

17 August 2022

ASX Announcement

Appendix 4E and Annual Report

Super Retail Group Limited (ASX:SUL) attaches its Appendix 4E and Annual Report for the financial year ended 2 July 2022 for release to the market.

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

APPENDIX 4E PRELIMINARY FINAL REPORT

SUPER RETAIL GROUP LIMITED (SUL) ABN 81 108 676 204

Statutory Results

Current Reporting Period:
Previous Reporting Period:

From 27 June 2021 to 2 July 2022 (53 weeks)
From 28 June 2020 to 26 June 2021 (52 weeks)

Results for Announcement to the Market

	Statutory Results \$m	Comparison to 2021 Statutory Results \$m
Revenue from ordinary activities	3,550.9	Up 2.8% from \$3,453.1
Profit from ordinary activities after tax attributable to members	241.2	Down 19.9% from \$301.0
Net profit for the period attributable to members	241.2	Down 19.9% from \$301.0

Dividends – Ordinary Shares

	Amount Per Share	Franked Amount Per Share
Interim dividend – Current Period	27.0¢	27.0¢
Final dividend – Current Period ⁽¹⁾	43.0¢	43.0¢
Record date for determining entitlements to the final dividend		7 September 2022

⁽¹⁾Determined 17 August 2022, payable 17 October 2022.

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

This report is based on the consolidated financial statements which have been audited. The audit report, which was unqualified, is included within the Company's Annual Report for the financial year ended 2 July 2022 which accompanies this Appendix 4E.

For a brief explanation of the figures above please refer to the Results Announcement for the financial year ended 2 July 2022 and the Directors' Report, which forms part of the Annual Report.

Key highlights include:

- Total Group sales up 2.8 per cent to \$3.55 billion¹ (or 1.0 per cent adjusted for 53rd week) driven by a strong second half performance
- Group like-for-like sales down 0.6 per cent.² Second half like-for-like sales up 5.0 per cent³
- Online sales up 44 per cent to \$601 million
- Group gross margin 46.8 per cent
- Normalised profit before tax (PBT) down 20 per cent to \$349.6 million
- Normalised net profit after tax (NPAT) down 20 per cent to \$244.1 million
- Basic EPS of 106.8 cents and normalised EPS of 108.1 cents
- Fully franked final dividend of 43.0 cents per share, bringing the full year dividend to 70.0 cents per share
- Active club members up 14 per cent to 9.2 million⁴

1. FY22 was a 53-week trading period compared to FY21, which was a 52-week trading period. Sales and earnings growth numbers in this announcement compare 53-weeks of trading with 52-weeks of trading unless otherwise indicated.
2. Like-for-like sales growth numbers in this announcement compare 52-weeks of trading with 52-weeks of trading.
3. Second half like-for-like sales growth numbers in this announcement compare 26-weeks of trading with 26-weeks of trading.
4. Active club members are club members who have shopped in the last 12 months.

APPENDIX 4E
PRELIMINARY FINAL REPORT

SUPER RETAIL GROUP LIMITED (SUL)
ABN 81 108 676 204

Dividends or distribution reinvestment plans

The Dividend Reinvestment Plan (DRP) enables shareholders to reinvest all or part of their dividends into Super Retail Group shares at a price determined as the average daily volume weighted average price of the Super Retail Group Limited Shares on the ASX, excluding trades which are not considered to reflect normal supply and demand, on each of the 10 consecutive trading days during the period from 12 September 2022 to 23 September 2022. Shares issued through the DRP are fully paid and rank equally with existing fully paid ordinary shares.

The last date for election under the Dividend Reinvestment Plan will be 8 September 2022.

Foreign Entities

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

Details of associates and joint venture entities

Name of entity	Ownership percentage
Autoguru Australia Pty Ltd - associate	38.3%

Control gained or lost over entities during the period

(a) Names of entities where control was gained in the period

There were no entities over which control was gained during the period.

(b) Names of entities where control was lost in the period

There were no entities over which control was lost during the period.

Inspiring you to
live your passion





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Acknowledgement of Country

Super Retail Group acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures; and to Elders past and present.

We are committed to reconciliation and, in FY23, aim to publish our first Reflect Reconciliation Action Plan, setting out how we can come together with First Nations communities in meaningful partnership and with greater impact for all.

We also operate in Aotearoa New Zealand, and we acknowledge ngā iwi Māori as Tangata Whenau (First People) of Aotearoa. Super Retail Group is committed to upholding the Treaty of Waitangi principles, developing relationships with, and supporting local iwi.

Manaaki whenua,
Manaaki tāngata,
Haere whakamua.

If we care for the land,
If we care for the people,
We can move forward into the future.

Māori proverb

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Important notice

This report contains forward-looking statements. While these forward-looking statements reflect Super Retail Group's expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. They involve known and unknown risks and uncertainties, which may cause actual results to differ materially from those expressed in the statements contained in this report. Super Retail Group makes no representation, assurance or guarantee as to the accuracy or likelihood or fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statement. Except as required by applicable laws or regulations, neither Super Retail Group nor any other person undertakes to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance. Super Retail Group cautions against reliance on any forward-looking statements or guidance, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption arising in connection with the COVID-19 pandemic.



Chair's message

Dear shareholders

The 2022 financial year represented another significant milestone for Super Retail Group, marking 50 years since our company's humble beginnings in Brisbane. Five decades on from its formation as an automotive accessories mail-order business based in the home of our founders, Reg and the late Hazel Rowe, Super Retail Group has grown remarkably.

Today we are recognised as a successful omni-retailer with four core brands that are household names across Australia and New Zealand, and Super Retail Group is approaching 20 years as a public company listed on the Australian Securities Exchange.

While Super Retail Group continued its evolution over the past 12 months in the face of ongoing volatility in the domestic and global environment, the Board remains conscious of retaining the DNA of the business established in 1972 that was founded on an unwavering commitment to customers.

We added a new chapter to our growth story in FY22. Despite the enduring economic and social impact of the COVID-19 pandemic during the year, I'm pleased to report a strong financial performance, including another year of record sales.

The Board also recognises that the Group's performance across social and environmental aspects is more important than ever in continuing to deliver sustainable growth.

We kept this front of mind over the past 12 months in our review and refresh of our vision, mission and values. Given the rapid and dramatic changes to society since our values were first articulated, we wanted to ensure they remained relevant to our increasingly diverse team members and the community.

The Board and Senior Leadership Team understood the importance of getting it right. Our vision, mission and values help us communicate our intentions as an organisation, and provide a reference point for our decisions and actions. Appropriately these principles were developed organically, created by team members for our 14,000-strong team.

The Board continues to prioritise ethical and sustainable stewardship of the Group's operations. Building a successful company over half a

century can only be achieved if the business strategy is underpinned by a commitment to ethical and sustainable practices and we look to continue that ethos with a contemporary approach, driven by best practice.

At all levels of the organisation, we are continuing to embed environmental, social and governance standards and practices to position the business for the long term.

Within this domain, we are determined to play our role in mitigating the impact of climate change, and actively managing our carbon footprint to ensure we remain aligned with community sentiment.

Following clear feedback from team members, customers and other valued stakeholders, the Board reviewed and strengthened our Sustainability Framework. The Framework provides guidance for our people, customers, investors and stakeholders on the standards we are setting for the future as a benchmark for our operations.

In practical terms, this means we have reset our carbon emissions targets, with a new and ambitious goal for the business of zero emissions for Scope 1 and 2 by 2030. We've also strengthened our commitment to climate governance, enhancing transparency around our climate-related financial disclosures.

In reviewing other business-critical calls made in FY22, arguably there were none more influential on the Group's strong financial performance than the strategic decision to invest in inventory in response to disrupted global supply chains. This pre-emptive management of the supply chain challenges positioned our four core brands to capture consumer demand when retail spending rebounded following the end of COVID-19-lockdowns.

The Group's effective execution of our omni-retail strategy, an improved digital capability, and another year of dedicated commitment from our team members were also crucial to a strong financial performance.

Despite the challenges of the pandemic, we continued to invest in the business to strengthen our competitive position and generate long-term value for our shareholders. This investment will continue, with a particular focus over the next two years on our loyalty programs and



CommBank Matildas player and rebel ambassador Mary Fowler, enjoying the new football experience zone at the refurbished rebel Penrith store.

data analytics to capitalise on the strategic opportunities presented by one of the largest active club memberships in Australia and New Zealand.

The response by governments and health authorities to the COVID-19 pandemic inevitably impacted the trading performance of Super Retail Group and activity across the wider economy in FY22. Looking ahead, we expect economic uncertainty to endure given the global volatility and high inflationary environment, as well as the continuing impact of the pandemic.

Against that backdrop, it remains prudent to maintain a continual review over capital management.

The Group's strong financial performance and balance sheet has supported the Board's decision to determine a fully franked final dividend of 43.0 cents per share. The total dividend for the FY22 is 70.0 cents per share. The total dividend represents a full year payout ratio of 65 per cent, in line with the Group's policy.

The Board is continually evaluating the pool of skills, knowledge and experience among directors to ensure it retains the appropriate mix of capabilities to provide strategic leadership for the Group. Judith Swales joined the board during the year, bringing to our Board discussions significant director and executive management experience from a range of global businesses. We also farewellled Gary Dunne, who retired as a Non-Executive Director when he was appointed as the Chief Executive Officer of Melbourne-based RPM Property Group. We thank Gary for his contribution to the business and wish him well. I am appreciative of the counsel and support from my fellow Board members during the year.

Given the strong FY22 performance and another year of high team member engagement, I would like to acknowledge the leadership of the Group Managing Director and Chief Executive Officer Anthony Heraghty and his management team. Their strategic planning and

successful execution of the business plan has positioned the Group for continued success.

Of course, the delivery of the business plan requires a committed and engaged team and once again our team members have gone above and beyond in delivering for our customers. We have seen this in the face of the greatest challenges, in particular during the floods that ravaged communities during the year. As demonstrated over many years, the support from our team members was greatest in the communities facing the most testing of times.

I thank all our team members for the dedication and commitment they've shown throughout the year.

As we look to the future, I remain confident the Group can navigate what we can expect to be a challenging environment for the broader retail sector, fortified by the strength of our brands and customer value proposition, the resilience of our auto and sports businesses and sales momentum in our leisure and outdoor categories. This reinforces our reputation for playing the long game – creating a positive impact on the communities in which we operate and positioning Super Retail Group for shareholder returns over the long term.

On behalf of the Board and management, I thank all our customers, shareholders, and team members for their continuing support.

Sally Pitkin AO
Chair



CEO's message

Dear shareholders

I am pleased to report a strong performance by Super Retail Group in the 2022 financial year. Your company again exceeded performance targets in FY22, with a second successive year of record sales despite the ongoing challenges of the COVID-19 pandemic and the devastating impact of natural disasters in many of the communities in which we operate.

With an unrelenting focus on executing our omni-retail strategy, our enhanced digital capacity, proactive supply chain and inventory management, and the peerless efforts of our team members, Group sales increased by 2.8 per cent to \$3.55 billion in FY22.

Through targeted and effective pricing and promotions, we were able to offset higher supply chain costs and deliver a strong gross margin outcome, while the strategic decision to invest in inventory in response to anticipated global supply chain issues, enabled us to capture consumer demand when retail spending rebounded following the lifting of COVID-19 lockdowns.

Our investment in developing our digital capability also delivered a compelling return, with the Group recording online sales of \$601 million, a 44 per cent increase on the previous year.

The dedicated Super Retail Group team not only had to contend with the ongoing challenges of the pandemic but were also tested by record-breaking floods across the eastern seaboard of Australia. These tragic events had immense impact, both at a local community level but also across Australia and New Zealand more broadly. As they did so successfully in recent years, the team demonstrated their resilience and determination to support our customers no matter the challenges. On behalf of the executive team, I extend my deep gratitude to all 14,883 team members in the Super Retail Group family.

Strong financial performance

The Group's financial performance in FY22 demonstrated the strength of our business and omni-retail strategy in the face of a deteriorating external operating environment. Key features of the FY22 financial performance for the 53 weeks to 2 July 2022 included:

- Total Group sales up 2.8 per cent to \$3.55 billion driven by a strong second half performance
- Online sales up 44 per cent to \$601 million
- Group gross margin 46.8 per cent
- Normalised earnings before interest and tax of \$396.6 million
- Statutory net profit after tax \$241.2 million
- Normalised net profit after tax \$244.1 million
- Statutory EPS of 106.8 cents and normalised EPS of 108.1 cents

The Board has resolved to pay a fully franked final dividend of 43.0 cents per share, bringing the full year dividend to 70.0 cents per share.

The Group has a strong balance sheet with a positive net cash position at the end of the financial year.

Building a better business

The business continues to attract and retain new and long-term customers, with more than one million new members added to our loyalty programs in FY22. This takes our loyalty program membership to a record 9.2 million active customers. These club members contributed 70 per cent of Group sales, up from 63 per cent in FY21.

We have more customers than ever and I am pleased to report they are also increasingly satisfied with our brands, products and service. Our Group Net Promoter Score, measuring customer satisfaction for our four core brands, increased to 64.6, with all brands recording an improved performance during FY22.

Our increased focus on closeness to our customers underpinned our record sales performance and is a great credit to the Group's leadership team and our in-store team members.

Over the next two years, the Group will undertake significant capital investment to better leverage our customer data. We are launching our loyalty programs and building our customer analytics to allow all our businesses to make increasingly personalised offers to our customers utilising analytically driven data and insights.

Given our large active club member base of 9.2 million customers, the potential to better leverage our customer data represents an exciting strategic opportunity for the Group.

Launch of the 2022 Triple Eight Race Engineering and Supercheap Auto-backed Bathurst Wildcard entry with drivers Craig Lowndes and Declan Fraser.



Our valuable store network

The value of our store network was further demonstrated in FY22, even as online sales increased to a record 17 per cent of sales. Our store network remains fundamental to the shopping preferences of our customers. More than nine in every ten transactions involved our store network, through either over-the-counter sales or Click & Collect.

The Group opened 21 new stores in the past 12 months, a net addition of 18, taking our total number of stores to 716 across Australia and New Zealand.

Our new store formats including the next generation Supercheap Auto stores, rebel rCX and BCF small-format regional stores performed well from both a sales and Net Promoter Score perspective. These outcomes provide a reminder of the value of continuing to invest in the right kind of bricks and mortar retail.

The small-format regional BCF stores delivered a rent-to-sales savings of 25 per cent while the continued rollout of Macpac stores and the extended sales of Macpac products in rebel and BCF helped to expand awareness of the brand.

