

MYER HOLDINGS LIMITED

ABN 14 119 085 602

APPENDIX 4D

HALF-YEAR REPORT

ASX Listing Rule 4.2A.3

Current reporting period: 26 weeks ended 29 January 2022

Previous corresponding period: 26 weeks ended 23 January 2021

Results for announcement to the market

				\$m
Total sales from ordinary activities	up	8.5%	to	1,517.4
Profit attributable to members of Myer Holdings Limited	down	(25.0%)	to	32.3
Net profit after tax before restructuring, space exit (costs)/reversals and impairment of assets	down	(24.7%)	to	32.3

Dividends	Amount per security	Franked amount per security
Current reporting period		
2022 interim dividend	1.5 cents	1.5 cents
2021 final dividend	Nil	Nil
Previous corresponding period		
2021 interim dividend	Nil	Nil
2020 final dividend	Nil	Nil

Record date for determining entitlements to the interim dividend

24 March 2022

Commentary on results for the period

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

Net tangible assets per ordinary security	29 January 2022	23 January 2021
Net tangible assets per ordinary security ¹	(\$0.19)	(\$0.25)

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

This report is based on the Half-Year Financial Report for the half-year ended 29 January 2022, which has been reviewed by PricewaterhouseCoopers. Additional Appendix 4D disclosures can be found in the attached Half-Year Financial Report, which contains the Directors' Report, the Directors' Declaration and the consolidated financial statements for the half-year ended 29 January 2022.

This information should be read in conjunction with the 2021 Annual Financial Report and public announcements made in the period by Myer Holdings Limited, in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

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HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 29 JANUARY 2022

MYER

MY STORE

Myer Holdings Limited

ABN 14 119 085 602

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DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Myer Holdings Limited (the Company) and the entities it controlled (collectively referred to as the Group) at the end of, or during, the half-year ended 29 January 2022.

DIRECTORS

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

Director	Position
JoAnne Stephenson	Chairman (appointed 16 September 2021) and independent non-executive director
John King	Chief Executive Officer and Managing Director
Dave Whittle	Independent non-executive director
Jacque Naylor	Independent non-executive director
Ari Mervis	Independent non-executive director (appointed 20 September 2021)

REVIEW OF OPERATIONS

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

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

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

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



JoAnne Stephenson
Chairman
Melbourne
9 March 2022



Auditor's Independence Declaration

As lead auditor for the review of Myer Holdings Limited for the period 1 August 2021 to 29 January 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Myer Holdings Limited and the entities it controlled during the period.

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

Alison Tait
Partner
PricewaterhouseCoopers

Melbourne
9 March 2022

CONSOLIDATED INCOME STATEMENT

for the half-year ended 29 January 2022

	Notes	Half-Year Ended	
		2022 26 weeks \$m	2021 26 weeks \$m
Total sales		1,517.4	1,398.0
Concession sales		(291.0)	(251.3)
Sale of goods		1,226.4	1,146.7
Sales revenue deferred under customer loyalty program		(21.0)	(19.6)
Revenue from sale of goods		1,205.4	1,127.1
Other operating revenue		77.0	63.1
Cost of goods sold		(700.2)	(650.4)
Operating gross profit		582.2	539.8
Other income		0.7	1.1
Selling expenses		(338.8)	(307.7)
Administration expenses		(147.4)	(124.2)
Restructuring, space exit (costs)/reversals and impairment of assets	2	-	0.2
Earnings before interest and tax		96.7	109.2
Finance revenue		0.1	0.2
Finance costs		(50.6)	(47.7)
Net finance costs		(50.5)	(47.5)
Profit before income tax		46.2	61.7
Income tax expense		(13.9)	(18.7)
Profit for the period attributable to owners of Myer Holdings Limited		32.3	43.0
Earnings per share attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share		3.9	5.3
Diluted earnings per share		3.9	5.2

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half-year ended 29 January 2022

	Half-Year Ended	
	2022 26 weeks \$m	2021 26 weeks \$m
Profit for the period	32.3	43.0
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss:		
Cash flow hedges	3.5	(6.3)
Exchange differences on translation of foreign operations	0.6	0.1
Other comprehensive income/(loss) for the period, net of tax	4.1	(6.2)
Total comprehensive income for the period attributable to owners of Myer Holdings Limited	36.4	36.8

