,217	2,128	6,996	23,712	960,591	(2,910)	-	957,681	440,571	1,398,252	42%	32%
	2021	773,150	193,175	1,324	32,917	21,850	1,022,416	18,187	-	1,040,603	263,348	1,303,951	35%	20%
A Sutton	2022	647,288	118,897	904	(4,181)	23,712	786,620	11,873	-	798,493	365,757	1,164,250	42%	31%
	2021	638,150	160,371	908	28,659	21,850	849,938	12,095	-	862,033	218,736	1,080,769	35%	20%
A Winstanley[10]	2022	808,250	143,217	37,271	2,572	-	991,310	(1,986)	-	989,324	440,571	1,429,895	41%	31%
	2021	795,000	193,175	8,067	22,332	-	1,018,574	17,072	-	1,035,646	268,963	1,304,609	35%	21%
Total KMP Remuneration														
	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		
	2021	3,406,300	935,500	86,787	154,414	43,700	4,626,701	73,466	-	4,700,167	1,422,374	6,122,541		

Footnotes

(1) Cash salary includes short-term compensated absences, including any salary sacrifice arrangement implemented by the Executive KMPs, including additional superannuation contributions.
(2) TI 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 2022 (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) Other short-term employee benefits include the movement in annual leave accrual.
(5) There were no post-employment benefits other than superannuation.
(6) Executive KMPs 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 other 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.

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 30 July 2022 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)[1]	21-Nov-19	2,799,378	$0.18	End of vesting period
Other Executive KMP Options (EPS hurdle)[1]	21-Nov-19	3,499,223	$0.15	End of vesting period
CEO Options (TSR hurdle)[1]	21-Nov-19	2,799,378	$0.16	End of vesting period
Other Executive KMP Options (TSR hurdle)[1]	21-Nov-19	3,499,223	$0.15	End of vesting period
CEO Rights (EPS hurdle)	9-Nov-20	1,721,311	$0.22	End of vesting period
Other Executive KMP Rights (EPS hurdle)	9-Nov-20	2,074,795	$0.22	End of vesting period
CEO Rights (TSR hurdle)	9-Nov-20	1,721,311	$0.19	End of vesting period
Other Executive KMP Rights (TSR hurdle)	9-Nov-20	2,074,795	$0.19	End of vesting period
CEO TIP Rights	15-Dec-20	677,602	$0.57	End of vesting period[2]
Other Executive TIP Rights	15-Dec-20	952,877	$0.57	End of vesting period[2]
CEO Rights (EPS hurdle)	10-Nov-21	734,779	$0.40	End of vesting period
Other Executive KMP Rights (EPS hurdle)	10-Nov-21	885,671	$0.40	End of vesting period
CEO Rights (TSR hurdle)	10-Nov-21	734,779	$0.38	End of vesting period
Other Executive KMP Rights (TSR hurdle)	10-Nov-21	885,671	$0.38	End of vesting period
TIP Rights[3]	16-Feb-22	-	-	End of vesting period[3]
Total		**25,060,793**		

(1) Performance options granted on 21 November 2019 will have an expiry date of 21 November 2023.
(2) From issue date 50% of TIP rights are subject to a one-year service period and 50% are subject to a two-year service period.
(3) The number of rights granted and converted into deferred shares will be determined by dividing the dollar value of the rights component of the TIP 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 share will then be subject to a disposal restriction period.

Details of performance rights or options over ordinary shares in the Company currently provided as remuneration and granted during FY22 to Executive KMP are set out overleaf. Further information on the LTI and TI plan is set out in note H4 of the Financial Statements.

7.2 Equity Instruments Granted to Executive KMP in FY22

Name	Vesting Date	Number of performance rights granted[1]	Value of performance rights at grant date[2] $	Number of rights vested during the period
J King	30-Sep-25	1,469,558	840,000	-
N Chadwick	30-Sep-24	625,874	357,750	-
A Sutton	30-Sep-24	519,594	297,000	-
A Winstanley	30-Sep-24	625,874	357,750	-

(1) No performance rights were granted to Non-Executive Directors during the reporting period.
(2) The face value for allocating rights under the FY22 LTI plan was $0.57, based on the volume weighted average price of the Company's shares over the five trading days following the release of the Company's FY21 results.

Deferred Shares – FY22 TI 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 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, 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.

As part of the terms of their appointment in 2018, Mr King and Mr Winstanley were granted alignment rights. These rights fully vested during FY21, and were automatically exercised and converted into Myer ordinary shares following the opening of the trading window after the release of the FY21 Results.

Name	Number of ordinary shares provided on exercise of rights during the period[1]	Value at exercise date[2] $
J King	2,432,432	1,386,486
A Winstanley	555,555	316,666

(1) The number of shares provided on exercise of rights are on a one-for-one basis.
(2) The value at exercise date of 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 shares acquired.

7.4 Performance Options and Performance Rights on Issue

For each grant of options or grant of 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 options or performance rights yet to vest is nil.

Name	Grant date	Equity Vehicle	Vested %	Forfeited %	Maximum total value of grant yet to be expensed [1]
J King	16-Feb-22	Rights[4]	-	-	47,254
	10-Nov-21	Rights	-	-	474,055
	15-Dec-20	Rights	-	-	64,797
	9-Nov-20	Rights	-	-	410,777
	21-Nov-19	Options[2]	-	-	313,250
	24-Dec-18	Options[3]	-	100%	53,763
N Chadwick	16-Feb-22	Rights[4]	-	-	23,870
	10-Nov-21	Rights	-	-	191,802
	15-Dec-20	Rights	-	-	32,196
	9-Nov-20	Rights	-	-	167,978
	21-Nov-19	Options[2]	-	-	116,244
	24-Dec-18	Options[3]	-	100%	18,318
A Sutton	16-Feb-22	Rights[4]	-	-	19,816
	10-Nov-21	Rights	-	-	159,232
	15-Dec-20	Rights	-	-	26,729
	9-Nov-20	Rights	-	-	139,454
	21-Nov-19	Options[2]	-	-	96,504
	24-Dec-18	Options[3]	-	100%	15,207

A Winstanley	16-Feb-22	Rights[4]	-	-	23,870
	10-Nov-21	Rights	-	-	191,802
	15-Dec-20	Rights	-	-	32,196
	9-Nov-20	Rights	-	-	167,978
	21-Nov-19	Options[2]	-	-	116,244
	24-Dec-18	Options[3]	-	100%	18,318

(1) This represents the maximum remaining accounting value of the LTI and TI plan awards (rights and options) as at their grant date.
(2) Performance options granted on 21 November 2019 will expire on 21 November 2023.
(3) The grants under the FY19 LTI plan lapsed following the release of the FY21 results due to failure of the vesting conditions.
(4) Rights to deferred shares relating to the FY22 TI plan. The number of rights issued will be determined by dividing the dollar value of the rights component of the TIP 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.