Our network plan for FY23 includes five additional rebel rCX stores, up to ten new Macpac stores and the opening of our BCF Townsville superstore.

Four segment-leading brands

Our four core brands maintained their leading positions in the lifestyle categories that matter to our loyal customers, with each business delivering record sales results.

Macpac delivered double-digit sales growth due to record June winter sales while Supercheap Auto, rebel and BCF delivered strong sales results despite the challenges of COVID-19 and growing concerns about the economic outlook in the second half of FY22.

Our brand recognition continues to grow across Australia and New Zealand. Our four core brands are attracting strong brand awareness scores and we strengthened our portfolio of private and strategic brands in Supercheap Auto and BCF.

Sustainable omni-retail model

The record sales results in both in-store and online transactions reinforces our confidence that we have the right omni-retail model to survive and thrive in the years ahead. Our record online sales growth of 44 per cent and total online sales of \$601 million show that our omni execution is continuing to improve and that we are capturing an expanded digital market share.

Since FY19, online sales have increased by a factor of three and increased as a proportion of overall sales from seven to 17 per cent. Click & Collect, which leverages the strength of our store network, continues to outgrow and outpace home delivery. In FY22, Click & Collect represented 55 per cent of total online sales and nine per cent of total sales. To add context, there was a 73 per cent increase in sales growth for Click & Collect versus 20 per cent for home delivery.

While in-store sales continue to dominate our transactions, it is clear that over the long term the online sales growth trend will continue. Importantly, we are now well positioned to capitalise on this ongoing channel shift thanks to our sustained investment in our digital capability.

Our passionate team

Of course, our continued strong performance is only made possible by our highly capable and passionate team members, who remain deeply engaged with the business. They share the passion of our customers. We know that more engaged team members mean better service and more satisfied customers.

While we recognise there is always more to do to ensure our team members remain engaged with the business, our team engagement scores remain high and above the benchmarks we have set for ourselves.

In recognition of our commitment to gender equality across our organisation, we were awarded the Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality Citation for the second consecutive period. We are one of only two Australian retailers to have achieved this recognition in FY22. We also strengthened our commitment to diversity in leadership by resetting our gender equality goal to achieving 40:40:20 in Board, executive and senior leadership positions by 2025.

During the year we continued to explore initiatives to promote diversity, inclusion and equality across the business, including enhanced Parental Leave and Secondary Carers' Leave policies and the establishment of a Super Retail Group Diversity Committee drawing 20 representatives from across the organisation.

During the reporting period, we updated our vision, mission and values. This process began, in late 2020, with team member focus groups and describes who we are and what we stand for at Super Retail Group.

Sustainability

In FY22, we strengthened our Sustainability Framework (2030) to deliver better outcomes for our people and planet. The enhanced framework outlines a commitment to five focus areas: Team, Community, Responsible Sourcing, Circular Economy and Climate.

During the year we reset our greenhouse gas emissions targets after feedback from our team, customers and business stakeholders, with a new goal of zero emissions for Scopes 1 and 2 from our operations and the energy we consume by 2030.

As a Group, we see decarbonisation as an opportunity to improve the way we operate and innovate the services we offer our customers. It will mean using less energy and investing in renewable energy. It will mean coming together with our industry, landlords, team members and other stakeholders to achieve our shared goal of reducing our climate impact.

I am pleased to report that our greenhouse gas emissions (Scopes 1 and 2) across the Group declined by 2.4 per cent and our recycling rates for waste material in our Australian and New Zealand stores, support offices and distribution centres was 58 per cent.

The Group improved its Dow Jones Sustainability Index score from 60 to 62 in FY22, placing us in the top quartile of DJSI retail sector. We also received a leading rating from the Australian Council of Superannuation Investors for Environmental, Social and Governance (ESG) reporting relative to peers in the ASX200.

Fit-for-purpose strategy

With new stores, updated formats and a more expansive network delivering strong results across all brands, we continue to provide more of what our customers want and make them available in the formats that suit their preferences.

Our active customer growth and record 9.2 million loyalty club members demonstrate that we are maintaining a strong position in sought-after and expanding lifestyle categories. Our plan to better target our loyal customers through new, personalised, analytics-driven promotions will ensure we maximise the benefits of our large and active customer base.

The decision to proactively manage our inventory position in response to the supply chain challenges created by COVID-19 allowed us to be well stocked to meet rebounding consumer demand. We expect to see these inventory levels normalise as the impact of the pandemic wanes.

Despite a tightening economic environment, we remain well positioned for the future. With tight supply limiting new car sales, Supercheap Auto will have a central role in keeping the older car fleet on the road. The rise in flexible working, with a greater focus on personal leisure time, connecting with the outdoors and the uninterrupted resumption of grassroots sport, allows rebel, BCF and Macpac to be well placed to continue performing well.

Our conservative balance sheet and net cash position ensures we are in robust financial health as we navigate the uncertain economic environment ahead.

During the pandemic we have built a better, stronger business, with an enhanced customer value proposition and more formidable brands in the lifestyle categories that matter. Despite a more challenging retail environment ahead, I am confident we will continue to inspire our customers to live their passion and deliver value for our shareholders.



Anthony Heraghty
Group Managing Director and
Chief Executive Officer

About us

14,883

TEAM
MEMBERS

716

STORES

Super Retail Group Limited (ASX:SUL) is the proud owner of four iconic brands: Supercheap Auto, rebel, BCF and Macpac, and is one of Australia and New Zealand's largest retailers.

Our powerful brands have leading positions in growing high-involvement lifestyle categories of auto, sports and outdoor leisure. We provide our customers and highly engaged nine million active loyalty club members with the option to experience our brands whenever and however they choose – whether that's through our network of 716 stores or via our digital capabilities, which we continue to enhance.

Our brands

Supercheap Auto is Australia and New Zealand's favourite specialty automotive parts and accessories retail business. We leverage our market leadership to provide a wide range of tools and accessories, as well as products for travel, touring, outdoors, the garage and shed.



Macpac's apparel and equipment has inspired a life outdoors since 1973. Designed, tested and proven in the ultimate outdoor test lab – New Zealand – our wide range of products are made by adventurers, for adventurers. Macpac operates in both Australia and New Zealand.



rebel empowers customers to achieve their sporting dreams and passions. We are Australia's leading sporting goods retailer, and through rich digital and in-store experiences, customers from all walks of life can harness the transformative power of sport. This can have a positive impact on many levels, from general well-being to improved confidence and self-esteem. rebel helps all Australians answer the call of sport.



BCF is a leading outdoor retailer, with stores in every Australian state and territory. With expert knowledge and service, we provide everything you could possibly need for your next boating, camping or fishing adventure, all under the one roof.

4

SUPPORT
OFFICES

7

DISTRIBUTION
CENTRES

3

COUNTRIES OF
OPERATION

Our vision, mission and values



About this report

This Annual Report is a summary of the operations, activities and performance of Super Retail Group Limited (ABN 81 108 676 204) (the **Company** or **Super Retail Group**) and its subsidiaries (the **Group**) for the financial year ended 2 July 2022. The financial year for FY22 represents a 53-week period.

In this Annual Report, references to 'we', 'us', 'our' and 'Group' refer to the Company and its subsidiaries. All dollar figures are expressed in Australian dollars, unless otherwise stated.

Super Retail Group is conscious of reducing the environmental footprint associated with the production of the Annual Report, and printed copies are only posted to shareholders who have elected to receive a printed copy.

Corporate governance

Super Retail Group is committed to establishing and maintaining corporate governance standards that protect and enhance the sustainable performance of the Group, taking into account the interests of our stakeholders, as well as the communities and environments in which we operate.

Our FY22 Corporate Governance Statement discloses how we have complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) for the reporting period. This statement has been lodged with ASX and is available in the Corporate Governance section of our website at <https://www.superretailgroup.com.au/investors-and-media/corporate-governance/>.

Sustainability

Our FY22 Sustainability Report provides stakeholders with information regarding our approach to environmental, social and governance (ESG)-related risks and progress against our sustainability goals.

In 2022, we refreshed our Sustainability Framework (2030). Informed by a materiality assessment, our new framework has a greater focus on our people and our planet, is driven by our vision and connected to our stakeholders. It has five priority areas: Team, Community, Responsible Sourcing, Circular Economy and Climate.

The FY22 Sustainability Report is available on the Company's website at <https://www.superretailgroup.com.au>.

Performance highlights

\$3.55b
GROUP SALES

2.8%

SALES GROWTH

\$396.6m

NORMALISED EBIT

\$349.6m

NORMALISED PBT

\$241.2m

STATUTORY
NPAT

\$244.1m

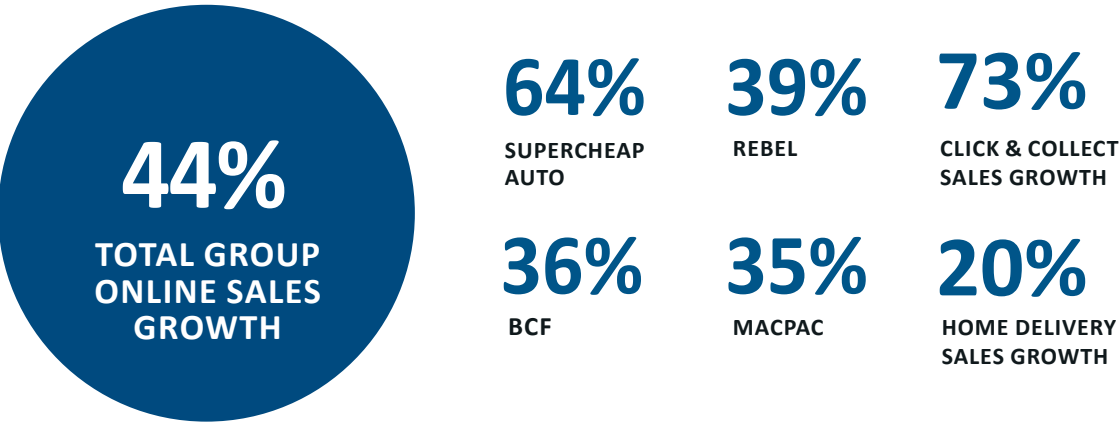
NORMALISED
NPAT

70.0¢

DIVIDENDS PER
SHARE, FULLY
FRANKED

Customer loyalty and omni-retail execution

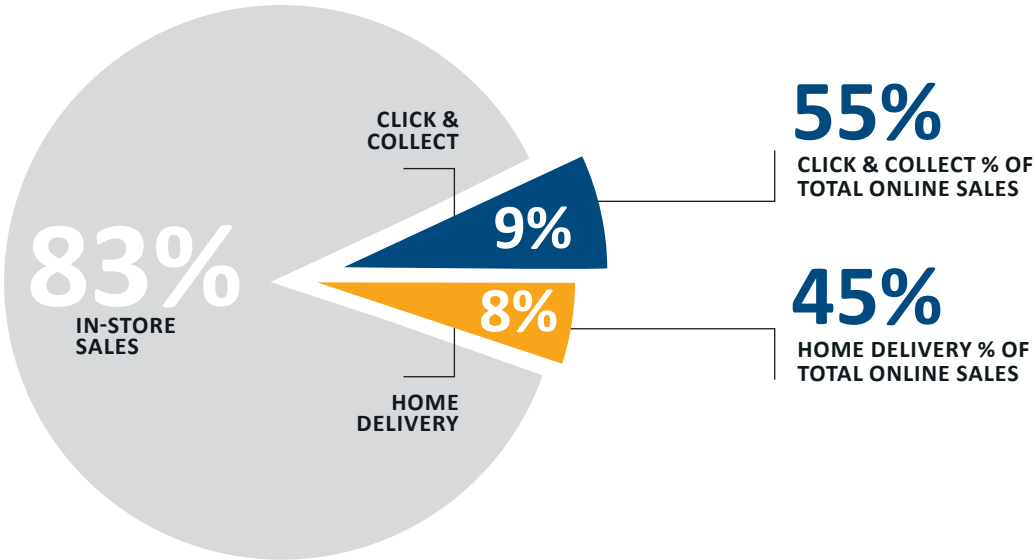
Online sales growth



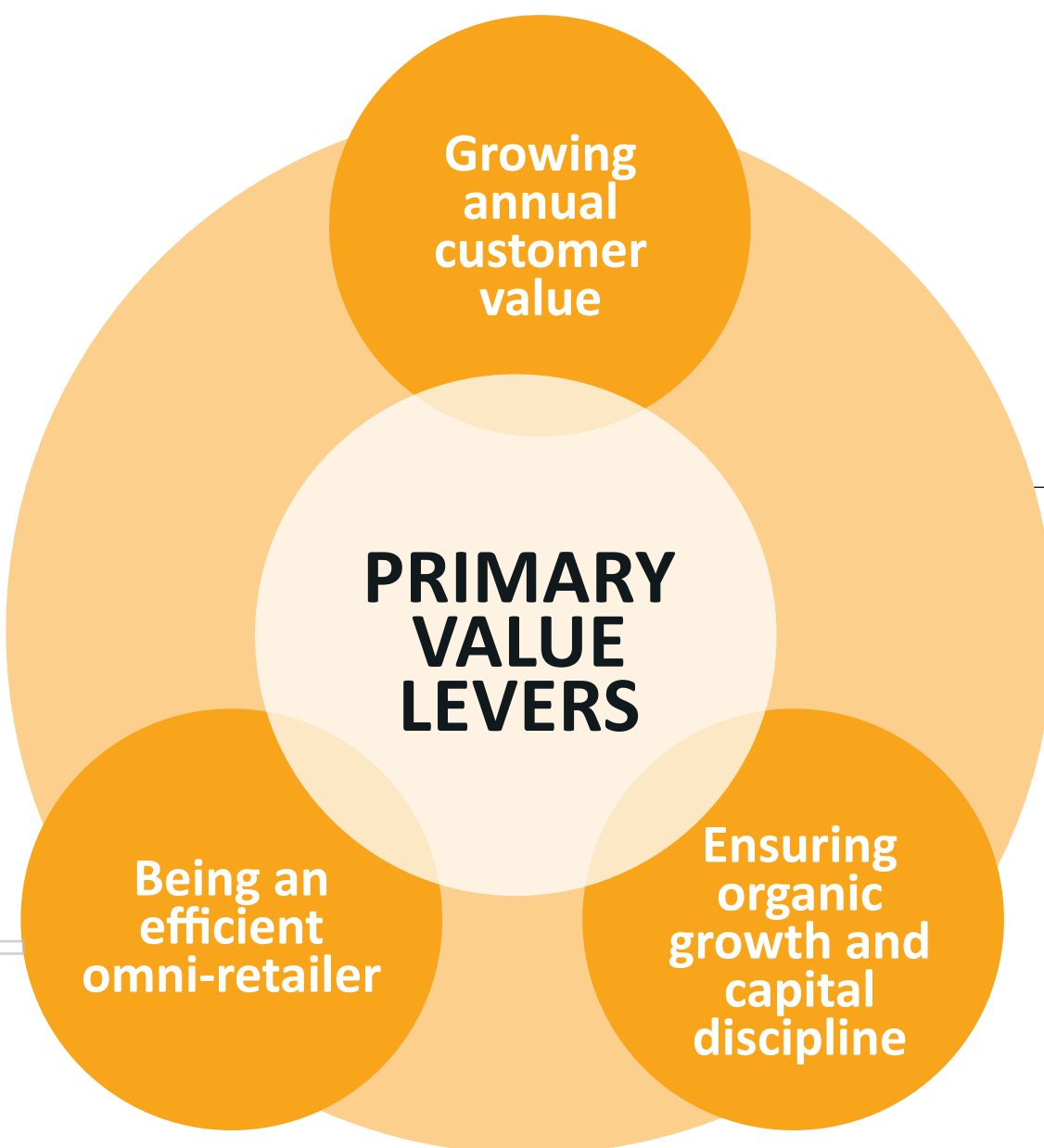
Customer loyalty



Sales by channel



Our strategy



Five strategic drivers



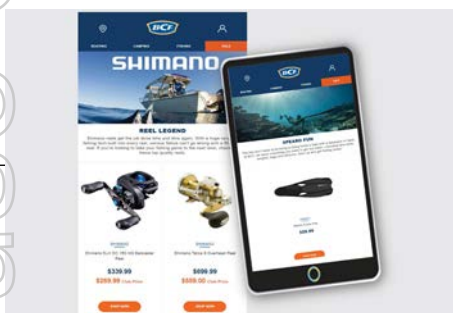
1 GROW THE FOUR CORE BRANDS: Focus on four core brands, key categories and leveraging scale.