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

CONSOLIDATED BALANCE SHEET

as at 29 January 2022

	Notes	29 January 2022 \$m	31 July 2021 \$m	23 January 2021 \$m
ASSETS				
Current assets				
Cash and cash equivalents		274.1	178.6	276.5
Trade and other receivables and prepayments		32.5	20.0	29.5
Inventories		383.2	305.2	265.8
Derivative financial instruments	3	7.8	3.1	-
Total current assets		697.6	506.9	571.8
Non-current assets				
Property, plant and equipment		308.7	318.5	339.3
Right-of-use assets		1,243.0	1,224.1	1,243.5
Intangible assets		301.8	304.4	307.2
Deferred tax assets		116.2	112.2	104.4
Derivative financial instruments	3	0.6	0.7	-
Other non-current assets		1.5	1.3	1.4
Total non-current assets		1,971.8	1,961.2	1,995.8
Total assets		2,669.4	2,468.1	2,567.6
LIABILITIES				
Current liabilities				
Trade and other payables		499.8	353.3	454.3
Lease liabilities		153.2	156.2	143.9
Provisions		58.5	63.1	59.8
Derivative financial instruments	3	-	1.1	11.9
Current tax liabilities		18.5	16.4	6.7
Other liabilities		0.1	0.2	0.2
Total current liabilities		730.1	590.3	676.8
Non-current liabilities				
Borrowings	4	56.9	66.8	75.4
Lease liabilities		1,614.5	1,579.3	1,599.8
Provisions		3.6	4.8	5.0
Derivative financial instruments		-	-	0.9
Total non-current liabilities		1,675.0	1,650.9	1,681.1
Total liabilities		2,405.1	2,241.2	2,357.9
Net assets		264.3	226.9	209.7
EQUITY				
Contributed equity	5	737.7	737.7	737.9
Accumulated losses		(481.7)	(514.0)	(517.4)
Reserves		8.3	3.2	(10.8)
Total equity		264.3	226.9	209.7

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 29 January 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		-	43.0	-	43.0
Other comprehensive income/(loss) for the period		-	-	(6.2)	(6.2)
Total comprehensive income/(loss) for the period		-	43.0	(6.2)	36.8
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares	5	(0.2)	-	-	(0.2)
Employee share schemes		-	-	0.5	0.5
		(0.2)	-	0.5	0.3
Balance as at 23 January 2021		737.9	(517.4)	(10.8)	209.7
Balance as at 31 July 2021		737.7	(514.0)	3.2	226.9
Net profit for the period		-	32.3	-	32.3
Other comprehensive income/(loss) for the period		-	-	4.1	4.1
Total comprehensive income/(loss) for the period		-	32.3	4.1	36.4
Transactions with owners in their capacity as owners:					
Employee share schemes		-	-	1.0	1.0
		-	-	1.0	1.0
Balance as at 29 January 2022		737.7	(481.7)	8.3	264.3

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 29 January 2022

	Notes	Half-Year Ended	
		2022 26 weeks \$m	2021 26 weeks \$m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,429.0	1,335.4
Payments to suppliers and employees (inclusive of goods and services tax)		(1,177.4)	(1,010.3)
		251.6	325.1
Other income		0.7	1.2
Interest paid		(47.4)	(45.9)
Income tax (paid)/refunded		(16.4)	7.0
Net cash inflow from operating activities		188.5	287.4
Cash flows from investing activities			
Payments for property, plant and equipment		(13.5)	(24.7)
Payments for intangible assets		(11.6)	(5.9)
Lease incentives and contributions received		9.6	16.4
Interest received		0.1	0.2
Net cash outflow from investing activities		(15.4)	(14.0)
Cash flows from financing activities			
Repayment of borrowings, including transaction costs		(13.5)	(2.6)
Payments for principal portion of lease liabilities		(64.1)	(80.6)
Payment for acquisition of treasury shares	5	-	(0.2)
Net cash outflow from financing activities		(77.6)	(83.4)
Net increase in cash and cash equivalents		95.5	190.0
Cash and cash equivalents at the beginning of the period		178.6	86.5
Cash and cash equivalents at end of the period		274.1	276.5

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 29 January 2022

1 SEGMENT INFORMATION

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

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

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

Seasonality of operations

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

2 EXPENSES

Restructuring, space exit costs/(reversals) and impairment of assets

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

	Half-Year Ended	
	2022 26 weeks \$m	2021 26 weeks \$m
Space exit costs/(reversals) and other asset impairments/(reversals) ¹	-	(0.2)
Income tax expense/(benefit)	-	0.1
Restructuring, space exit costs/(reversals) and impairments/(reversals) of assets, net of tax	-	(0.1)

1. In 2021, the amount included a reversal for the final net costs associated with previously announced space hand backs and other store based asset impairments.

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 \$11.5 million. This has been reflected as an adjustment to the carrying amount of lease liabilities as at 29 January 2022.