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 30 July 2022, Myer Pty Ltd placed orders for apparel totalling $1.4 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 30 July 2022, $0.6 million remains on order and not received, and $0.02 million was owing to Raging Bull Leisure Limited, in accordance with the terms under the wholesale agreement.

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***[(1)(2)]	***Options***	***Rights***	***Options***	***Rights***	***Options***	***Rights***
2022										
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 Sutton	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**
2021										
J King	14,631,014	2,432,432	-	3,442,622	-	-	-	-	**14,631,014**	**5,875,054**
N Chadwick	5,550,204	681,818	-	1,466,188	-	-	-	(681,818)	**5,550,204**	**1,466,188**
A Sutton	4,607,716	600,000	-	1,217,214	-	-	-	(600,000)	**4,607,716**	**1,217,214**
A Winstanley	5,550,204	555,555	-	1,466,188	-	-	-	-	**5,550,204**	**2,021,743**

(1) Rights for the deferred portion of the FY22 TIP were granted on 16 February 2022. The number of rights to deferred shares will depend on 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 and will convert into deferred shares. Therefore the rights are not reflected in the numbers shown in the above table.

(2) During FY22, rights were issued for the deferred portion of the FY21 TIP that were granted on 15 December 2020. The number of rights issued was determined by dividing the dollar value of the deferred 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 FY21 results.

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
2022				
Directors				
J Stephenson	235,000	-	65,000	300,000
D Whittle	266,666	-	-	266,666
J Naylor	121,000	-	90,000	211,000
Ari Mervis	-	-	250,000	250,000
Executive KMP				
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
2021				
Directors				
J Stephenson	185,000	-	50,000	235,000
D Whittle	66,666	-	200,000	266,666
J Naylor	121,000	-	-	121,000
Former Directors				
G Hounsell[1]	1,400,000	-	-	-
J Morrison[2]	146,788	-	-	-
L Cattermole AM[3]	1,023,232	-	-	-
Executive KMP				
J King	1,000,000		150,000	1,150,000
N Chadwick	350,000	-	-	350,000
A Sutton	26,086	-	-	26,086
A Winstanley	500,000	-	-	500,000

(1) Mr Hounsell retired as Non-Executive Director on 28 October 2020. His holdings for the end of the FY21 period have not been reported in the table.
(2) Ms Morrison retired as Non-Executive Director on 29 October 2020. Her holdings for the end of the FY21 period have not been reported in the table.
(3) Ms Cattermole AM retired as Non-Executive Director on 29 October 2020. Her holdings for the end of the FY21 period have not been reported in the table.

9. Loans

There were no loans made to Executive KMP or entities related to them, including their personally related parties, at any time during FY21 or FY22.

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 30 July 2022, 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.

Alison Tait Milner

Alison Tait Milner
Partner
PricewaterhouseCoopers

Melbourne
15 September 2022

FINANCIAL STATEMENTS
for the period ended 30 July 2022

Contents

Consolidated income statement	45
Consolidated statement of comprehensive income	46
Consolidated balance sheet	47
Consolidated statement of changes in equity	48
Consolidated statement of cash flows	49

Notes to the consolidated financial statements

A. Group performance	
A1 Segment information	50
A2 Revenue	50
A3 Expenses	51
A4 Income tax	52
A5 Earnings per share	53
B. Working capital	
B1 Trade and other receivables and prepayments	54
B2 Inventories	54
B3 Trade and other payables	54
C. Capital employed	
C1 Property, plant and equipment	55
C2 Intangible assets	56
C3 Provisions	57
C4 Leases	59
D. Net debt	
D1 Cash and cash equivalents	61
D2 Reconciliation of cash flows from operating activities	61
D3 Borrowings	62
E. Risk management	
E1 Financial risk management	63
F. Equity	
F1 Contributed equity	69
F2 Accumulated losses and reserves	70
F3 Dividends	71
G. Group structure	
G1 Subsidiaries	72
G2 Deed of cross guarantee	73
G3 Parent entity financial information	75
H. Other financial information	
H1 Contingencies	76
H2 Commitments	76
H3 Related party transactions	76
H4 Share-based payments	77
H5 Remuneration of auditors	78
H6 Events occurring after the reporting period	78
I. Other accounting policies	79

CONSOLIDATED INCOME STATEMENT

for the period ended 30 July 2022

	Notes	2022 52 weeks $m	2021 53 weeks $m
Total sales	A2	**2,989.8**	2,658.3
Concession sales		**(606.2)**	(505.5)
Sale of goods	A2	**2,383.6**	2,152.8
Sales revenue deferred under customer loyalty program		**(43.0)**	(36.3)
Revenue from sale of goods	A2	**2,340.6**	2,116.5
Other operating revenue	A2	**161.4**	133.6
Cost of goods sold		**(1,356.8)**	(1,194.4)
Operating gross profit		**1,145.2**	1,055.7
Other income		**0.9**	2.4
Selling expenses		**(690.9)**	(648.3)
Administration expenses		**(271.0)**	(239.3)
Restructuring, space exit costs and impairment of assets	A3	**(13.2)**	(7.6)
		171.0	162.9
Finance revenue	A2	**0.3**	0.3
Finance costs	A3	**(99.2)**	(96.4)
Net finance costs		**(98.9)**	(96.1)
Profit before income tax		**72.1**	66.8
Income tax expense	A4	**(23.1)**	(20.4)
Profit for the period attributable to owners of Myer Holdings Limited		**49.0**	46.4
Earnings per share attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic earnings per share	A5	**6.0**	5.7
Diluted earnings per share	A5	**5.9**	5.6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 July 2022

	Notes	**2022 52 weeks $m**	2021 53 weeks $m
Profit for the period		**49.0**	46.4
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Cash flow hedges	F2	**0.8**	5.9
Exchange differences on translation of foreign operations	F2	**0.9**	0.6
Other comprehensive income for the period, net of tax		**1.7**	6.5
Total comprehensive income for the period attributable to owners of Myer Holdings Limited		**50.7**	52.9