Focus areas

- Align capital investment to grow our four core brands
- Develop organic brand strategies, leveraging consolidated competitive advantage
- Refresh private brand strategy

FY22 outcomes

- Continuing to deliver five-year brand strategy
- Eleven rCX stores now open; BCF opened five small format regional stores
- Ongoing store network optimisation
- Continued BCF winter strategy, with increasing investment in Macpac product
- Range development focused on category extension, localisation and innovative product options



2 LEVERAGE CLOSENESS TO OUR CUSTOMER: Building a personalised relationship with our customers, capitalising on data and insights.

Focus areas

- Deepen understanding of the customer through more sophisticated analytics and insights
- Develop structured customer relationship management (CRM) program to drive visitation and transaction growth
- Align marketing, merchandising and pricing strategies to customer

FY22 outcomes

- Developed a data science capability to deliver business analytics
- Commenced building a personalisation and loyalty capability through key technology engines and necessary capabilities
- Initiated personalisation trial for BCF
- Developed omni-digital operating model; mid delivery for new customer engagement capabilities
- Expanded pricing strategy



3 CONNECTED OMNI-RETAIL SUPPLY CHAIN: Continuing to build a fit-for-purpose integrated supply chain.

Focus areas

- Optimise Australian and New Zealand distribution centre networks, planning and product flows
- Orchestrate customer online orders
- Maximise benefits of Group sourcing capability

FY22 outcomes

- Agile management of international supply chain volume and cost management pressures
- Managed record volume flows and negotiated limited cost growth through volatile environment
- Developed matrix of store hubs and distribution centres to optimise online fulfilment
- Went live with new Warehouse Management System
- Supply chain TRIFR reduction of 19 per cent



4 SIMPLIFY THE BUSINESS: Becoming a more efficient and effective omni-retailer through optimising overhead and focusing on customer-facing investment.

Focus areas

- Remove duplication and leverage scale
- Align KPIs and value mindset
- Modernise technology infrastructure to be fit-for-purpose

FY22 outcomes

- Developed and rolled out new digital and technology operating model
- Implemented workforce planning capability in all four brands
- Developed common KPIs for teams across multiple functions and brands



5 EXCEL IN OMNI-RETAIL: Enhancing our customer experience through all touchpoints along the customer journey.

Focus areas

- Build expertise for our customer-facing teams, underpinned by team members as industry experts
- Deliver a seamless 'Super Retailer' experience
- Evolve the store experience

FY22 outcomes

- Continued investment in store experience across all four brands
- Extended in-store expertise to digital delivery
- Extended fitment capability in Supercheap Auto and BCF
- Ongoing use of artificial intelligence for merchandising
- Enhanced websites with improved navigation

Supporting our communities

Being there for our communities is one of the key reasons we do what we do.

Through the reporting period, the Group mobilised around important community causes, charities and benevolence programs. Not only do these endeavours contribute to the communities in which we operate, they also reflect the passions of our team members and customers.

Targeted flood relief

In early 2022, we all watched in disbelief as flood waters swept away homes and livelihoods in south-east Queensland and northern New South Wales.

As a company with a strong Queensland heritage, we recognised the immense impact the floods had on local communities. Rebuilding the communities devastated by these floods would require enormous commitment and determination, as was the case with the communities ravaged by the 2019-2020 'Black Summer' bushfires.

The Group supported our loyal customers and team members directly involved in the

clean-up and recovery effort by contributing \$100,000 to the Red Cross Flood Appeal and \$50,000 to Lismore City Council. Our rebel stores also donated sporting goods to local sporting clubs including Coomera Soccer Club, Redcliffe Tigers AFL Club and Murwillumbah Colts Junior Rugby League, to replace damaged equipment.

Super-sized giving program

During the reporting period, Supercheap Auto launched its charity fundraising program by announcing three official community partners: Beyond Blue, HeartKids and the Australian Road Safety Foundation.

The multi-year partnerships will help raise awareness, funds and support for Australians across three core causes: mental health; congenital heart disease; and the physical and mental illness, death and disability that arise from road incidents.

The charity partners each received an initial \$50,000 donation from Supercheap Auto. Every Supercheap Auto store in Australia then selected one partner to rally around with customers offered the option of donating at the checkout, either through a register round-up amount or a fixed donation. Supercheap Auto matched customer fundraising efforts up to a further \$50,000 per charity.



Mental health is a team sport

In support of Mental Health Week, rebel and its trade partners donated \$500,000 to Lifeline to help meet the needs of the growing number of Australians seeking mental health support.

In addition, rebel and Lifeline Australia entered into a three-year partnership, which recognises the transformative power of sport and its positive impact on mental health and suicide prevention.

The organisations will work together to inspire every Australian to be active and participate in physical activity to help manage their mental health, while raising funds for Lifeline to continue its critical work.

Small change for big change

BCF is the major partner of OzFish and is passionate about the shared commitment to restore and protect fish habitats and the future of recreational fishing in Australia.

The two organisations paired up in June 2022 to raise funds to improve the future of fishing in Australia with the Small Change 4 Big Change weekend. The weekend was created by BCF and OzFish to help habitat protection and restoration in our rivers, estuaries, and reefs.

All donations made in store were matched by BCF and will support the 90 vital fish habitat restoration projects managed by OzFish.

Every donation, big and small, helps improve the future of fishing in Australia and more than \$69,000 was raised over the weekend.

Giving back for long-term change

Our Macpac team are passionate about creating long-term positive change for the good of people and planet. Since 2018, the Macpac Fund for Good has strengthened local communities



across Australia and New Zealand with financial aid (cash grants), or the provision of Macpac apparel and equipment.

The fund supports not-for-profit organisations focused on the protection, regeneration or monitoring of native flora or fauna; providing adventure-based learning, therapy or environmental education, and Indigenous community projects working in these areas.

Macpac customers can support the Fund for Good by purchasing Fund for Good products or by refusing an in-store retail bag. Every time a bag is refused, Macpac contributes \$0.20 to the Fund for Good.

During FY22, the fund awarded grants to more than 20 charitable organisations committed to doing good in the world, including Save the Kiwi, Youth Inc, and WAI Wanaka.



ESG highlights

Achievements



Monash University recognition: one of only twelve ASX300 companies awarded a B grade for Modern Slavery statement, putting the Group in the top 18 ASX300 companies representing effective reporting and best practice.



Awarded the WGEA's Employer of Choice for Gender Equality citation for the second consecutive period.



A member of the S&P Global Sustainability Yearbook 2022.



Dow Jones Sustainability Index score of 62, placing the Group in the top quartile within the DJSI retail sector.



Rated as Advanced under the Australian Packaging Covenant Organisation (APCO).



Rated as leading by the Australian Council of Superannuation Investors (ACSI) for the quality of our ESG reporting relative to our ASX200 peer group.

People

10.7

Total Recordable Injury Frequency Rate (TRIFR)

A 13 per cent increase on the prior year

>2,500

Number of team members participating in the "I Am Here" program

82 and 80

Engagement score October 2021, June 2022. Above the Achievers* benchmark (77)

37.5%

Female representation at Board level

45.5%

Female representation at executive leadership level

37.3%

Female representation at senior leadership level

\$100,000

Super Retail Group donation to the Australian Red Cross Flood Appeal

\$500,000

rebel donation to Lifeline as part of its commitment to mental health support

\$50,000 each

Supercheap Auto donation to Beyond Blue, Heartkids Australia and Australian Road Safety Foundation

** Achievers is a global expert in employee recognition and engagement*

Planet

16.9%

Reduction in greenhouse gas emissions (Scopes 1 and 2) from the FY17 base year

2.4%

Reduction in greenhouse gas emissions (Scopes 1 and 2) from FY21

58%

Recycling rate for waste material in stores, offices and distribution centres

1,101,200L

Recycled litres of oil through Supercheap Auto

91,167

Recycled car batteries through Supercheap Auto

56,751

Recycled pairs of shoes through rebel and Macpac's in-store collection

>1m

Bags refused through Macpac's 'Refuse a Bag' program reaching a major milestone since the program began in 2018

1%

Percentage reduction of total electricity use to 80,723 MWh

87

Store lighting upgrades with expected energy saving of 549 MWh

\$350,000

Contributed to OzFish and helped customers raise a further \$488,673 through BCF

\$253,452

Grants and gear provided through Macpac Fund for Good

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50 years of making it super

From humble beginnings in 1972, Supercheap Auto has grown to become Australia and New Zealand's favourite specialty automotive parts and accessories retail businesses with more than 325 stores and record sales in FY22.

In 2022, Supercheap Auto proudly commemorated 50 years of operation. In celebration of this achievement, Supercheap Auto acknowledged those who have been part of the business across the decades, shared important milestones, and celebrated the milestone with customers and the car-loving community who made it possible.

In order to meet the changing needs of Supercheap Auto's customers and modernise the brand, a new brand platform was created to showcase that ... "whoever you are, whatever you drive, Supercheap Auto can help you Make It Super". The platform brought to life the diversity of the Supercheap Auto

customer, their love for their vehicles, and included an extensive marketing campaign across television, digital, social, outdoor, radio and in-store.

The launch of the brand platform coincided with a reimagining of the brand's visual identity, the first revision in more than 15 years. Updates included a subtle logo change to improve the legibility and application, a simplified colour palette and the introduction of new fonts, icons, graphics, and imagery. Uniforms were also updated to help our team continue to be customer-focused.

The Redcliffe store in Queensland was used as a test-and-learn for the new visual design before changes were implemented more widely through the Supercheap Auto 'Store Improvements' program. For example, the new internal and external store signage was designed to be more welcoming to Supercheap Auto's diverse range of customers and create cohesion across various store touchpoints.

For more than 50 years now, Supercheap Auto has empowered journeys and the team look forward to making it "Super" for customers, their peers, and the community for many more years to come.



Supercheap Auto is Australia and New Zealand’s favourite specialty automotive parts and accessories retail business. We leverage our market leadership to provide a wide range of tools and accessories, as well as products for travel, touring, outdoors, the garage and shed.

329
STORES

3.2m
ACTIVE CLUB
MEMBERS

65
AVERAGE ACTIVE
CLUB MEMBER NPS

\$1.34b
SALES

64%
ONLINE SALES
GROWTH

\$176m
SEGMENT PBT

36%
ACTIVE CLUB
MEMBER GROWTH

59%
ACTIVE CLUB
MEMBERS % OF
TOTAL SALES

88%
BRAND
AWARENESS
Stellar Market Research;
Australia FY22

87%
IN-STORE
% OF TOTAL
SALES

10%
CLICK & COLLECT
% OF TOTAL SALES

3%
HOME DELIVERY
% OF TOTAL
SALES

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Innovative rebel customer experience stores inspire sporting passions

The first rebel Customer Experience (rCX) store opened to sports enthusiasts at Doncaster, Melbourne in March 2020. This store was quickly followed by the expansion and refurbishment of sites including Miranda and Parramatta in New South Wales, Chermside in Queensland, and Chadstone in Victoria. A further six stores joined the fleet in the last two years, and, in June 2022, rebel launched its eleventh rCX concept store in Penrith, New South Wales.

The innovative layout of the rCX retail space encourages customers to test products and equipment in physical experience zones including half-court basketball, indoor football pitches and sports gaming consoles. The rCX stores showcase the expanded range of products across high-involvement sports, with additional emphasis on the display of products in

Running, Gym & Fitness, Football, Basketball and Kids categories.

Longstanding partnerships with key trade partners including Nike, adidas, Under Armour, Puma, ASICS and New Balance, strengthen the concept, allowing access to high-end and marquee products as well as extended ranges and styles that are exclusive to rebel.

The rCX concept was designed to shake up the sporting landscape and emphasise rebel's brand promise. Since launching, it has delivered strong growth across its eleven rCX stores. For example, in March 2022, rebel Highpoint (eighth rCX store) became the largest rCX store with more than 2,700 sqm of space. Since its launch, the store has shown strong year-on-year growth with sales increasing by more than 40 per cent compared to the same period last year.

Another example is the launch of rebel's first flagship rCX store in a central business district (Adelaide) in April 2022. The heritage-listed building in Adelaide's Rundle Mall shows how the cutting-edge retail concept adapted to a more traditional architectural format, while still reflecting rebel's sporting heritage. Since its launch, and in comparison to the same period in the prior year, the store has recorded significant sales growth of more than 80 per cent.

rebel

rebel empowers customers to achieve their sporting dreams and passions. We are Australia's leading sporting goods retailer, and through rich digital and in-store experiences, customers from all walks of life can harness the transformative power of sport. This can have a positive impact on many levels, from general well-being to improved confidence and self-esteem. rebel helps all Australians answer the call of sport.