Government grant income

The Group was eligible to receive payments under the JobKeeper Payment Scheme (Australia) and Wage Subsidy (New Zealand) in 2021. The Group only qualified for the first phase of the JobKeeper Payment Scheme which ended on 27 September 2020. The payments received were recognised as government grant income because the wage subsidy had been provided with the objective of keeping employees connected with the Group during the COVID-19 pandemic. In 2021, the Group recognised government grant income totalling \$50.7 million, with \$19.1 million incurred for payments to eligible employees whose remuneration was lower than the required income threshold under the JobKeeper Payment Scheme. These amounts were included in administration and selling expenses in the consolidated income statement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 29 January 2022

3 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

As at 29 January 2022 and 31 July 2021, the Group held the following derivative financial instruments:

	29 January 2022 \$m	31 July 2021 \$m
Current assets		
Forward foreign exchange contracts	7.8	3.1
Total current derivative financial instrument assets	7.8	3.1
Non-current assets		
Forward foreign exchange contracts	0.6	0.7
Total non-current derivative financial instrument assets	0.6	0.7
Current liabilities		
Forward foreign exchange contracts	-	1.1
Total current derivative financial instrument liabilities	-	1.1

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.

4 BORROWINGS

(a) Structure of debt

The debt funding of the Group at 29 January 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 29 January 2022, the following amounts were drawn:

	29 January 2022 \$m	31 July 2021 \$m
Non-current		
Bank loans	65.0	70.0
Less: transaction costs	(8.1)	(3.2)
Total borrowings	56.9	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 revolving credit and may be redrawn during the term.

3. The syndicated facility available at 29 January 2022 was \$178.5 million, at which time the company also had \$274.1 million cash on hand.

4. Subsequent to the end of the half-year, the available syndicated facility reduced to \$150 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) Covenants

Under the terms of the ABL facility, the Group is not required to comply with any financial covenant unless it utilises more than 90% of the available facility. The Group did not utilise more than 90% of the available borrowing base at any time in the period ended 29 January 2022, and hence no testing of compliance with the financial covenant was required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 29 January 2022

5 CONTRIBUTED EQUITY

	29 January 2022	31 July 2021	29 January 2022	31 July 2021
	Number of shares	Number of shares	\$m	\$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 \$0.21	-	(931,893)	-	(0.2)
Shares acquired by Myer Equity Plans Trust on market at \$0.36	-	(679,432)	-	(0.2)
Shares issued for alignment rights granted	2,987,987	-	-	-
Closing balance of Treasury shares	-	(2,987,987)	(42.3)	(42.3)
Closing balance	821,278,815	818,290,828	737.7	737.7

6 DIVIDENDS

	2022 26 weeks \$m	2021 26 weeks \$m
Dividends not recognised at the end of the half-year		
Since the end of the half-year, the directors have recommended the payment of an interim dividend of 1.5 cents per fully paid ordinary share (23 January 2021: nil) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 12 May 2022, but not recognised as a liability at the end of the half-year, is:	12.3	-

7 SUBSEQUENT EVENTS

Store Closure

On 25th February 2022, Myer announced that it will be exiting its store located at Blacktown, New South Wales. The store is anticipated to cease trading on 3 April 2022. The financial effect is to be recognised in the subsequent financial statements.

Dividends on the Company's ordinary shares

Subsequent to 29 January 2022, the directors have recommended to pay an interim dividend of 1.5 cents per fully paid ordinary share, fully franked at the 30% corporate tax rate, payable on 12 May 2022. The financial effect of the interim dividend has not been recognised in the half-year financial statements ending 29 January 2022 and will be recognised in the subsequent financial statements.

8 BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year ended 29 January 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This Half-Year Financial Report does not include all the information and disclosures normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 31 July 2021 and any public announcements made by Myer Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied in this Half-Year Financial Report are consistent with those applied in the previous financial period and corresponding interim reporting period.

New and amended standards adopted by the Group

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

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 29 January 2022 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



JoAnne Stephenson
Chairman
Melbourne
9 March 2022



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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Myer Holdings Limited (the Company) and the entities it controlled during the period (together the Group), which comprises the consolidated balance sheet as at 29 January 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 1 August 2021 to 29 January 2022, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 29 January 2022 and of its performance for the period from 1 August 2021 to 29 January 2022
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibilities of the directors for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true



and fair view of the Group's financial position as at 29 January 2022 and of its performance for the period 1 August 2021 to 29 January 2022, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers

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

Alison Tait
Partner

Melbourne
9 March 2022

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