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

CONSOLIDATED BALANCE SHEET
as at 30 July 2022

	Notes	2022 $m	2021 $m
Assets			
Current assets			
Cash and cash equivalents	D1	**243.9**	178.6
Trade and other receivables and prepayments	B1	**28.4**	20.0
Inventories	B2	**371.4**	305.2
Derivative financial instruments	E1	**5.3**	3.1
Total current assets		**649.0**	506.9
Non-current assets			
Property, plant and equipment	C1	**305.0**	318.5
Right-of-use assets	C4	**1,177.8**	1,224.1
Intangible assets	C2	**305.3**	304.4
Deferred tax assets	A4	**111.6**	112.2
Derivative financial instruments	E1	**0.3**	0.7
Other non-current assets		**1.6**	1.3
Total non-current assets		**1,901.6**	1,961.2
Total assets		**2,550.6**	2,468.1
Liabilities			
Current liabilities			
Trade and other payables	B3	**429.3**	353.3
Lease liabilities	C4	**144.2**	156.2
Provisions	C3	**67.7**	63.1
Derivative financial instruments	E1	**0.6**	1.1
Current tax liabilities		**23.8**	16.4
Other liabilities		**0.1**	0.2
Total current liabilities		**665.7**	590.3
Non-current liabilities			
Borrowings	D3	**58.0**	66.8
Lease liabilities	C4	**1,555.0**	1,579.3
Provisions	C3	**4.4**	4.8
Derivative financial instruments	E1	**0.1**	-
Total non-current liabilities		**1,617.5**	1,650.9
Total liabilities		**2,283.2**	2,241.2
Net assets		**267.4**	226.9
Equity			
Contributed equity	F1	**737.1**	737.7
Accumulated losses	F2	**(477.3)**	(514.0)
Reserves	F2	**7.6**	3.2
Total equity		**267.4**	226.9

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 July 2022

	Notes	Contributed equity $m	Accumulated losses $m	Reserves $m	Total $m
Balance as at 25 July 2020		738.1	(560.4)	(5.1)	172.6
Net profit for the period		-	46.4	-	46.4
Other comprehensive income for the period		-	-	6.5	6.5
Total comprehensive income for the period		-	46.4	6.5	52.9
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares	F1	(0.4)	-	-	(0.4)
Employee share schemes	F2	-	-	1.8	1.8
		(0.4)	-	1.8	1.4
Balance as at 31 July 2021		**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)**
Balance as at 30 July 2022		**737.1**	**(477.3)**	**7.6**	**267.4**

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 30 July 2022

	Notes	**2022 52 weeks $m**	2021 53 weeks $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,791.1**	2,515.6
Payments to suppliers and employees (inclusive of goods and services tax)		**(2,405.2)**	(2,153.1)
		385.9	362.5
Other income		**1.0**	2.7
Interest paid		**(95.4)**	(95.0)
Tax (paid)/received		**(16.4)**	6.8
Net cash inflow from operating activities	D2	**275.1**	277.0
Cash flows from investing activities			
Payments for property, plant and equipment		**(39.8)**	(37.9)
Payments for intangible assets		**(28.7)**	(19.1)
Lease incentives and contributions received		**24.3**	25.1
Interest received		**0.3**	0.3
Net cash outflow from investing activities		**(43.9)**	(31.6)
Cash flows from financing activities			
Repayment of borrowings, including transaction costs		**(70.0)**	(12.6)
Proceeds from borrowings, net of transaction costs		**56.6**	-
Payments for principal portion of lease liabilities		**(139.6)**	(140.3)
Dividends paid to equity holders of the parent	F3	**(12.3)**	-
Payment for acquisition of treasury shares	F1	**(0.6)**	(0.4)
Net cash outflow from financing activities		**(165.9)**	(153.3)
Net increase in cash and cash equivalents		**65.3**	92.1
Cash and cash equivalents at the beginning of the period		**178.6**	86.5
Cash and cash equivalents at end of period	D1	**243.9**	178.6

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

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

	2022	2021
	52 weeks	53 weeks
	$m	$m
Sales revenue		
Total sales	**2,989.8**	2,658.3
Concession sales	**(606.2)**	(505.5)
Sale of goods	**2,383.6**	2,152.8
Sales revenue deferred under customer loyalty program	**(43.0)**	(36.3)
Revenue from sale of goods	**2,340.6**	2,116.5
Other operating revenue		
Concessions revenue	**138.9**	114.7
Other [1]	**22.5**	18.9
	161.4	133.6
Finance revenue		
Interest revenue	**0.3**	0.3
Total revenue	**2,502.3**	2,250.4

1. 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.

A3 Expenses

	2022 52 weeks $m	2021 53 weeks $m
Profit before income tax includes the following specific expenses:		
Employee benefits expenses		
Defined contribution superannuation expense	**32.9**	31.2
Other employee benefits expenses	**376.3**	379.1
Government grant income - wage subsidies[1]	**-**	(50.7)
	409.2	359.6
Depreciation, amortisation and write-off expense		
Property, plant and equipment	**57.4**	64.2
Intangibles	**27.8**	31.2
Right-of-use assets	**130.7**	124.1
	215.9	219.5
Finance costs		
Interest and finance charges paid/payable for lease liabilities and financial liabilities	**99.2**	96.4
	99.2	96.4
Rental expense relating to operating leases		
Contingent rentals	**1.4**	1.5
	1.4	1.5
Net foreign exchange gains	**(12.0)**	(7.9)

1. In the prior period the Group was 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 had 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 FY21, the Group recognised government grant income totalling $50.7 million, with $19.1 million paid 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.

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:

	2022 52 weeks $m	2021 53 weeks $m
Space exit costs and other asset impairments[1]	**13.2**	7.6
Income tax benefit	**(2.0)**	(2.3)
Restructuring, space exit costs and impairment of assets, net of tax	**11.2**	5.3

1. Space exit costs and other asset impairments includes costs associated with store closures and space hand backs and other store 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 and C2
- 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.

Government Grants

Grants from the government are recognised where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to expenses are deferred and recognised in profit or loss over the period necessary to match them with the expenses that they are intended to compensate.

A4 Income Tax

	2022 52 weeks $m	2021 53 weeks $m
(a) Income tax expense		
(i) Income tax expense		
Current tax	**23.4**	16.1
Deferred tax	**(0.3)**	4.3
Income tax expense[1]	**23.1**	20.4
Deferred income tax expense included in income tax expense comprises:		
(Increase)/Decrease in deferred tax assets	**(0.3)**	4.3
	(0.3)	4.3
(ii) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**72.1**	66.8
Tax at the Australian tax rate of 30% (2021: 30%)	**21.6**	20.0
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible asset impairments	**1.9**	-
Sundry items	**-**	0.5
	23.5	20.5
Adjustments for current tax of prior periods	**(0.4)**	(0.1)
Income tax expense[1]	**23.1**	20.4

1. Income tax includes an income tax benefit of $2.0 million (2021: $2.3 million) attributable to the space exit costs and other impairment of assets recorded during the period. Refer to note A3 for more information.