155

STORES

3.3mACTIVE CLUB
MEMBERS**62**AVERAGE ACTIVE
CLUB MEMBER NPS**\$1.21b**

SALES

39%ONLINE SALES
GROWTH**\$141m**

SEGMENT PBT

2%ACTIVE CLUB
MEMBER GROWTH**69%**ACTIVE CLUB
MEMBERS % OF
TOTAL SALES**92%**BRAND
AWARENESS
Stellar Market Research;
Australia FY22**78%**IN-STORE
% OF TOTAL
SALES**9%**CLICK & COLLECT
% OF TOTAL SALES**13%**HOME DELIVERY
% OF TOTAL
SALES



Regionally-relevant brand expansion for BCF

In response to the changing retail landscape, BCF has been trialling new brand and category initiatives, including new regional formats and store locations.

In FY22, BCF furthered its expansion strategy into regional locations and continued expanding the brand range in stores and online. The objective of this strategy was two-fold: to reach more customers, and to be more relevant to the local community in each location.

In the reporting period, BCF opened five small-format stores in regional locations including Sale, Victoria and Margaret River, Western Australia. These stores deliver a localised and tailored range to customers, while allowing for a smaller store size at an average of 838 square metres. While these smaller stores hold key products and brands, they hold about 24 per cent less range than a standard BCF store and are performing above business case expectations by an average of 20 per cent.

In addition to new regional formats, BCF launched its first Tackle Store concept in Mackay in December 2021. The tackle 'store-in-a-store' concept delivers regionally-relevant fishing and boating offers. This has been successful with an NPS improvement of 1.8 points and sales 6 per cent higher than fleet since its launch.

While fishing's popularity continued to dominate in the north of Australia, BCF's winter product amplification rolled out to the southern store network. A successful trial of select Macpac ranges in four Tasmanian BCF stores during winter 2020 led to the successful FY22 roll-out of Macpac into 44 southern stores, supported by expansion in hiking, bushwalking and cold climate camping ranges.

The accelerated demand for the 4WD and caravan categories, experienced in FY21, continued throughout the reporting period. To meet the demand, BCF expanded these categories to an additional 25 stores in FY22, accompanied by purpose-built fixtures, improved signage and displays for customers.

BCF also added a number of key brands to the range in FY22, including Yeti (in 30 stores) and Zempire (in 101 stores). These brands emphasise BCF as a destination for quality, outdoor big brands that support customer participation in everything boating, camping, and fishing.



BCF is a leading outdoor retailer, with stores in every Australian state and territory. With expert knowledge and service, we provide everything you could possibly need for your next boating, camping or fishing adventure, all under the one roof.

147

STORES

2.1mACTIVE CLUB
MEMBERS**66**AVERAGE ACTIVE
CLUB MEMBER NPS**\$830m**

SALES

36%ONLINE SALES
GROWTH**\$60m**

SEGMENT PBT

7%ACTIVE CLUB
MEMBER GROWTH**87%**ACTIVE CLUB
MEMBERS % OF
TOTAL SALES**80%**BRAND
AWARENESSStellar Market Research;
Australia FY22**86%**IN-STORE
% OF TOTAL
SALES**9%**CLICK & COLLECT
% OF TOTAL SALES**5%**HOME DELIVERY
% OF TOTAL
SALES



Macpac's in-house repairs service



Care, repair, and community at Macpac

The Macpac team believe that sustainability begins with quality gear that is designed and built to last. They know there is a need to help customers keep their gear going, for years to come. As evidence of this, Macpac has offered an in-house repairs department as a core part of the Macpac offer since it first opened.

The Macpac team have also since recognised that there is a need for a more comprehensive approach to address its impact; an approach that involves the entire Macpac team and supports local charities and strengthens our communities.

The Resource Recovery Program was developed to provide responsible solutions for a wide range of materials regularly encountered in stores.

The Resource Recovery Program has three pillars:

Empower and educate the retail team

Macpac's retail team are trained to follow in-house Resource Recovery guides for product, along with location-specific recycling guides for all other store materials. Key metrics of waste diversion are shared with teams, so they are empowered to divert as much from landfill as possible.

Provide simple, visual, and easy-to-use guides

Macpac created its own guides for resource recovery and waste diversion, in the absence of a suitable existing approach with an appropriate level of detail, and also proactively sought partners who could provide suitable solutions.

Collaborate with industry partners

Macpac has donated quality used gear to charitable organisations in its communities for a number of years. For gear that is faulty or unable to be donated, Macpac partners with two organisations in Australia that provide responsible repurposing and recycling solutions:

- **Offtrack's 2nd Life Project** – Macpac donates used gear to the 2nd Life Project who lend to learning institutions. Product beyond use, in its current form, is also donated and the 2nd Life Project team repurpose them into new products for the outdoor industry.
- **Upparel** - Macpac partners with Australian circular brand, Upparel, for product that cannot be re-used or re-purposed. Upparel is a Certified B-Corporation (B Corp), who recycles donated products turning them into something new.

In August 2021, Macpac was recognised as the National Retail Association's 2021 Sustainability Champion of the Year for its commitment to positive corporate citizenship. The award celebrates businesses who lead the way in improving environmental awareness to employees and customers, sustainable forward thinking, and reduction of waste.

Ts & Cs apply



Macpac’s apparel and equipment has inspired a life outdoors since 1973. Designed, tested and proven in the ultimate outdoor test lab – New Zealand – our wide range of products are made by adventurers, for adventurers. Macpac operates in both Australia and New Zealand.

85

STORES

0.6m

ACTIVE CLUB
MEMBERS

69

AVERAGE ACTIVE
CLUB MEMBER NPS

\$177m

SALES

35%

ONLINE SALES
GROWTH

\$19m

SEGMENT PBT

22%

ACTIVE CLUB
MEMBER GROWTH

72%

ACTIVE CLUB
MEMBERS % OF
TOTAL SALES

86%

BRAND
AWARENESS

Stellar Market Research;
New Zealand FY22

77%

IN-STORE
% OF TOTAL
SALES

4%

CLICK & COLLECT
% OF TOTAL SALES

19%

HOME DELIVERY
% OF TOTAL
SALES

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Passionately supporting our team



Vision, mission and values

VISION

INSPIRING YOU TO
LIVE YOUR PASSION

MISSION

TO INSPIRE 10 MILLION
ACTIVE CUSTOMERS
TO LIVE THEIR PASSION
BY 2025

VALUES



The vision, mission and values that guide our team at Super Retail Group are a powerful tool. They help us communicate our intentions as an organisation, and they inspire our team by guiding action and driving behaviour.

Since first articulating Super Retail Group's vision and values in the early 2000s, we have grown our brands, we have a significantly larger and much more diverse group of team members, we have transitioned to an omni-retailer, and the retail industry in which we operate has evolved quite dramatically.

In early 2022, we launched a new and defining set of vision, mission and values for Super Retail Group. These were developed from the ground up and started with team member

focus groups in late 2020. They have come from our team, and are for our team.

Our vision is the reason we show up. Inspiring you to live your passion.

Our mission is the flag on the hill, our collective ambition. To inspire 10 million active customers to live their passion by 2025.

Our values act as our guardrails, and they are the way we will hold ourselves and each other accountable. They guide us in our decisions, our actions and our behaviours.

As a team, we will use our updated vision, mission and values framework as a positive force for change.

A safe and healthy team

10.7

TRIFR - 138 INCIDENTS
PER MILLION HOURS
WORKED

Total Recordable Injury Frequency Rate (TRIFR) increased by 13 per cent in FY22 to 10.7. Seventy-six per cent of recorded injuries were caused by manual handling, with COVID-19 being a contributing factor in raising the risk of this type of injury.

Assurance is achieved through monthly verification of controls by leaders at every site. The Health and Safety and Asset Protection teams find further opportunities for improvement via field verification.

Key areas of focus were critical risks and general housekeeping controls (given the predominant cause of TRIFR incidents relate to manual handling incidents). Standardisation of ladders and safety steps reduced exposure to work-at-height risks.

We continue to develop leadership capability about safety to improve safety maturity, with ten learning modules delivered to leaders across six topics.

An engaged and passionate team

An engaged and passionate team is a core ingredient to achieving our vision. The passion and knowledge of our people underpins our strategy for operating in high-involvement categories.

The average of our two engagement surveys undertaken in FY22 was 81, which is four points above the Achievers global benchmark.

In the second survey, we introduced a People Leader Index that provides insight about individual leadership capability across five drivers: care, context, clarity, communication and coaching. The inaugural score for Super Retail Group leaders was 84, which now provides an internal baseline to build on for the Group's leadership.

Our team's passion is further seen in their engagement with our key internal platforms: SOULmoments (recognition) and Workplace (internal communication). These platforms are core to communicating our strategy and sharing our success. Every month, on average, 83 per cent are active on Workplace and there are 15,199 recognitions, both of which are above benchmark.

Diversity in leadership

Super Retail Group's citation as an 'Employer of Choice' was renewed with the Workplace Gender Equality Agency in FY22. We were one of only two retailers to receive the citation, which re-affirms our commitment to diversity in leadership and achieving gender equality across our organisation.

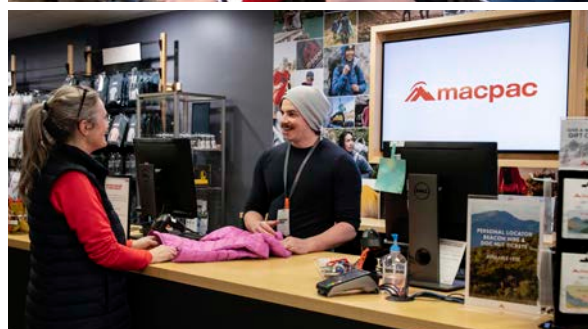
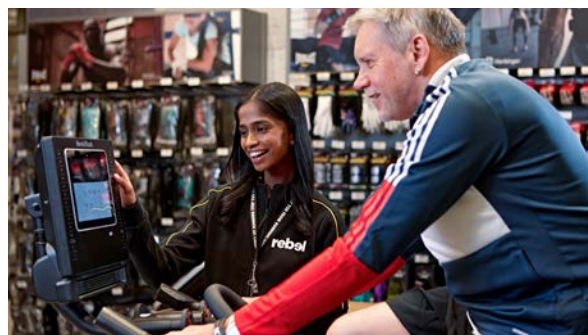
In the reporting period we reset our gender equality goal to achieving 40:40:20 in Board, executive and senior leadership positions by 2025 (40 per cent identifying as female, 40 per cent identifying as male, and 20 per cent identifying as any gender). Female representation on our Board is 37.5 per cent, 45.5 per cent at the executive level and 37.3 per cent for women in senior leadership.

Continuous learning and development

We continued our targeted investment in team member and leadership learning and development. Our two key learning platforms (SOULexperts and SOULlibrary) delivered more than 135,000 hours of learning, equipping our team with the knowledge to meet our customers' needs and to grow in their roles.

Our three leadership development programs (senior leader, extended leader and women in leadership) expanded to include a targeted program for Area Managers. These 61 leaders are critical leaders of our 750 store management roles and 12,500 retail team members.

Furthermore, more than 90 team members completed their Accredited Learning journeys and now hold a Certificate III in Retail Operations or Certificate IV in Retail Management qualification. In New Zealand, 11 team members completed their Certificate in Retail – Level 4.



82 and 80

TEAM MEMBER
ENGAGEMENT

October 2021,
June 2022

15,199

AVG TEAM MEMBER
RECOGNITIONS
PER MONTH

37.3%

WOMEN IN SENIOR
LEADERSHIP

Board of Directors



SALLY PITKIN AO

**Independent
Non-Executive Chair**



ANTHONY HERAGHTY

**Group Managing Director
and Chief Executive Officer**



REG ROWE

Non-Executive Director

Appointed

Director since 1 July 2010
Chair since 23 October 2017

20 February 2019

8 April 2004

Committees

Chair of the Nomination
Committee

Member of the Human Resources
and Remuneration Committee

Member of the Nomination
Committee

Qualifications and experience

Sally has more than 25 years' experience as a Non-Executive Director in the listed, private, public and non-profit sectors, including in international markets, and 18 years' experience as a non-executive director of ASX200 companies. Sally is a Fellow of the Australian Institute of Company Directors and Chair of the Institute's Corporate Governance Committee. She is a former lawyer and senior corporate partner of a national law firm. Sally holds a Doctor of Philosophy (Governance), a Master of Laws and Bachelor of Laws. In 2021, Sally was recognised with an Order of Australia for her "distinguished service to business, to corporate governance standards and performance, to the arts, and to the advancement of women".

Anthony has more than 20 years' leadership experience across the retail, apparel, FMCG and marketing services industries. Prior to his appointment as Group Managing Director and Chief Executive Officer, Anthony was Managing Director – Outdoor Retailing (2015-2019) where he was responsible for the BCF, Rays and Macpac businesses. Anthony has served in a variety of senior roles including Group General Manager of Underwear for Pacific Brands Limited, where he led the overhaul of the Bonds business from a wholesale operation to an omni-retailer, Global Marketing Director for Foster's Group Limited and Managing Director for George Patterson and McCann Erickson. Anthony holds a Bachelor of Business from the Queensland University of Technology and is a graduate member of the Australian Institute of Company Directors.

Reg and Hazel Rowe founded an automotive accessories mail order business in 1972, which they ran from their Queensland home. In 1974 they commenced retail operations of the business that evolved into the thriving speciality retail business – Supercheap Auto.

Reg served as Managing Director until 1996 and then Chairman from 1996 to 2004. Prior to this, Reg had 13 years' experience in various retail and merchandise roles at Waltons and Myer department stores.

Reg brings to the Board extensive retail industry and general management expertise and skills in retail and merchandise operations, property and strategy.

Directorships of listed companies within past three years

Director of Link Administration Holdings Limited (since September 2015)

Director of The Star Entertainment Group Limited (December 2014 – June 2022)

Leisure passion

Bush walking and skiing

Fishing, camping, hiking, cycling, walking and cars

Enjoying time with family, walking and gardening

**HOWARD MOWLEM**

**Independent
Non-Executive Director**

13 June 2017

Chair of the Audit and Risk Committee
Member of the Human Resources and Remuneration Committee

Howard is experienced in many segments of the Australian and international retail industry and brings extensive experience in corporate finance, mergers and acquisitions, financial reporting, treasury, tax, audit and governance. From 2003 to 2010, he was Chief Financial Officer and board member of Dairy Farm International Holdings, a Hong Kong-based pan-Asian retailer. Prior to that, for 12 years he held various finance positions at Coles Myer Ltd, including Finance Director for Coles Supermarkets. Howard was formerly a Non-Executive Director and Audit Committee Chair of Billabong International Limited. He holds a Bachelor of Economics (Hons), a Master of Business Administration and Securities Industry Diploma, and is a Fellow of CPA Australia.

**PETER EVERINGHAM**

**Independent
Non-Executive Director**

19 December 2017

Chair of the Human Resources and Remuneration Committee
Member of the Audit and Risk Committee
Member of the Nomination Committee (until 30 June 2022)

Peter is an experienced executive with more than 25 years' corporate experience, including 18 years in senior executive roles in the digital sector. He was formerly Managing Director of SEEK Limited's International Division, and served as a Non-Executive Director of iCar Asia Limited, ME Bank and the education businesses, IDP Education, Online Education Services and THINK Education, as well as Chairman of SEEK's China subsidiary, Zhaopin Limited. Prior to SEEK, Peter was Director of Strategy for Yahoo! in Australia and Southeast Asia.

Peter holds a Master of Business Administration from IESE, a Bachelor of Economics from The University of Sydney, and is a graduate member of the Australia Institute of Company Directors. Peter is also a Director of WWF-Australia.

Director of Medibank Private Limited (since March 2022)
Director of iCar Asia Limited (July 2017 – May 2022) (delisted from ASX on 11 February 2022)

**ANNABELLE CHAPLAIN AM**

**Independent
Non-Executive Director**

31 March 2020

Member of the Audit and Risk Committee
Member of the Nomination Committee (since 1 July 2022)

Annabelle brings broad-ranging experience in financial services, industrial and infrastructure services. Her previous roles include Chair of Queensland Airports Ltd and Director of Downer EDI Limited, Credible Labs Inc and EFIC (Australia's export credit agency).

Annabelle is a member of the Australian Ballet Board of Directors. She holds an MBA (University of Melbourne), a BA majoring in Economics and Mandarin (Griffith University), a diploma from the Securities Institute of Australia and is a Fellow of the Australian Institute of Company Directors. In 2016, Griffith University conferred on her an honorary doctorate for her service to banking, finance and the Gold Coast community.

Director of Seven Group Holdings Limited (since November 2015)
Chairman of MFF Capital Investments Limited (Director since May 2019 and Chairman since August 2019)

**JUDITH SWALES**

**Independent
Non-Executive Director**

1 November 2021

Member of the Audit and Risk Committee

Judith is a retail, sales, marketing and manufacturing professional who has more than 20 years' experience in high profile, global, consumer facing companies. Judith is currently the Chief Executive Officer Global Markets at Fonterra.

Her previous roles include Managing Director of Heinz Australia, Chief Executive Officer and Managing Director of Goodyear Dunlop Tyres Australia and New Zealand, and Managing Director of Angus & Roberston/WH Smith Australia. She also previously served as a Non-Executive Director of Fosters, Virgin Australia and DuluxGroup. Judith holds a Bachelor of Science (Honours) in Microbiology and Virology (University of Warwick) and is a graduate member of the Australian Institute of Company Directors.

Director of Virgin Australia Holdings Limited (May 2019 – October 2020) (delisted from ASX on 17 November 2020)
Director of DuluxGroup Limited (April 2011 – August 2019) (delisted from ASX on 22 August 2019)

Golf

Ocean swimming

Hiking, travel and reading

Golf and squash

Executive Leadership Team

PAUL BRADSHAW | Managing Director – BCF

Paul joined Super Retail Group in December 2019 as Managing Director for BCF and brings deep retail expertise from more than 30 years in executive and management leadership roles at successful retailers in both Australia and internationally. After working in various managerial roles at Safeway in the United Kingdom, Paul joined ASDA Stores working in regional and headquarters planning and strategy positions. Paul worked for nearly a decade with the Coles Group, holding a number of leadership positions including Group General Manager, Store Development and Chief Store Operations Officer where he was responsible for creating and driving the operations strategy.



DAVID BURNS | Chief Financial Officer

David joined Super Retail Group in December 2012 in the role of Chief Financial Officer. David has overall responsibility for the finance, investor relations, and property and store improvement portfolios. David holds a degree in Economics from the University of Sydney and is a FCPA. He has more than 30 years of finance experience in a number of industry sectors, and previously held senior management positions at Qantas, Spotless and Lend Lease.



SU DUFFEY | Chief of Business Operations and Chief of Staff

Su joined Super Retail Group in July 2022 as Chief of Business Operations and Chief of Staff following a 30-year career spanning a range of leadership and executive roles in Australia and New Zealand. Her experience covers strategy, operating model and organisation design, Human Resources, marketing, retail customer experience, and ways of working and digital transformation. Su holds a Master of Business Administration and a Bachelor of Arts (Politics and History), both from Victoria University of Wellington in New Zealand.



REBECCA FARRELL | Chief Legal Officer and Company Secretary

Rebecca joined Super Retail Group in February 2020 as Chief Legal Officer and Company Secretary, and is responsible for leading our legal, risk, health and safety, compliance, sustainability and group secretariat functions. She has extensive executive experience in legal and corporate governance, gained through roles in top tier law firms and blue chip corporates throughout the US, Europe, Asia and Australia including IAG, Amcor and Westpac. Rebecca holds a Bachelor of Laws (first class honours) from Monash University and a Bachelor of Arts.



JANE KELLY | Chief Human Resources Officer

Jane joined Super Retail Group in July 2016 as Chief Human Resources Officer and is responsible for the company's workforce strategy, leadership and capability development, employee relations and corporate affairs. Through the Group people strategy, she delivers sustainable business outcomes, with a focus on quality stakeholder engagement. Jane holds a Master of Commerce and Employee Relations with Honours from the University of Melbourne and a Bachelor of Commerce from the University of New South Wales. She was previously the Human Resources and Corporate Affairs Director at BT Financial Group and also held senior roles as Head of Reward for St. George Bank and Head of Human Resources - Australian Financial Services at Westpac.



MANDY ROSS | Chief Information and Digital Officer

Mandy is an experienced IT and digital executive with expertise across technology delivery, digital, transformation and IT operating models. She joined Super Retail Group in October 2021 from Griffith University where she was Chief Digital Officer. Prior to her role with Griffith University, Mandy held CIO roles with ASX-listed Tabcorp, LiteracyPlanet and Wotif Group. In these roles, Mandy has traversed traditional organisations that need to accelerate their digital maturity as well as high-growth digital-native companies.

**RORY SCOTT | Chief Strategy and Customer Officer**

Rory has been with Super Retail Group since October 2010 in a variety of roles covering merchandising, marketing and strategy. In July 2022, Rory was appointed as Chief Strategy and Customer Officer with responsibility for corporate strategy development, analytics, marketing and customer strategy. He holds a Bachelor of Economics degree from Trinity College, Dublin. Rory has extensive international retail experience including leadership roles with Marks and Spencer, Jigsaw and Australian Geographic and has worked in a number of countries throughout Asia and Europe.

**CATHY SEAHOLME | Managing Director – Macpac**

Cathy is an experienced retail executive, holding senior leadership roles with high-profile businesses during a retail career in Australia of more than 30 years. Cathy was previously General Manager Retail Operations for Priceline Pharmacy, part of the ASX-listed Australian Pharmaceutical Industries Limited, one of Australia's leading health and beauty companies. Prior to Priceline, Cathy was General Manager for The Body Shop Australia, and has previously held senior leadership roles with retail brands including Meredith, French Connection and the Country Road Group's Witchery and Mimco.

**BENJAMIN WARD | Managing Director – Supercheap Auto**

Benjamin joined Super Retail Group in July 2019 as Managing Director – Supercheap Auto. Benjamin holds a Bachelor of Business (Marketing) from the University of Newcastle and is an experienced retail executive with 25 years in senior management roles across Australia, UK, US and Europe, including two decades with international supermarket giant ALDI. Previously, he was Managing Director, Global Business Coordination for ALDI Supermarkets based in Germany. Benjamin also held various senior leadership roles at ALDI in Operations, Merchandising, Transformation and Change Management.

**DARREN WEDDING | Chief Supply Chain Officer**

Darren joined Super Retail Group in January 2019 as Chief Supply Chain Officer. Darren has more than 30 years' experience in supply chain and logistics, including nine years based in Asia, working in a broad array of industries including military, steel manufacturing, FMCG, retail and third party logistics. Darren holds a Bachelor of Business Degree, Graduate Diploma of Business and a Master of Business Administration from the University of Southern Queensland. Prior to joining Super Retail Group, Darren worked in a regional operations role for Zuellig Pharma serving their Asian operations.

**GARY WILLIAMS | Managing Director – rebel**

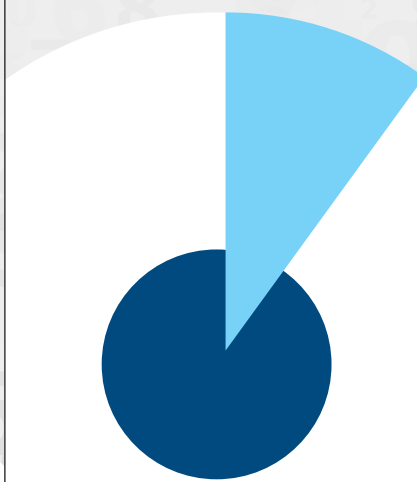
Gary joined Super Retail Group in April 2019 as Managing Director – rebel. Gary has more than 30 years of global retail, brand and property experience, including senior executive roles in Australia - where he has served for the past 20 years – the US, UK, Asia Pacific and South Africa. Previously Gary was the Chief Operating Officer for the Alceon Retail Group and has also held executive, board and senior retail leadership roles with brands including David Jones/Country Road Group, Myer, OK Bazaars, Puma, Reebok, Coca-Cola, Westfield and Topshop.



2022

**Directors' Report
Remuneration Report
Financial Statements**

For the financial
year ended
2 July 2022



DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising Super Retail Group and its subsidiaries for the financial year ended 2 July 2022.

The Company has adopted a 53-week financial year, for financial reporting purposes, which ended on 2 July 2022. The prior financial year was a 52-week period ended on 26 June 2021.

1. Directors

The following persons were Directors of the Company at any time during the financial year and up to the date of this report:

- Sally Pitkin AO - Independent Non-Executive Chair
- Anthony Heraghty - Group Managing Director and Chief Executive Officer (Group MD and CEO)
- Annabelle Chaplain AM - Independent Non-Executive Director
- Peter Everingham - Independent Non-Executive Director
- Howard Mowlem - Independent Non-Executive Director
- Reg Rowe - Non-Executive Director
- Judith Swales - Independent Non-Executive Director (appointed 1 November 2021)
- Gary Dunne - Independent Non-Executive Director (retired effective 31 December 2021)

Those Directors listed as Independent Non-Executive Directors have been independent throughout the period of their appointment.

Details of the qualifications, experience, special responsibilities and other details of the Directors are set out on pages 27 to 28.

2. Board and Board Committee meetings and attendance

The number of meetings of the Board and each Committee and the individual attendance by Directors at those meetings which they were eligible to attend, during the financial year, is summarised below:

	Board		Nomination Committee		Audit and Risk Committee		Human Resources and Remuneration Committee		Board Sub-Committee	
Total number of meetings held	11		3		4		5		2	
	A	B	A	B	A	B	A	B	A	B
Sally Pitkin AO	11	11	3	3	3 ⁽¹⁾	-	5	5	2	2
Anthony Heraghty	11	11	1 ⁽¹⁾	-	4 ⁽¹⁾	-	5 ⁽¹⁾	-	2	2
Annabelle Chaplain AM ⁽²⁾	11	11	-	-	4	4	4 ⁽¹⁾	-	-	-
Peter Everingham ⁽³⁾	11	11	3	3	4	4	5	5	-	-
Howard Mowlem	11	11	-	-	4	4	5	5	2	2
Reg Rowe	11	11	3	3	4 ⁽¹⁾	-	5 ⁽¹⁾	-	-	-
Judith Swales ⁽⁴⁾	6	6	-	-	2	2	-	-	-	-
Gary Dunne ⁽⁵⁾	5	5	-	-	2	2	3 ⁽¹⁾	-	-	-

(1) Indicates that a Director is not a member of a specific Committee and attended by invitation.

(2) Ms Chaplain was appointed a member of the Nomination Committee on 1 July 2022.

(3) Mr Everingham retired as a member of the Nomination Committee on 30 June 2022.

(4) Ms Swales was appointed as an Independent Non-Executive Director, and as a member of the Audit and Risk Committee, on 1 November 2021.

(5) Mr Dunne retired from the Board as an Independent Non-Executive Director on 31 December 2021.

A Number of meetings attended.

B Total number of meetings eligible to attend as a member.

All Board members may attend any Committee meeting even if they are not a member of the relevant Committee.

DIRECTORS' REPORT (continued)

3. Directors' interests

As at the date of this report, the Directors have relevant interests in ordinary shares of the Company and other relevant disclosable interests, as notified by the Directors to the ASX in accordance with the Corporations Act, in the following:

Director	Number of ordinary shares	Number of performance rights
Sally Pitkin AO	68,405	-
Anthony Heraghty	159,101 ⁽¹⁾	334,308
Annabelle Chaplain AM	11,865	-
Peter Everingham	40,000	-
Howard Mowlem	34,286	-
Reg Rowe	65,890,431	-
Judith Swales	5,925	-

(1) Includes 32,023 restricted shares held under the Super Retail Group Employee Equity Incentive Plan.

Further details regarding the performance rights and restricted shares held by the Group MD and CEO are set out in the Remuneration Report on pages 60 to 63.

4. Company Secretary

Ms Rebecca Farrell is the Company Secretary of the Company. Ms Farrell was appointed to the position of Chief Legal Officer and Company Secretary on 10 February 2020. Details of Ms Farrell's qualifications and experience are set out on page 29.

5. Operating and Financial Review

5.1 Overview of the Group

The Group is a for-profit entity and is primarily involved in the retail industry. Founded in 1972 as an automotive accessories mail order business that evolved into Supercheap Auto, the Group has grown through both organic growth and mergers and acquisitions evolving its principal activities to include:

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

For further details about the Group's strategy refer to pages 11 to 12.

5.2 Review of financial condition

When reviewing the financial results of the Group, the following factors require consideration:

- FY22 comprised a 53-week trading period as compared to 52-weeks for FY21. An unaudited non-IFRS comparative ("Adjusted") has been provided, which adjusts FY22 down to 52 weeks and compares against the FY21 result. The intention is to provide the user of the financial information with a more meaningful comparative;
- Like-for-like sales growth compares our unaudited estimated 52-week FY22 results against FY21 for stores that were open for more than one year; and
- COVID-19 lockdowns affected the first half of FY22.