	2022 $m	2021 $m
(b) Deferred tax assets		
Deferred tax assets comprise temporary differences attributable to:		
Employee benefits	**15.2**	14.9
Non-employee provisions and accruals	**5.5**	6.9
Amortising deductions	**0.3**	0.1
Property, plant, equipment and software	**35.1**	33.7
Leases	**122.0**	123.3
Trading stock	**5.3**	5.1
Total deferred tax assets	**183.4**	184.0
Set off of deferred tax liabilities/assets pursuant to set off provisions	**(71.8)**	(71.8)
Net deferred tax assets	**111.6**	112.2
Movement		
Carrying amount at beginning of period	**184.0**	188.3
Adjustment on change to accounting policy	**-**	(0.2)
Charged to income statement	**(0.6)**	(4.1)
Carrying amount at end of period	**183.4**	184.0

	2022 $m	2021 $m
(c) Deferred tax liabilities		
Deferred tax liabilities comprise temporary differences attributable to:		
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	**-**	-
Movement		
Carrying amount at beginning of period	**71.8**	71.8
Carrying amount at end of period	**71.8**	71.8

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

	2022 cents	2021 cents
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the Company	**6.0**	5.7
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**5.9**	5.6

	2022 $m	2021 $m
(c) Reconciliation of earnings used in calculating earnings per share		
Earnings used in calculation of basic and diluted EPS attributable to ordinary shareholders	**49.0**	46.4

	2022 Number	2021 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**820,574,482**	818,929,830
Adjustments for calculation of diluted earnings per share - performance rights and options	**15,649,249**	8,740,296
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**836,223,731**	827,670,126

(e) Information concerning the classification of securities
Performance rights and options granted to employees under the Myer Long Term Incentive Plan and Transformation 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.

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

	2022 $m	2021 $m
Trade receivables	**13.0**	10.2
Loss allowance	**(0.1)**	(0.5)
	12.9	9.7
Other receivables	**9.1**	6.3
Prepayments	**6.4**	4.0
	15.5	10.3
	28.4	20.0

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

	2022 $m	2021 $m
Retail inventories	**371.4**	305.2

Provision for write-down of inventories to net realisable value amounted to $7.7 million (2021: $7.8 million). This was recognised as an expense during the period and included in cost of sales in the consolidated income statement.

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

	2022 $m	2021 $m
Trade payables	**195.1**	165.2
Other payables	**234.2**	188.1
	429.3	353.3

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.

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
At 25 July 2020						
Cost	9.6	19.5	522.4	460.4	21.2	1,033.1
Accumulated depreciation and impairment	-	(6.9)	(395.8)	(283.4)	-	(686.1)
Net book amount	9.6	12.6	126.6	177.0	21.2	347.0
Period ended 31 July 2021						
Carrying amount at beginning of period	9.6	12.6	126.6	177.0	21.2	347.0
Additions	-	-	7.4	21.7	14.2	43.3
Transfer between classes	-	-	2.2	9.8	(18.6)	(6.6)
Assets written off – cost	-	-	(9.0)	(4.3)	-	(13.3)
Assets written off – accumulated depreciation	-	-	5.7	3.1	-	8.8
Impairment[1]	-	-	0.3	-	-	0.3
Depreciation charge	-	(0.5)	(33.3)	(27.2)	-	(61.0)
Carrying amount at end of period	9.6	12.1	99.9	180.1	16.8	318.5
At 31 July 2021						
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
Period ended 30 July 2022						
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[1]	**-**	**-**	**(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**
At 30 July 2022						
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**

1. Impairment relates to assets associated with space handbacks and store 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 (2021: 40 years)
- Fixtures and fittings: 3 - 12.5 years (2021: 3 - 12.5 years)
- Plant and equipment, including leasehold improvements: 10 - 20 years (2021: 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.

C2 Intangible Assets

	Goodwill $m	Brand names and trademarks $m	Software $m	Lease rights $m	Total $m
At 25 July 2020					
Cost	492.1	437.3	337.7	18.3	1,285.4
Accumulated amortisation and impairment	(492.1)	(197.1)	(261.5)	(18.3)	(969.0)
Net book amount	-	240.2	76.2	-	316.4
Period ended 31 July 2021					
Carrying amount at beginning of period	-	240.2	76.2	-	316.4
Additions	-	-	12.7	-	12.7
Transfer between classes	-	-	6.6	-	6.6
Assets written off – cost	-	-	(2.0)	-	(2.0)
Assets written off – accumulated amortisation	-	-	1.7	-	1.7
Amortisation charge[(1)]	-	-	(31.0)	-	(31.0)
Carrying amount at end of period	-	240.2	64.2	-	304.4
At 31 July 2021					
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
Period ended 30 July 2022					
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[(1)]	**-**	**-**	**(28.0)**	**-**	**(28.0)**
Carrying amount at end of period	**-**	**240.2**	**65.1**	**-**	**305.3**
At 30 July 2022					
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**

1. Amortisation of $28.0 million (2021: $31.0 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 (2021: $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 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 (2021: $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	2022	2021	Approach used to determine value
Weighted average discount rate (pre-tax)	11.9%	12.8%	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	11.9%	12.5%	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.

C2 Intangible Assets (continued)

Impairment of non-financial assets (continued)

The headroom approximates 34% of the CGU's net carrying value. The recoverable amount is based on approved cashflow 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 186 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 described below under business combinations. 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 up front 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

	2022 $m	2021 $m
Current		
Employee benefits	**49.0**	49.7
Restructuring[1]	**7.2**	2.9
Workers' compensation[2]	**9.0**	8.7
Other[3]	**2.5**	1.8
	67.7	63.1
Non-current		
Employee benefits	**3.2**	4.8
Other[3]	**1.2**	-
	4.4	4.8

1. Restructuring - the restructuring provision relates to the costs associated with store 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.

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 $m	Total $m
2022				
Carrying amount at beginning of period	**8.7**	**2.9**	**1.8**	13.4
Additional provisions recognised	**2.0**	**10.9**	**13.2**	26.1
Amounts utilised	**(1.7)**	**(6.6)**	**(11.3)**	(19.6)
Carrying amount at end of period	**9.0**	**7.2**	**3.7**	**19.9**

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.

	2022 $m	2021 $m
Current long service leave obligations expected to be settled after 12 months	**18.3**	21.8

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.