(a) Group results	FY22 (53 weeks) \$m	FY21 (52 weeks) \$m	Change %	Adjusted %(¹)
Revenue from continuing operations	3,550.9	3,453.1	2.8%	1.0%
Statutory profit for the period after tax	241.2	301.0	(19.9%)	(21.1%)
Segment earnings before interest and taxes (EBIT)	396.6	476.8	(16.8%)	(18.0%)
% to sales	11.2%	13.8%		
Segment normalised profit before taxes (PBT)	349.6	435.8	(19.8%)	(21.0%)
% to sales	9.8%	12.6%		
Normalised net profit after tax (NPAT)	244.1	306.8	(20.4%)	(21.6%)
Operating cash flow	340.4	600.0	(43.3%)	(35.0%)
Earnings per share (EPS) – basic (cents)	106.8	133.4	(19.9%)	n/a
Dividends per share (cents)	70.0	88.0	(20.5%)	n/a

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY21.

The Group delivered a record sales result that was up 2.8 per cent on FY21 (or up 1.0 per cent adjusted), with digital sales growing 44 per cent to a record \$601 million and active club memberships growing by 14 per cent to a record 9.2 million members. The impact of COVID-19 resulted in lockdowns during the first half of FY22 that disrupted in-store revenues, however the second half sales grew strongly as foot traffic recovered.

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.2 Review of financial condition (continued)

(a) Group results (continued)

Our segment normalised Profit Before Tax (PBT) fell \$86.2 million (19.8 per cent) to \$349.6 million, with the following being the key drivers:

- Ongoing global supply chain disruption has seen our supply chain costs increase, whilst we have also increased promotional activity, particularly in BCF. These factors have seen our gross profit trading margins decrease from the record FY21 result by 1.1 percentage points to 46.8 per cent.
- We have continued to execute our store development and strategic portfolio programs. Expenditures on strategic programs include customer loyalty, digital experience, workforce planning, warehouse management, endless-aisle and gift card platforms. These are important initiatives intended to provide long-term growth capability to the Group.
- The result also includes a \$5.9 million write-down in our investment in Autoguru (including loans) as well as expenditures associated with building our customer loyalty and personalisation capability.

Omni-retail strategy and impact of COVID-19

The success of our omni-retail strategy continues to provide customers with a seamless transition from online to in-store experiences and we have again seen a strong increase in online revenues of 44 per cent to \$601 million. This growth is built on ongoing expenditures in digital capability, which span sourcing, distribution and technology centres of excellence. Our ability to provide 'Click & Collect' and home delivery, combined with after-sales service both in-store or online, has enabled the Group to prepare for long-term success as the impacts of COVID-19 subside. Unfortunately, COVID-19 impacted the Group, with lockdowns affecting a number of key markets in the first half of FY22.

Normalised net profit after tax

As with prior years, we have provided a reconciliation of statutory profit after tax to normalised net profit after tax below. As with prior years, the main adjustment relates to costs in relation to executing the wage underpayment remediation program.

	2022 \$m	2021 \$m
Statutory profit for the period after tax	241.2	301.0
- Wages underpayment and remediation costs ⁽¹⁾	2.7	6.2
- Losses from associates accounted for using the equity method	0.4	0.2
- Reversals of provisions previously excluded from normalised NPAT ⁽¹⁾	(0.2)	(0.6)
Total of items not included in total segment NPAT	2.9	5.8
Normalised net profit after tax	244.1	306.8

(1) Net of tax

(b) Division results

	Sales		Segment EBITDA		Segment EBIT		Segment PBT	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Supercheap Auto	1,339.8	1,308.8	301.5	315.7	190.6	204.2	176.1	192.3
rebel	1,212.0	1,197.0	264.6	285.9	155.6	180.0	141.0	166.7
BCF	829.7	797.7	133.4	167.1	68.9	105.2	59.6	96.4
Macpac	176.8	153.4	40.5	35.7	20.0	18.1	18.6	16.9
Unallocated/intersegment	(7.4)	(3.8)	(38.2)	(28.2)	(38.5)	(30.7)	(45.7)	(36.5)
	3,550.9	3,453.1	701.8	776.2	396.6	476.8	349.6	435.8

Supercheap Auto

\$m	FY22 (53 weeks)	FY21 (52 weeks)	Change	Adjusted change ⁽¹⁾
Sales	1,339.8	1,308.8	2.4%	0.5%
Segment EBITDA	301.5	315.7	(4.5%)	(6.0%)
Segment EBIT	190.6	204.2	(6.7%)	(8.7%)
Segment normalised PBT	176.1	192.3	(8.4%)	(10.5%)
Normalised PBT margin	13.1%	14.7%	(1.6%)	(1.6%)

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY21.

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.2 Review of financial condition (continued)

(b) Division results (continued)

Supercheap Auto (continued)

Sales increased by 2.4 per cent to \$1.3 billion (or up 0.5 per cent adjusted to 52 weeks), which was a record sales performance as the rollout of our new store format (Gen-4) continued across our store network.

COVID-19 lockdowns adversely impacted the first half sales (down 7.7 per cent), however the second half rebounded strongly as lockdowns eased, driven by the lubricant, auto maintenance and tool product categories.

Online sales grew 64 per cent to \$175.3 million with 'Click & Collect' comprising 79 per cent of total online revenues.

Segment normalised PBT fell 8.4 per cent to \$176.1 million, driven by higher supply chain costs, normalisation of promotion activity and full year investment in strategic programs that were suspended in the first quarter of FY21.

Supercheap Auto opened three new stores and closed one store in FY22, bringing the total number of stores to 329 store at period end.

rebel

\$m	FY22 (53 weeks)	FY21 (52 weeks)	Change	Adjusted change ⁽¹⁾
Sales	1,212.0	1,197.0	1.3%	(0.6%)
Segment EBITDA	264.6	285.9	(7.5%)	(8.3%)
Segment EBIT	155.6	180.0	(13.6%)	(14.4%)
Segment normalised PBT	141.0	166.7	(15.4%)	(16.3%)
Normalised PBT margin	11.6%	13.9%	(2.3%)	(2.2%)

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY21.

Sales increased by 1.3 per cent to \$1.2 billion (or down 0.6 per cent adjusted to 52 weeks). Increased contributions were recorded by our new rCX format stores whilst strong sales growth was achieved in the basketball and licenced product categories.

COVID-19 lockdowns adversely affected first half foot traffic within stores located in central business districts and larger shopping malls. Furthermore, delays in inbound shipping reduced the availability of key product lines. First half sales were down 5.9 per cent as a result. As restrictions eased, foot traffic recovered supporting like-for-like sales growth of 0.5 per cent in the second half of the year. Inventory deliveries from major trade partners were disrupted during the year, only beginning to recover in the fourth quarter of the year.

Online sales grew 39 per cent to \$267.7 million with 'Click & Collect' comprising 41 per cent of total online revenues.

Segment normalised PBT was down 15.4 per cent to \$141.0 million driven by higher supply chain costs, increased promotional activity, ongoing stock availability issues and full year investment in strategic programs that were suspended in the first quarter of FY21.

Rebel opened three stores and closed one store in FY22, bringing the total number of stores to 155 at period end.

BCF

\$m	FY22 (53 weeks)	FY21 (52 weeks)	Change	Adjusted change ⁽¹⁾
Sales	829.7	797.7	4.0%	2.7%
Segment EBITDA	133.4	167.1	(20.2%)	(20.1%)
Segment EBIT	68.9	105.2	(34.5%)	(34.1%)
Segment normalised PBT	59.6	96.4	(38.2%)	(37.5%)
Normalised PBT margin	7.2%	12.1%	(4.9%)	(4.7%)

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY21.

BCF delivered a record sales result of \$829.7 million increasing 4.0 per cent in FY22 (or up 2.7 per cent adjusted to 52 weeks) driven by like-for-like growth and contribution from five new stores.

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.2 Review of financial condition (continued)

(b) Division results (continued)

BCF (continued)

Like-for-like sales in the first half were down 3.7 per cent as BCF cycled a record prior comparative period, however sales grew strongly in the second half, increasing 6.7 per cent, driven by strong trading over the summer and Easter holiday periods with boating and camping categories being particularly strong.

Online sales grew 36 per cent to \$116.7m with 'Click & Collect' comprising 66 per cent of total online revenues.

Segment normalised PBT was down 38.2 per cent to \$59.6m driven by increased promotional sales activity, higher supply chain costs and full year investment in strategic programs that were suspended in the first quarter of FY21.

BCF opened five new stores in FY22 to bring the total store network to 147 stores at period end.

Macpac

\$m	FY22 (53 weeks)	FY21 (52 weeks)	Change	Adjusted change ⁽¹⁾
Sales	176.8	153.4	15.3%	11.4%
Segment EBITDA	40.5	35.7	13.4%	7.8%
Segment EBIT	20.0	18.1	10.5%	(0.1%)
Segment normalised PBT	18.6	16.9	10.1%	(1.9%)
Normalised PBT margin	10.5%	11.0%	(0.5%)	(1.3%)

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY21.

Sales increased 15.3 per cent to \$176.8 million (or up 11.4 per cent adjusted to 52 weeks) driven by record winter sales in 2022.

Like-for-like sales were up 4.4 per cent overall and 8.5 per cent in the second half driven by a 12.4 per cent increase in Australian sales where colder and wetter than usual weather patterns saw strong growth in rainwear and insulation apparel. New Zealand operations saw a reduction in like-for-like sales of 6.5 per cent due to COVID-19 lockdowns, reduced activity in the tourism and travel sectors and a more subdued macro-economic environment. Macpac product that is wholesaled to rebel and BCF grew by 95 per cent in FY22, contributing to stronger brand awareness in Australia and the stronger sales result.

Online sales grew 35 per cent to \$40.8 million with 'Click & Collect' comprising 17 per cent of total online sales.

Segment normalised PBT was up 10.1 per cent to \$18.6m (down 1.9 per cent adjusted to 52 weeks). Trading margins were lower in the first half as a result of the lower sales intensity. Margins improved in the second half due to a lift in sales intensity and higher mix of Australian sales which operate at a higher margin contribution.

Macpac opened ten new stores during the year with one closure, bringing the total store network to 85 at period end.

Group costs

The Group continued to incur significant expenses in relation to its ongoing strategic programs relating to customer loyalty, digital experience, workforce planning, warehouse management, endless-aisle and gift card platforms. These important initiatives are intended to provide long-term growth capability to the Group. FY22 Unallocated Group costs included \$5.9 million relating to the write down of our Autoguru investment (including loans) and expenditures to develop the customer loyalty and personalisation platforms. The prior year included a \$5.4 million one-off software asset write-down, resulting in a net increase of \$7.8 million for the year.

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.2 Review of financial condition (continued)

(c) Financial position and cash flow

	2022 \$m	2021 \$m
BALANCE SHEET		
- Trade and other receivables	53.6	38.4
- Inventories	799.6	696.4
- Trade and other payables	(451.4)	(563.4)
- Current tax (liabilities)	(19.8)	(69.5)
Total working capital	382.0	101.9
- Cash and cash equivalents	13.4	242.3
- Borrowings	-	-
- Lease liabilities	(1,010.7)	(989.6)
Net debt	(997.3)	(747.3)
- Property, plant and equipment	235.7	219.9
- Right-of-use assets	923.7	894.3
- Intangible assets	866.0	866.9
- Other financial assets	-	6.1
- Derivatives	11.9	3.6
- Provisions	(138.3)	(123.6)
- Deferred taxes	5.3	4.7
NET ASSETS	1,289.0	1,226.5
CASH FLOW		
Net cash inflow from operations	340.4	600.0
Net cash (outflow) from investing	(124.7)	(84.5)
Net cash (outflow) from financing	(444.8)	(558.2)
Net (decrease) in cash	(229.1)	(42.7)
Cash at the beginning of the period	242.3	285.1
Effects of exchange rates on cash	0.2	(0.1)
Cash at the end of the period	13.4	242.3

Working capital

Working capital increased by \$280.1 million driven predominantly by higher inventory investment and lower trade payables. Trade receivable increases and lower tax payable liabilities also contributed. The key drivers of the increased investment include:

- Supply chain disruptions were again evident throughout the year, whilst the Group saw strong sales demand with minimal levels of bank debt. The Group therefore determined that it was appropriate to increase its inventory holdings with a view to minimising disruptions and out-of-stock events. Inventory weeks cover has increased by 3.9 weeks since FY20 to mitigate supply chain disruption risks.
- Trade payables were lower at balance date because of the longer order lead times for inventory, timing of inventory arrivals and the lag effect of associated payments. Furthermore, the 53-week trading period included an additional payment cycle, which also lowered trade payables.
- Trade and other receivables increased due to timing, whilst tax liabilities reduced as a result of a higher instalment rate being applied to current year profits following the FY21 record profit result and a \$67 million tax payment related to the prior year.

The Group was in a net cash position of \$13.4 million (cash less overdraft) compared to \$242.3 million in the prior year. The lower cash was driven by the increases in working capital discussed above, which in turn has driven a significant reduction in operating cash flow to \$340.4 million (down \$259.6 million).

Cash outflows from investing increased \$40.2 million to \$124.7 million, reflecting ongoing capital expenditures on new stores and strategic programs related to building omni-retail capabilities.

Cash outflows from financing fell by \$113.4 million to \$444.8 million due to a combination of factors. Dividend, interest and lease interest payments were all higher (up \$95.2 million) but were offset by the prior capital raise and debt payment initiative (down \$208.6 million).

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.2 Review of financial condition (continued)

(d) Segment results prior to AASB 16 Leases

The segment results below show results by division excluding the impact of AASB16 Leases. The segment results on a post AASB16 Leases basis are in Financial Statements - Note 4 Segment Information. Divisional results fell against the prior year for the reasons outlined above.

For the 53 week period ended 2 July 2022	SCA \$m	rebel \$m	BCF \$m	Macpac \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
Segment Revenue and Other Income							
External segment revenue	1,339.8	1,212.0	829.7	169.4	3,550.9	-	3,550.9
Inter segment sales	-	-	-	7.4	7.4	(7.4)	-
Other income	-	0.1	-	-	0.1	-	0.1
Total segment revenue and other income	1,339.8	1,212.1	829.7	176.8	3,558.4	(7.4)	3,551.0
Segment EBITDA	219.9	177.6	81.6	22.4	501.5	(37.2)	464.3
Segment depreciation and amortisation	(40.3)	(35.2)	(19.8)	(3.7)	(99.0)	(0.3)	(99.3)
Segment EBIT result	179.6	142.4	61.8	18.7	402.5	(37.5)	365.0
Net finance costs							(8.1)
Total segment NPBT							356.9
Segment income tax expense							(107.7)
Normalised NPAT							249.2
AASB16 Leases adjustment							(5.1)
Other items not included in the total segment NPAT							(2.9)
Profit for the period attributable to:							
Owners of Super Retail Group Limited							241.2
Profit for the period							241.2

For the 52 week period ended 26 June 2021	SCA \$m	rebel \$m	BCF \$m	Macpac \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
Segment Revenue and Other Income							
External segment revenue	1,308.8	1,197.0	797.7	149.6	3,453.1	-	3,453.1
Inter segment sales	-	-	-	3.8	3.8	(3.8)	-
Other income	-	0.1	-	0.2	0.3	0.1	0.4
Total segment revenue and other income	1,308.8	1,197.1	797.7	153.6	3,457.2	(3.7)	3,453.5
Segment EBITDA	241.3	206.1	116.8	21.4	585.6	(28.2)	557.4
Segment depreciation and amortisation	(48.6)	(38.1)	(20.9)	(4.0)	(111.6)	(2.5)	(114.1)
Segment EBIT result	192.7	168.0	95.9	17.4	474.0	(30.7)	443.3
Net finance costs							(5.8)
Total segment NPBT							437.5
Segment income tax expense							(129.5)
Normalised NPAT							308.0
AASB16 Leases adjustment							(1.2)
Other items not included in the total segment NPAT							(5.8)
Profit for the period attributable to:							
Owners of Super Retail Group Limited							301.0
Profit for the period							301.0

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.2 Review of financial condition (continued)

(e) Material business risks

The Group operates in a dynamic and rapidly evolving environment across three geographies (Australia, New Zealand and China). Material risks that could adversely affect our operations, performance and delivery of our strategy are outlined in this section. Further financial risks are detailed in Note 22 – Financial risk management in the notes to the consolidated financial statements.

Super Retail Group is evolving in its approach to risk management to meet the demands of the operating environment and the expectations of our customers, the communities we operate in, our team members and investors.

The Group actively manages a range of financial and non-financial business risks and uncertainties which can potentially have a material impact on the Group and its ability to achieve its stated objectives. While the Group's approach to risk management seeks to identify and manage material risks and emerging risks, additional risks not currently known or detailed below may also adversely affect future performance.

Risk description	Risk management
People	
Health & Safety - Exposure to hazards at a level that causes harm (arising from the Group's operations)	
With operations in three countries and more than 700 stores, there are certain hazards that have the potential to cause significant harm. We are committed to the physical and psychological wellbeing, health and safety of our team members, customers, suppliers, visitors, and contractors across all our operations.	- Investing in the ongoing maturity of the Group's Health & Safety program. - Focus on hazard elimination and risk reduction, supported by a robust health and safety management system. - Implementing our planned preventative site and equipment maintenance program. - Enhancing compliance and leadership training.
Employment law compliance - Serious or systemic breach of employment law	
A variety of employment instruments across Australia, New Zealand and China create complexities particularly with respect to the payment of employee entitlements, where errors could occur. Any breach has the potential to cause financial detriment to our team members, reputational damage to the Group and to erode the trust and confidence of our team, customers, shareholders and regulators. We may also be liable for fines or other penalties.	- Using information technology to reduce the chance of error, including smart rostering. - Maturing the Group's Employee Relations Strategy. - Leveraging an Industrial Relations Framework including a wage review schedule, supported by training on correct rostering practices. - Conducting external wage reviews as part of our ongoing controls assurance program. - Structural consolidation of payroll functions within Human Resources.
Conduct - Inappropriate, unethical or unlawful conduct by the Group's Officers or Team Members	
With more than 14,000 team members, it is possible that not all team members will conduct themselves in a manner consistent with the Group's Code of Conduct or Values. Officer or Team Member wellbeing may also be impacted by disruption arising from COVID-19, severe weather events, geopolitical conflicts and/or cost of living pressures, which may influence conduct. As a result, it is possible that other team members or customers could be harmed, a significant issue or event could cause significant damage to one or all of the Group's brands, or that the Group incurs a financial loss.	- Maintaining a strong culture that engenders doing the right thing, guided by our recently refreshed Group Values and Code of Conduct. - Maturing our management of conduct risk. - Providing mechanisms for reporting wrongdoing and prompt action on misconduct, including a Whistleblower Policy, dedicated reporting line and Anti-Corrupt Practices Policy. - Investing in online fraud protection tools and resources across our brands. - Establishing relevant forums to oversee and actively engage on strategies to create a harassment free workplace. - Improving analytics to assist in the early identification of conduct risk and issues.
Strategy	
Competition and new entrants - Large scale shift in competitive landscape	
The risk of rapidly increasing competition (both online and in offline markets), or a large-scale shift in the Group's brands' competitive landscape. Increased competition can arise as a result of new entrants to the market, increased investment by existing competitors, aggressive competitor pricing and marketing strategies. Accelerated movement towards Direct-to-Consumer sales channels by trade partners, has the potential to alter competitive advantage and expose the Group to a loss of market share across our brands.	- Investing heavily in growing our active club loyalty membership base, personalising our services and retaining our loyal customers through new loyalty platforms and structured customer relationship management activities. - Growing our four core brands with an improved customer experience instore and online. - Improving brand awareness. - Optimising our store network. - Regularly monitoring key competitor market share. - Working closely with Trade partners to maximise opportunities.

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.2 Review of financial condition (continued)

(e) Material business risks (continued)

Risk description	Risk management
Strategy (continued)	
Strategy execution - Critical shortfall in capability and/or capacity to execute on the Group's strategy	
Execution on the Group's strategic agenda is highly dependent on developing capabilities for the future of retail, attracting and retaining talent, minimising technical debt and optimising the use of technology and our data assets. Retailers are faced with additional challenges to attract and retain talent. We need to compete for talent with other sectors that have experienced a contraction in labour supply, such as hospitality, and contend with damage to 'retail as a career' post-COVID-19. Inability to deliver the expected benefits and outcomes from the Group's strategy could impact our Brands' ability to compete in a dynamic and evolving market.	- Investing in portfolio management capability and program governance. - Investing in talent attraction and retention programs. - Embedding our updated vision, mission and values. - Leveraging a new Digital and Technology operating model to maximise the use of technology and data. - Maintaining a clear separation of duties between strategy development, strategy execution and project/portfolio execution and assurance. - Delivering our people strategy while keeping our tactical initiatives responsive to the external environment.
Climate change transition - Transition to a low carbon economy	
As the world transitions to a low carbon economy, legal, technological, market, brand and reputational issues could arise from emissions reduction activities (or a failure to take such activities) and expectations. Investors expect companies to deliver their climate change, environmental, social and sustainability commitments. Consumer concerns around greenwashing and transparency are growing as are market norms on sustainability. The transition is likely to bring legislative changes, technological advancements, shifts in consumer preferences, expectations and discretionary income.	- Investing in the capabilities and resourcing required to deliver our climate change transition goals. - Delivering on our refreshed 2030 Sustainability Framework, which includes emissions reduction goals, recycling and waste reduction programs, as well as support for environmental protection and restoration programs. - Benchmarking our practices against industry. - Keeping abreast of the market norms on sustainability, investor expectations and evolving consumer expectations. - Monitoring forthcoming regulatory and legislative changes.
Financial	
Economic disruption - Unexpected changes in macro-economic conditions	
Geopolitical conflicts, COVID-19 pandemic impacts, rising commodity prices, rising interest rates, wage growth pressures and global inflation levels have added further volatility to an already complex macro-economic environment. There is a risk of further unexpected changes in the macro-economic environment, including economic conditions in which our major suppliers operate, the tightening Australian and New Zealand labour markets, freight price increases and global shipping volatility, resulting in volatility to the Group's trading and non-trading environment.	- Maintaining a strong financial position backed by a well-executed omni-retail strategy and effective operating model. - Actively monitoring external indicators, macro-economic conditions and understanding potential impact through scenario modelling. - Managing financial risks within a disciplined policy framework. - Having in place strategic planning processes, including adjusting or reprioritising of strategic initiatives, if necessary. - Controlling inventory investment through robust inventory management processes.
Information and technology	
Cyber security, data management and privacy - Unauthorised access to the Group's systems	
The privacy, integrity, reliability and security of customer and team member data and information is of utmost importance to the Group and is critical to day-to-day operations and strategic direction. It is critical that we keep our commercially sensitive information safe and that we protect our customers through digital channels and e-commerce. Any unauthorised access can erode customer, team member, trade partner and shareholder trust in the Group and can have adverse regulatory and financial impacts. The interconnectedness and complexity of our information and technology, along with our heavy reliance on it, means we need to remain diligent to the increasing threat of cyber-attack.	- Maintaining a comprehensive cyber security approach including ongoing training and awareness. - Actively monitoring cyber threats. - Maturing our cyber security practices, policies, standards and controls. - Investing in cyber processes and tools. - Undertaking external IT risk and cyber maturity assessments.

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.2 Review of financial condition (continued)

(e) Material business risks (continued)

Risk description	Risk management
Operational	
Responsible sourcing - Unethical or dangerous working conditions in the Group's supply chain, including modern slavery	
Forced labour, debt bondage, deceptive recruitment and child labour have been associated with geographies, sectors and industries in which we operate. There is the potential for serious harm to people who work in our supply chain. Any failure to act as a responsible business through how we source our products can erode customer, team member, trade partner and shareholder trust in the Group and can have adverse regulatory and financial impacts.	- Maintaining a Responsible Sourcing Program, Policy and Code which includes monitoring, verification, audit and remediation processes. - Maintaining new supplier due diligence processes. - Reviewing in detail factory audit results provided by third parties and actively managing corrective action plans. - Monitoring service providers' due diligence processes, including self-assessment declarations, certifications, examinations and interviews. - Requiring relevant team members to complete responsible sourcing training programs. - Providing in our contracts, where relevant, that our trade partners must comply with our Responsible Sourcing Policy.
Product safety - A product sold by the Group's brands is unsafe and/or non-compliant with required standards	
We are committed to providing safe products for our customers and complying with requisite standards. Product safety is a critical part of our trading operations. If compromised, it can result in serious illness or injury, detrimental regulatory impacts and significant reputational damage.	- Maintaining a comprehensive and robust product compliance program and management systems including training, testing and review. - Designing and sourcing quality products that minimise the likelihood of products being unsafe or non-compliant. - Refreshing our product safety framework. - Actioning and managing product recall processes. - Standardising new line processes including risk-based product testing. - Conducting compliance checks for high-risk products. - Seeking trade partner guarantees.
COVID-19 - The pandemic impacts team members, retail operations, the Group's supply chain and/or financial performance	
Pandemic events can have a significant impact on business operations, health and wellbeing and social disruption, leading to adverse impacts on the Group. Further variants and the increase in the spread of COVID-19 may lead to further government restrictions and border closures and may also adversely impact the Group's suppliers, partners and broader supply chain, as well as the Group's customers, including customer preferences and online purchasing trends. Such events can cause significant economic, operational and social disruption which can adversely affect the operation and financial position of our businesses. The longer-term impact of COVID-19 on consumer behaviour, suppliers, team members and the Group is not fully known and, in some cases, could be materially adverse to the Group's financial and/or operational performance.	- Focusing on hazard elimination and risk reduction, supported by public health advice. - Maintaining and updating COVID-19 Safe Plans. - Managing the Group's planning, response and recovery from operational COVID-19 impacts through an Incident Management Team. - Maintaining, monitoring and, where required, strengthening internal controls designed to reduce the potential impact of business disruption including resilience, response and recovery controls such as business continuity plans. - Implementing supply chain optimisation initiatives to maintain agility, resilience and prioritisation processes. - Maintaining inventory buffers to increase tolerance to disruption.
Demand volatility - Demand volatility exceeds the Group's adaptive capacity	
Consumer demand can shift rapidly, and the Group needs to cater to the change to optimise earnings. Seasonality, rising inflation, increasing commodity prices, customer preferences and online purchasing trends, COVID-19 impacts such as the easing of restrictions, natural disasters, and higher interest rates may impact consumer demand for discretionary products. Inability to respond to rapid shifts in consumer demand in the current economic conditions may result in decreased market share and earnings and increased liquidity risk.	- Reducing the impact of seasonality in product range and expanding our offering to cater for domestic recreation. - Implementing supply chain optimisation initiatives to maintain agility, including a strategic planning cycle that includes review of category performance and participation rates. - Focusing on inventory planning and management processes across the network. - Maintaining agility in pricing, promotion and stock planning and investment. - Maintaining a strong financial position including liquidity position. - Diversifying our private label sourcing options. - Monitoring for shifts in consumer demand against regular forecasted expectations.