(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.

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
At 25 July 2020	**1,272.3**	**0.3**	**1,272.6**
Additions, modifications and other reassessments	81.7	-	**81.7**
Depreciation	(129.9)	(0.3)	**(130.2)**
At 31 July 2021	**1,224.1**	**-**	**1,224.1**
At 31 July 2021	**1,224.1**	**-**	**1,224.1**
Additions, modifications and other reassessments	90.4	**-**	**90.4**
Depreciation	(136.7)	**-**	**(136.7)**
At 30 July 2022	**1,177.8**	**-**	**1,177.8**

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

	Property leases $m	Equipment leases $m	Total $m
At 25 July 2020	**1,794.3**	**0.4**	**1,794.7**
Additions, modifications and other reassessments	81.1	-	**81.1**
Cash payments	(227.1)	(0.4)	**(227.5)**
Interest expense	87.2	-	**87.2**
At 31 July 2021	**1,735.5**	**-**	**1,735.5**
Current	**156.2**	**-**	**156.2**
Non-current	**1,579.3**	**-**	**1,579.3**
At 31 July 2021	**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**
At 30 July 2022	**1,699.2**	**-**	**1,699.2**
Current	**144.2**	**-**	**144.2**
Non-current	**1,555.0**	**-**	**1,555.0**

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

	2022 52 weeks $m	2021 53 weeks $m
Depreciation of right-of-use assets[1]	**130.7**	**124.1**
Interest expense on lease liabilities[1]	**86.4**	**85.5**
Short-term leases expense[2]	**0.5**	**3.8**
Variable lease payments[3]	**0.3**	**1.5**
	217.9	**214.9**

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 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 $14.9 million (2021: $17.1 million). This has been reflected as an adjustment to the carrying amount of the lease liabilities in additions, modifications and other reassessments in the movement table above.

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.

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 30 July 2022 and 31 July 2021 is as follows:

	2022 $m	2021 $m
Borrowings	**58.0**	66.8
Less: cash and cash equivalents	**(243.9)**	(178.6)
Net cash at end of period (excluding lease liabilities)	**(185.9)**	(111.8)
Plus: lease liabilities	**1,699.2**	1,735.5
Net debt at end of period	**1,513.3**	1,623.7

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

Opening balance	**(111.8)**	(7.9)
Net increase in cash and cash equivalents	**(65.3)**	(92.1)
Repayment of borrowings, including transaction costs	**(70.0)**	(12.6)
Proceeds from borrowings, net of transaction costs	**56.6**	-
Other non-cash movements	**4.6**	0.8
Closing balance	**(185.9)**	(111.8)

D1 Cash and Cash Equivalents

	2022 $m	2021 $m
Cash on hand	**2.1**	2.0
Cash at bank	**241.8**	176.6
	243.9	178.6

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

	2022 52 weeks $m	2021 53 weeks $m
Profit for the period	**49.0**	46.4
Depreciation, amortisation and impairment, including lease incentives and contributions	**207.2**	210.3
Interest income	**(0.3)**	(0.3)
Interest expense	**4.6**	2.9
Share-based payments expense	**3.9**	2.3
Net exchange differences	**0.9**	0.6
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables and prepayments	**(10.0)**	34.5
(Increase)/decrease in inventories	**(61.6)**	(54.7)
(Increase)/decrease in deferred tax assets	**(0.5)**	3.7
(Increase)/decrease in derivative financial instruments	**(6.2)**	5.3
Increase/(decrease) in trade and other payables	**78.0**	(6.8)
Increase/(decrease) in current tax payable	**7.4**	23.5
Increase/(decrease) in provisions	**2.8**	9.3
(Decrease)/increase in other liabilities	**(0.1)**	-
Net cash inflow from operating activities	**275.1**	277.0

D3 Borrowings

(a) Structure of debt

The debt funding of the Group at 30 July 2022 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 30 July 2022, the following amounts were drawn:

	30 July 2022 $m	31 July 2021 $m
Non-current		
Bank loans	**65.0**	70.0
Less: transaction costs	**(7.0)**	(3.2)
Borrowings	**58.0**	66.8

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

	Amount[3,4]	**Term**	**Expiry date**
Term loan - Tranche A[1]	$65 million	4 years	3 December 2025
Revolving Credit - Tranche B[2]	$150 million	4 years	3 December 2025
Total syndicated facility	$215 million		

1. Tranche A is a non-amortising term loan and is required to be fully drawn during the term.
2. Tranche B is a revolving credit and may be redrawn during the term.
3. The syndicated facility available at 30 July 2022 was $142.2 million, at which time the company also had $243.9 million cash on hand.
4. Subsequent to the end of the financial period, the available syndicated facility increased to $197.9 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 30 July 2022, 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.

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:

At 30 July 2022	Notes	Total $m	Amortised cost $m	Fair value through OCI $m
Financial assets				
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**
Total financial assets		**271.5**	**265.9**	**5.6**
Financial liabilities				
Trade and other financial payables[1]	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**
Total financial liabilities		**2,087.3**	**2,086.6**	**0.7**
At 31 July 2021				
Financial assets				
Cash and cash equivalents	D1	178.6	178.6	-
Trade and other financial receivables	B1	16.1	16.1	-
Derivative financial instruments	E1	3.8	-	3.8
Total financial assets		198.5	194.7	3.8
Financial liabilities				
Trade and other financial payables[1]	B3	262.2	262.2	-
Borrowings	D3	66.8	66.8	-
Lease liabilities	C4	1,735.5	1,735.5	-
Derivative financial instruments	E1	1.1	-	1.1
Total financial liabilities		2,065.6	2,064.5	1.1

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) and some denominated in Euro (EUR). This risk is hedged with the objective of minimising the volatility of the Australian Dollar (AUD) cost of highly probably forecast inventory purchases.

The Group's financial risk management policy is to hedge forecast USD and EUR 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.

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.

E1 Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

	2022 $m	2021 $m
Carrying amount - Derivative Financial Instruments (Asset)	5.6	3.8
Carrying amount - Derivative Financial Instruments (Liability)	0.7	1.1
Notional amount	161.6	169.9
Maturity date	Aug 2022 - Oct 2023	Aug 2021 - Nov 2022
Change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	2.3	6.1
Change in value of hedged item used to determine hedge effectiveness	(2.3)	(6.1)
Weighted average hedged rate (AUD/USD)	0.703	0.737
Weighted average hedged rate (AUD/EUR)	0.680	0.620

Exposure

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

	2022			2021		
	USD $m	EURO $m	Other $m	USD $m	EURO $m	Other $m
Cash and cash equivalents	0.9	1.0	4.0	9.5	4.1	4.5
Trade payables	42.9	-	-	21.0	0.1	0.2
Forward exchange contracts	159.6	2.0	-	168.6	1.3	-

Sensitivity

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

		Impact directly on equity	
Currency	Sensitivity assumption	2022 $m	2021 $m
United States Dollar	+10%	15.4	16.5
United States Dollar	-10%	(12.2)	(13.5)
Euro	+10%	0.2	0.1
Euro	-10%	(0.1)	(0.1)

(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:

	2022 $m	2021 $m
Cash and cash equivalents	243.9	178.6
Floating rate borrowings	58.0	66.8

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.

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 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:

	2022 $m	2021 $m
Cash and cash equivalents	**243.9**	178.6
Trade and other financial receivables	**22.0**	16.1
Derivative financial instruments - assets	**5.6**	3.8

Trade and other receivables
The Group applies the AASB 9 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.

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:

	2022 $m	2021 $m
Floating rate		
Expiring within one year	**-**	-
Expiring beyond one year[1]	**44.9**	217.6
	44.9	217.6

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 30 July 2022 was $142.2 million with $44.9 million accessible, at which time the company also had $243.9 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 $m**	**6 - 12 months $m**	**Between 1 and 2 years $m**	**Between 2 and 5 years $m**	**Over 5 years $m**	**Total contractual cash flows $m**	**Carrying amount (assets)/ liabilities $m**
2022							
Non-derivatives							
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**
Total non-derivatives	**439.0**	**112.7**	**219.2**	**700.1**	**1,172.7**	**2,643.7**	**2,093.6**
Derivatives							
Gross settled							
- (inflow)	**(89.3)**	**(65.6)**	**(11.6)**	**-**	**-**	**(166.5)**	**(5.6)**
- outflow	**86.0**	**64.2**	**11.4**	**-**	**-**	**161.6**	**0.7**
Total derivatives	**(3.3)**	**(1.4)**	**(0.2)**	**-**	**-**	**(4.9)**	**(4.9)**
2021							
Non-derivatives							
Trade and other payables	262.2	-	-	-	-	262.2	262.2
Borrowings	11.3	10.6	50.8	-	-	72.7	70.0
Lease liabilities	108.2	104.2	203.3	568.4	1,246.3	2,230.4	1,735.5
Total non-derivatives	381.7	114.8	254.1	568.4	1,246.3	2,565.3	2,067.7
Derivatives							
Gross settled							
- (inflow)	(84.3)	(70.3)	(18.0)	-	-	(172.6)	(3.9)
- outflow	84.3	68.3	17.3	-	-	169.9	1.2
Total derivatives	-	(2.0)	(0.7)	-	-	(2.7)	(2.7)

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

E1 Financial Risk Management (continued)

(d) Fair value measurements
The Group has the following derivative financial instruments:

	2022 $m	2021 $m
Current assets		
Forward foreign exchange contracts	**5.3**	3.1
Total current derivative financial instrument assets	**5.3**	3.1
Non-current assets		
Forward foreign exchange contracts	**0.3**	0.7
Total non-current derivative financial instrument assets	**0.3**	0.7
Current liabilities		
Forward foreign exchange contracts	**0.6**	1.1
Total current derivative financial instrument liabilities	**0.6**	1.1
Non-current liabilities		
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.

(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.

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, 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.

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 Contibuted Equity

	2022 Number of shares	2021 Number of shares	2022 $m	2021 $m
Ordinary shares - fully paid	**821,278,815**	821,278,815	**780.0**	780.0
Treasury shares				
Opening balance	**(2,987,987)**	(1,376,662)	**(42.3)**	(41.9)
Shares acquired by Myer Equity Plans Trust on market at $0.61	**-**	(931,893)	**-**	(0.2)
Shares acquired by Myer Equity Plans Trust on market at $0.21	**-**	(679,432)	**-**	(0.2)
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)**	-
Closing balance of treasury shares	**(1,147,053)**	(2,987,987)	**(42.9)**	(42.3)
Closing balance	**820,131,762**	818,290,828	**737.1**	737.7

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 30 July 2022 and 31 July 2021 were as follows:

	2022 $m	2021 $m
Borrowings (note D3)	**58.0**	66.8
Less: cash and cash equivalents (note D1)	**(243.9)**	(178.6)
Net cash at end of period (excluding lease liabilities)	**(185.9)**	(111.8)
Plus: lease liabilities	**1,699.2**	1,735.5
Net debt at end of period	**1,513.3**	1,623.7
Total equity	**267.4**	226.9
Total capital (excluding lease liabilities)	**81.5**	115.1
Total capital	**1,780.7**	1,850.6
Gearing ratio (excluding lease liabilities)	**-228.2%**	-97.2%
Gearing ratio	**85.0%**	87.7%

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.

F2 Accumulated Losses and Reserves

	2022 $m	2021 $m
(a) Accumulated losses		
Movements in Accumulated losses were as follows:		
Balance at beginning of period	**(514.0)**	(560.4)
Profit for the period	**49.0**	46.4
Dividends paid	**(12.3)**	-
Balance at end of period	**(477.3)**	(514.0)

	2022 $m	2021 $m
(b) Reserves		
Share-based payments [1]	**32.0**	29.3
Cash flow hedges [2]	**4.0**	3.2
Other reserve [3]	**(25.6)**	(25.6)
Foreign currency translation [4]	**(2.8)**	(3.7)
	7.6	3.2
Movements in reserves were as follows:		
Share-based payments		
Balance at beginning of period	**29.3**	27.5
Share-based payments expense recognised (note H4)	**3.9**	2.3
Income tax (note A4)	**(1.2)**	(0.5)
Balance at end of period	**32.0**	29.3
Cash flow hedges		
Balance at beginning of period	**3.2**	(2.7)
Net gain on revaluation	**2.3**	6.1
Transfer to net profit	**(1.5)**	(0.2)
Balance at end of period	**4.0**	3.2
Foreign currency translation		
Balance at beginning of period	**(3.7)**	(4.3)
Exchange differences on translation of foreign operations during the period	**0.9**	0.6
Balance at end of period	**(2.8)**	(3.7)

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.

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

	2022 $m	2021 $m
(a) Ordinary		
Interim fully franked dividend for the period ended 30 July 2022 of 1.5 cents (2021: nil) per fully paid ordinary share, paid 12 May 2022	**12.3**	-
Total dividends paid	**12.3**	-
(b) Dividends not recognised at the end of the reporting period		
The directors have determined the payment of a final dividend of 2.5 cents (2021: nil) per fully paid ordinary share fully franked based on tax paid at 30%, payable on 7 November 2022		
The aggregate amount of the proposed dividend expected to be paid after period end, but not recognised as a liability at period end, is:	**20.5**	-
(c) Franked dividends		
The franked portions of final dividends recommended after 30 July 2022 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the period ended 29 July 2023:		
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021: 30%)	**85.5**	67.0

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.

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(4) 2022 %	Equity holdings(4) 2021 %
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
Marcs 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 30 July 2022 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 (refer to note C2).

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.

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 30 July 2022:

	2022 52 weeks $m	2021 53 weeks $m
Income statement		
Total sales	**2,989.8**	2,658.3
Concession sales	**(606.2)**	(505.5)
Sale of goods	**2,383.6**	2,152.8
Sales revenue deferred under customer loyalty program	**(43.0)**	(36.3)
Revenue from sale of goods	**2,340.6**	2,116.5
Other operating revenue	**161.4**	133.6
Cost of goods sold	**(1,356.7)**	(1,194.6)
Operating gross profit	**1,145.3**	1,055.5
Other income	**0.9**	2.4
Selling expenses	**(690.9)**	(648.3)
Administration expenses	**(271.0)**	(239.3)
Restructuring, space exit costs and impairment of assets	**(13.2)**	(7.6)
Earnings before interest and tax	**171.1**	162.7
Finance revenue	**0.3**	0.3
Finance costs	**(99.2)**	(96.4)
Net finance costs	**(98.9)**	(96.1)
Profit before income tax	**72.2**	66.6
Income tax expense	**(23.1)**	(20.2)
Profit for the period attributable to Deed of Cross Guarantee group	**49.1**	46.4
Statement of comprehensive income		
Profit for the period	**49.1**	46.4
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Cash flow hedges	**0.8**	5.9
Exchange differences on translation of foreign operations	**0.7**	0.5
Other comprehensive income for the period, net of tax	**1.5**	6.4
Total comprehensive income for the period	**50.6**	52.8
Summary of movements in accumulated losses		
Balance at beginning of period	**(510.5)**	(556.9)
Profit for the period	**49.1**	46.4
Dividends paid	**(12.3)**	-
Balance at end of period	**(473.7)**	(510.5)

G2 Deed of Cross Guarantee (continued)

(b) Consolidated balance sheet
Set out below is a consolidated balance sheet as at 30 July 2022 of the closed group:

	2022 $m	2021 $m
Assets		
Current assets		
Cash and cash equivalents	**240.8**	176.2
Trade and other receivables and prepayments	**36.1**	28.1
Inventories	**371.3**	304.0
Derivative financial instruments	**5.3**	3.1
Total current assets	**653.5**	511.4
Non-current assets		
Property, plant and equipment	**304.8**	318.3
Right-of-use assets	**1,177.6**	1,223.7
Intangible assets	**305.3**	304.4
Deferred tax assets	**111.4**	112.2
Derivative financial instruments	**0.3**	0.7
Other non-current assets	**3.2**	2.7
Total non-current assets	**1,902.6**	1,962.0
Total assets	**2,556.1**	2,473.4
Liabilities		
Current liabilities		
Trade and other payables	**429.7**	352.9
Lease liabilities	**144.0**	156.0
Provisions	**67.7**	63.1
Derivative financial instruments	**0.6**	1.1
Current tax liabilities	**23.8**	16.4
Other liabilities	**0.1**	0.2
Total current liabilities	**665.9**	589.7
Non-current liabilities		
Borrowings	**58.0**	66.8
Lease liabilities	**1,554.9**	1,579.1
Provisions	**4.3**	4.8
Total non-current liabilities	**1,617.2**	1,650.7
Total liabilities	**2,283.1**	2,240.4
Net assets	**273.0**	233.0
Equity		
Contributed equity	**737.1**	737.7
Accumulated losses	**(473.7)**	(510.5)
Reserves	**9.6**	5.8
Total equity	**273.0**	233.0

G3 Parent Entity Financial Information

(a) Summary financial information
The individual financial statements for the parent entity show the following aggregate amounts:

	2022 $m	2021 $m
Balance sheet		
Current assets	**235.7**	171.6
Total assets	**435.6**	370.7
Current liabilities	**45.8**	37.4
Total liabilities	**103.8**	104.2
Shareholders' equity		
Issued capital	**737.1**	737.7
Reserves		
Other reserves	**(2.7)**	(2.7)
Share-based payments	**27.9**	23.9
Retained profits reserve - pre 2018	**66.6**	78.9
Accumulated losses reserve - 2018	**(406.7)**	(406.7)
Retained profits reserve - 2019	**6.0**	6.0
Accumulated losses reserve - 2020	**(170.6)**	(170.6)
Retained profits reserve - 2022	**74.2**	-
Profit for the period	**74.2**	-
Total comprehensive income for the period	**74.2**	-

(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 30 July 2022 or 31 July 2021.

(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 30 July 2022 or 31 July 2021.

(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.

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 30 July 2022 in respect of:

Guarantees
The Group has issued bank guarantees amounting to $32.3 million (2021: $33.2 million), of which $14.1 million (2021: $16.5 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:

	2022	2021
	$m	$m
Property, plant, equipment and software		
Payable:		
Within one year	**26.7**	15.9
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	26.7	15.9

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 30 July 2022 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.

	2022	2021
	$	$
Short-term employee benefits	**4,750,055**	4,999,650
Post employment benefits	**102,506**	87,051
Long-term benefits	**2,077**	73,466
Share-based payments	**2,278,990**	1,422,374
	7,133,628	6,582,541

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 42.

(ii) Loans
In 2022 and 2021 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.

H4 Share-Based Payments

(a) Long Term Incentive Plan
The Myer Long Term Incentive Plan (LTIP) is an incentive that is intended to promote alignment between executive and shareholder interests over the longer term. Under the LTIP, 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 rights and options vest and are automatically exercised on a net settlement basis.

The LTIP 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 until after the end of the vesting period, if the performance hurdles and restriction period (if applicable) 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:

2022

	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**

2021

	Balance 25 July 2020	Granted	Exercised	Expired and lapsed	Balance 31 July 2021
Performance rights	7,049,241	14,140,544	-	(4,061,254)	17,128,531
Performance options	57,444,948	-	-	(3,141,624)	54,303,324
Total	64,494,189	14,140,544	-	(7,202,878)	71,431,855
Weighted average exercise price	$0.43	$0.00	$0.00	$0.21	$0.36

The weighted average remaining contractual life of share rights and options outstanding at the end of the period was 1.0 year (2021: 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:

	2022 LTIP Rights (TSR)	2022 LTIP Rights (EPS)
(a) Fair value of performance rights granted	$0.38	$0.40
(b) Grant date	10-Nov-21	10-Nov-21
(c) Expiry date	10-Nov-25	10-Nov-25
(d) Share price at grant date	$0.52	$0.52
(e) Expected price volatility of the Group's shares	73%	73%
(f) Expected dividend yield	0%	0%
(g) Risk-free interest rate	1.24%	1.24%

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.

(b) Transformation Incentive (TI) 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 2,294,105 deferred rights were issued based on the currency value of the achieved FY21 TI award divided 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 FY21 results.

H4 Share-Based Payments (continued)

(b) Transformation Incentive (TI) Plan (continued)
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. The number of deferred shares to be issued will be determined by dividing the dollar value of the right to deferred shares component of the 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 shares will carry rights to dividends and voting rights and will rank equally in all respects with other ordinary shares already on issue on the date of allocaton, except for entitlements which had a record date before the date of allocation.

(c) 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:

	2022 $m	2021 $m
Rights and options issued under the LTIP	**3.1**	1.8
Rights issued under the TIP	**0.8**	0.5

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 (LTIP) and Transformation Incentive Plan (TIP).

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 LTIP and TIP 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.

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:

	2022 $	2021 $
(a) PwC Australia		
(i) Assurance services		
Audit services		
Audit and review of financial statements	**498,260**	561,000
Other assurance services		
Audit of rent certificates	**40,769**	29,283
Total remuneration for audit and other assurance services	**539,029**	590,283
(ii) Taxation services		
Tax compliance services	**3,000**	3,000
Total remuneration of PwC Australia	**542,029**	593,283
(b) Overseas practices of PwC		
(i) Assurance services		
Audit services		
Audit and review of financial statements	**71,796**	66,452
Total remuneration for overseas practices of PwC	**71,796**	66,452

H6 Events Occurring After the Reporting Period

Store Closure
On 23 August 2022, Myer announced that it will be exiting its store located at Frankston, Victoria. The store is anticipated to cease trading on 15 January 2023. An estimate of the financial effect has been recognised in the financial statements for the period ended 30 July 2022.

Dividends on the Company's ordinary shares
The directors have determined to pay a final dividend of 2.5 cents per share, fully franked at the 30% corporate income tax rate, payable on 7 November 2022 for the period ended 30 July 2022.

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 30 July 2022, the Group has a net current liability position of $16.7 million, which includes cash and cash equivalents of $243.9 million. The net current liability includes the recognition of current lease liabilities of $144.2 million from the adoption of AASB 16 *Leases*. The Group has available borrowing facility of $44.9 million, which 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 30 July 2022 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 44 to 79 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 30 July 2022 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, 15 September 2022

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 30 July 2022 and of its financial performance for the period 1 August 2021 to 30 July 2022

(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 30 July 2022
- the consolidated income statement for the period then ended
- 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 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 $3.6 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.
- The Group is principally involved in retailing through department stores across Australia and online. The accounting processes are structured around the Group's finance function at its Melbourne support office.

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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
Carrying value of non-current assets *(Refer to notes C1, C2 and C4)* The Group's non-financial assets include, amongst others, intangible assets with indefinite lives, representing brand names and trademarks, property, plant and equipment, software and right-of-use assets. The Group assessed there were no indicators of impairment for individual stores. At least annually, an impairment assessment is performed by the Group over the cash generating unit which has the trademark with an indefinite life. The Group performed an impairment assessment by preparing a value-in-use model to determine if the carrying value of the assets in the Myer Group cash generating unit was supported by forecast future cash flows, discounted to present value (the "model"). Given the financial significance of non-financial assets and the significant judgements and assumptions applied by the Group in estimating future cash flows, we considered this to be a key audit matter.	Our audit procedures included, amongst others: • evaluated whether the allocation of the Group's assets into CGUs was consistent with our knowledge of the Group's operations and internal Group reporting • evaluated the appropriateness of the Group's method for developing the estimate of the recoverable amount • performed testing over the mathematical accuracy of a selection of key data in the model. • compared the Group's forecast cash flows to Board approved budgets • evaluated the appropriateness of significant assumptions used in the model, including forecast EBITDA margins, discount rates and terminal growth rates • assessed the Group's historical ability to forecast cash flows by comparing the forecast cash flows to actual results for the past three years • together with PwC valuation experts, evaluated the appropriateness of the discount rates used in the model by comparing them to market data and comparable companies. • evaluated the Group's assessment of whether there were any indicators of impairment for individual stores. We assessed the reasonableness of the Group's disclosures in the financial report against the requirements of the Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Inventory valuation *(Refer to note B2)* The Group held inventory of $371 million at 30 July 2022. 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 judgements and assumptions in forecasting future selling prices to estimate the value of inventory likely to sell below cost in the future.	To assess the Group's inventory provisions we performed the following procedures, amongst others: • assessed the Group's inventory provisioning policy by considering the levels of aged inventory and the Group's inventory clearance strategy • for a sample of inventory items, compared the current selling price (net realisable value) to the recorded cost • evaluated the appropriateness of the Group's markdown assumptions when considered against promotional activity after period end We assessed the reasonableness of the Group's disclosures in the financial report against the requirements of the Australian Accounting Standards.
Refinancing of the debt facility *(Refer to notes D3 and H6)* The Group has bank loans of $65 million as at 30 July 2022. The new debt funding agreement of the Group is an Asset Based Loan (ABL) syndicated facility. Given the debt funding agreement was a new facility and the financial significance of the balance, we considered it was a key audit matter.	Obtained confirmations directly from the Group's banks to confirm the borrowings' balance at 30 July 2022 Read the signed agreements between the Group and its lenders to understand the terms of the Asset Based Loan syndicated facility agreement and the amount of facility available for drawdown. Evaluated whether the debt was classified as current or non-current at 30 July 2022 in accordance with Australian Accounting Standards We assessed the reasonableness of the Group's disclosures in the financial report against the requirements of the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual financial report for the period ended 30 July 2022, 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.

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.

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.

Auditor's responsibilities for the audit of the financial report

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

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

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 16 to 42 of the directors' report for the period ended 30 July 2022.

In our opinion, the remuneration report of Myer Holdings Limited for the period ended 30 July 2022 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Alison Tait Milner

Alison Tait Milner
Partner

Melbourne
15 September 2022