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.2 Review of financial condition (continued)

(e) Material business risks (continued)

Risk description	Risk management
Operational (continued)	
Supply chain - Protracted supply chain disruption	
Global and domestic supply chain disruption is a highly dynamic risk with complex drivers, many outside our control or influence. Regular supply shocks can impact the ability to maintain service and product levels. Severe weather events and damage to supply lines. Shipping volatility including pallet and container shortages, port capacity issues, further lockdowns or economic impacts in China that impact supply chain manufacturing, production, transport, port and shipping, geopolitical tensions and conflicts, COVID-19 impacts including potential new variants, labour shortages and transport reliability issues each have potential to contribute to extended lead times and/or the unavailability of products to meet customer demand, which may impact customer loyalty and reduce revenue.	- Building resilience and agility in our supply chain. - Modernising the technology supporting our supply chain, including upgrading our Warehouse Management System. - Maintaining inventory buffers to increase tolerance to disruption. - Maintaining freight and trade alliance membership and strategic partnerships.
Climate change adaptation - Physical impacts of climate change	
The climate is changing, affecting natural weather variability and leading to increased frequency and/or severity of weather events, such as extreme heatwaves, drought and intense rainfall causing flooding. The health and safety of our team and customers may be impacted. Our trade may be disrupted and assets damaged, the cost of industrial special risk insurance and the cost and availability of raw materials could be impacted, product demand affected and customer purchasing power reduced.	- Having in place emergency response and business continuity management plans, which support business resilience. - Maintaining a robust health and safety management system. - Implementing our planned site inspection and preventative maintenance program. - Identifying sites susceptible to increased risk of flooding in store network optimisation. - Complying with building codes and requirements. - Forecasting and monitoring changes in demand for key categories.
Business disruption - Trade is severely restricted or disrupted for an extended period	
While the easing and lifting of government restrictions in connection with COVID-19 has allowed normal trading to resume, operational challenges may exist in connection with unexpected events, severe weather events and other natural hazards, further COVID-19 impacts including potential new variants and the ongoing threat of ransomware and cyber-attack. Such events can cause sudden or cessation of day-to-day operations.	- Maintaining, monitoring and, where required, strengthening internal controls designed to reduce the potential impact of business disruption including resilience, response and recovery controls such as business continuity plans. - Evolving cyber security controls. - Adjusting COVID-19 Safe Plans to the evolving risk. - Building robust planning in the supply chain in concert with trade partners. - Having in place a property management and site maintenance services program. - Investing in upgrading technology systems.
Legal & regulatory compliance and change - Material breach of law or regulation	
With operations in three jurisdictions, the Group is subject to a wide range of legal and regulatory requirements relating to employment, product quality and safety, health and safety, privacy and data, competition and consumer protection, anti-bribery and corruption and anti-money laundering amongst others. Any material breach of law or regulation would impact our standing with our team members, shareholders, customers and trade partners, as well as regulators. It may also attract fines or other penalties. To maintain our "licence to operate" we must also remain compliant with changing and existing law and regulations requiring ongoing monitoring by the business. Adverse changes to existing law or regulation or regulator investigation or intervention may change or restrict the Group's ability to operate the way it does today, or to fully realise its strategy.	- Having in place health and safety policies, procedures, engineering controls, training, PPE and maintenance requirements. - Promoting accountability and investing in corporate governance and legal capability. - Maturing and investing in compliance risk management practices. - Maintaining comprehensive and tailored training and awareness programs, including team member compliance and code of conduct training programs that focus on key legislative and/or regulatory requirements. - Maintaining currency of employment agreements and disciplinary processes. - Updating relevant policies and procedures, including in relation to disclosure, discipline and whistleblowers.

DIRECTORS' REPORT (continued)

5. Operating and Financial Review (continued)

5.3 Climate

The Group is committed to its Emissions Reduction Strategy including our new target of zero carbon emissions for Scope 1 and Scope 2 by 2030 for all wholly-owned and operated assets. During FY22, we have worked with our energy service provider to review the pathway to achieving this target with a particular focus on energy efficiency and green energy procurement. In addition, we continue to expand our recycling and waste reduction programs, and to support our environmental protection and restoration programs.

Super Retail Group recognises the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and the associated framework. We are working to incrementally improve alignment with the TCFD recommendations whilst being prepared to respond to evolving guidance from the TCFD and other standard setters such as the International Sustainability Standards Board.

During FY23 the Group will undertake a detailed qualitative review of the risks and opportunities facing us and determine which climate scenarios and time horizons to be used to test the resilience of the business. The aim of this approach is to develop and disclose our strategic response to the high priority risks and opportunities. In keeping with the TCFD approach, a detailed quantification of these risks and opportunities will commence during FY24 with the aim of assessing material financial impacts and preparing for future alignment with TCFD and other guidance as it emerges.

5.4 Environmental regulation and reporting

The Group's operations are subject to a range of environmental regulations under the laws of the Commonwealth of Australia and its States and Territories. We report our Scope 1 and Scope 2 emissions from our Australian operations to the Clean Energy Regulator annually, under the National Greenhouse and Energy Reporting scheme, established by the *National Greenhouse and Energy Reporting Act 2007* (Cth). The Company's FY22 Sustainability Report provides disclosure around the material ESG-related issues for the Group's businesses. The Group did not incur any significant liabilities under any environmental legislation during the reporting period.

5.5 Dividends and distributions

Dividends paid or resolved to be paid to members subsequent to the financial year ended 26 June 2021 were:

	Cents per share	Total amount \$m	Payment date
<i>Paid during FY22:</i>			
FY21 final dividend (fully franked)	55.0	124.3	7 October 2021
FY22 interim dividend (fully franked)	27.0	61.0	14 April 2022
<i>Determined to be paid after end of FY22:</i>			
FY22 final dividend (fully franked)	43.0	97.1	17 October 2022 ⁽¹⁾

(1) The Board has determined that the FY22 final dividend will be paid on 17 October 2022. Any change to this payment date will be notified to the ASX as required.

The amount of the FY22 final dividend represents a dividend payout ratio of 65 per cent of the full year underlying NPAT totalling a cash payment of \$97.1 million.

No other dividends or distributions were declared or paid during the financial year by the Company.

5.6 Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group that occurred during the financial year under review that are not otherwise described in this report.

5.7 Matters subsequent to the end of the financial year

At the date of this report, the Directors are not aware of any matter or circumstance, other than transactions or matters disclosed in the financial statements, that has arisen and has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial years subsequent to 2 July 2022.

5.8 Likely developments and future prospects

Information about likely developments in and expected results of the operations of the Group are set out within section 5.2 of this Directors' Report ('Review of financial condition'). In respect of likely developments, business strategies and prospects for future financial years, material which if included would be likely to result in unreasonable prejudice to the Group, has been omitted.

DIRECTORS' REPORT (continued)

6. Non-audit services

The Group has, from time to time, employed the external auditor, PricewaterhouseCoopers, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board has considered and, in accordance with the advice received from the Audit 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 for the following reasons:

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

Fees paid or payable during the financial year for audit and non-audit services provided by the auditor, PricewaterhouseCoopers and its network firms are set out in Note 31 – Remuneration of auditors in the notes to the consolidated financial statements.

7. Corporate Governance Statement

The Company's Corporate Governance Statement for the financial year ended 2 July 2022 can be accessed in the Corporate Governance section of the Company's website.

8. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 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.

9. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 46.

10. Remuneration Report

The audited Remuneration Report is set out on pages 48 to 77.

11. Options over unissued shares

No options over unissued shares in the Company were in existence at the beginning of the financial year or granted during, or since the end of, the financial year.

12. Directors' and Officers' indemnification and insurance

Under the Company's Constitution, the Company may indemnify any current or former director, secretary or senior manager of the Company or of a related body corporate of the Company against:

- every liability incurred by the person in that capacity (except a liability for legal costs); and
- all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity, except, to the extent that the Company is forbidden by law to indemnify the person against the liability or legal costs, or an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by law.

Consistent with the provisions of the Constitution, the Company has entered into deeds of access, indemnity and insurance with all directors, secretaries and senior managers of the Group, or otherwise made a deed poll in favour of such persons, under which the Company indemnifies the director, officer or senior manager against the full amount of any liabilities, costs and expenses (including legal fees) incurred by them in their respective capacities, subject to certain exclusions, including to the extent that the indemnity by the Company of any such person is prohibited by the Corporations Act or other applicable law.

During the financial year, the Company has paid premiums for directors' and officers' insurance in respect of directors, officers, and certain senior managers of the Group pursuant to the deeds and deed polls of indemnity and insurance referred to above and as permitted by the Company's Constitution. The insurance policy prohibits disclosure of the nature of the liabilities insured and the premiums payable under the policy.

DIRECTORS' REPORT (continued)

13. Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that instrument to the nearest hundred thousand dollars or in certain cases to the nearest dollar.

This report is made in accordance with a resolution of the Directors.



Sally Pitkin AO
Chair

Brisbane
17 August 2022



Anthony Heraghty
Group Managing Director and
Chief Executive Officer



Auditor's Independence Declaration

As lead auditor for the audit of Super Retail Group Limited for the 53 week period ending 2 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 Super Retail Group Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'P.J. Carney'.

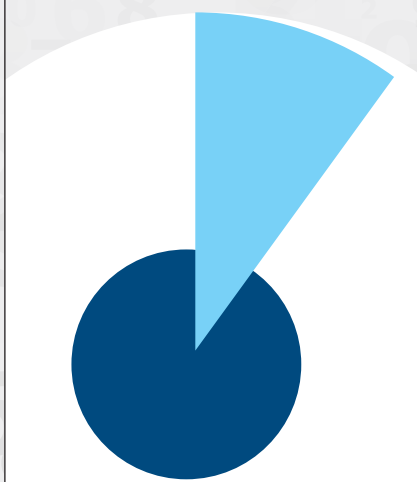
Paddy Carney
Partner
PricewaterhouseCoopers

Brisbane
17 August 2022

2022

Remuneration Report

For the financial
year ended
2 July 2022



REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 2 JULY 2022

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Section 3	FY22 Performance and Executive Remuneration Outcomes, including: ▪ Executive Remuneration table calculated in accordance with accounting standards ▪ Remuneration received ▪ Remuneration granted
Section 4	FY23 Remuneration Matters
Section 5	Executive Interests in Super Retail Group Securities
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Section 8	Transactions with KMP
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Introduction

The Directors of Super Retail Group present this Remuneration Report for the financial year ended 2 July 2022. The Remuneration Report explains how the Group's performance has driven executive remuneration outcomes and provides the details of specific remuneration arrangements that apply to Key Management Personnel (**KMP**) in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**), the *Corporations Regulations 2001* (Cth) and applicable Australian accounting standards. The report also outlines the Group's remuneration philosophy and governance.

SECTION 1

Letter from the Chair of the Human Resources and Remuneration Committee

Dear Shareholders,

On behalf of the Board, I present the Remuneration Report for the financial year ended 2 July 2022. The first portion of the report focuses on FY22 performance and the link to remuneration outcomes. Detail of the remuneration policies and framework is presented in the second half of the report. Statutory tables are incorporated in the relevant sections.

Our Remuneration Report for FY21 received shareholder support at the 2021 Annual General Meeting (**AGM**), with 97.2 per cent of votes in favour of adoption. In presenting the FY22 remuneration outcomes and considering changes for FY23, we have taken into account feedback from shareholders.

The Group remains focussed on growing the scale and profitability of our digital offering, continuing our transformation to an omni-retail business. The Group's investment for future growth is delivering business improvements which will provide a platform to sustainably generate value for shareholders. The Group produced a strong set of financial results in FY22, delivering another year of record sales. The Group's digital capability, successful execution of its omni-retail strategy and proactive supply chain and inventory management to ensure stock availability were all key to this performance. Key non-financial metrics of organic customer growth and net promoter score also improved year on year.

The Group's financial performance has resulted in the opening of the performance gate to the STI Scheme. The Executive KMP STI achievement, as detailed in Section 3 of this report, was commensurate with the performance of the Company during the FY22 year. The overall result for the Group Managing Director and Chief Executive Officer (Group MD and CEO) Anthony Heraghty was between target and stretch, a performance score of 130.5 (compared to target at 100 and stretch at 150). The FY20 Long-Term Incentive (**LTI**) grant was assessed against the Earnings Per Share (**EPS**) and Return on Capital (**ROC**) targets for the three financial years ending 2 July 2022. The EPS result was just below the target for 100 per cent vesting and reflects the strong growth achieved over the testing period. ROC outcomes were also strong and achieved target reflecting higher profitability and prudent capital management. The combination of the two measures resulted in 96.7 per cent of the FY20 LTI grant qualifying for vesting. The vesting of this grant occurs 50 per cent in September 2022 and 50 per cent in September 2023.

As disclosed in the FY21 Remuneration Report, the Board made the decision in FY21 to amend the LTI grant for FY21 on a one-off basis, aligned to the Group's Medium-Term Business Plan (**MTBP**). At the 2020 AGM, shareholders approved the FY21 grant to the Group MD and CEO. The LTI grant for FY21 also included reward for FY22 and there was no separate LTI grant in FY22 for Executives including KMP.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 2 JULY 2022

This one-off change in approach means that there are two LTI grants tested and qualifying for vesting after the end of FY22 (being the FY20 grant mentioned above and the FY21 grant). Performance against the Net Profit Before Tax (**NPBT**) and ROC metrics for the FY21 grant was assessed for the two financial years ending 2 July 2022. Both the NPBT and ROC maximum performance levels were set above performance in the prior years, despite market uncertainty at the time. Performance significantly exceeded the maximum levels set by the Board. On this basis, 100 per cent of the grant qualified for vesting with, one third of the vested award to vest to participants in November 2022, one third in November 2023 and one third in November 2024. Detail of the plan is shown in Section 6.

Following a review, the Board approved amendments to the Minimum Securities Holding Policy (which is available on the Company's website). In broad terms, the period in which the Non-Executive Directors are required to acquire the minimum number of shares (equivalent to one times annual base fees) was adjusted from five years to three years. For Executive KMP the period remains at five years, but the manner of calculation has been simplified, and includes all equity to the extent that the performance hurdle has been achieved (regardless of whether the time-vesting requirement has been met).

The transition in the executive leadership of the Macpac business saw the appointment of Cathy Seaholme as Managing Director Macpac on 25 October 2021. The former Chief Executive Officer Macpac, Alex Brandon ceased to be a KMP on 24 October 2021. The termination benefits provided to Mr Brandon are outlined in Section 6. The Board thanks Mr Brandon for his decade of leadership at Macpac, and the successful integration of the Macpac business into the Group.

Looking ahead to FY23, in the context of market data for similar-sized ASX-listed companies and industry peers and continued strong performance, the Board approved changes to Executive KMP remuneration. The Board considered feedback from shareholders regarding the determination of the relevant benchmark for remuneration levels. Market data provides one input to the Board's decision-making on remuneration levels. The benchmarking approach allows the Board to consider a broad range of comparable roles in companies or, where relevant, business units, of similar size and scale, as well as industry peers. This dual lens provides both a large enough sample to form a view on remuneration levels across the broader market for talent as well as sector specific insights.

The intent of the changes to Executive KMP remuneration in FY23 is to align Total Target Remuneration and mix towards the 75th percentile of the relevant peer group in market. As such, changes in quantum are largely driven by changes in the LTI opportunity and remuneration mix, increasing the equity component and further aligning executives' interests with shareholders. Other than the Group MD and CEO (discussed below), the reward targets for STI remain the same as FY22 for Executive KMP. Fixed remuneration increases are proposed for Executive KMP of on average, 3.0 per cent compared to FY22 in line with market compensation ratios.

As indicated in the FY21 Remuneration Report, the Board has taken a view in terms of the target positioning and pay mix for the Group MD and CEO and has continued to implement changes to the target remuneration mix and remuneration opportunity for FY22 and FY23. In establishing the approach, the Board took into account market data for similar sized ASX-listed companies (based on market capitalisation), industry peers, the sustained performance of the Group over Mr Heraghty's tenure and his personal performance, contribution and value to the organisation during a particularly challenging time. Based on this assessment of performance and future expectations, the Board approved a phased remuneration increase across FY22 and FY23 targeting a Fixed Remuneration and Total Target Remuneration position towards the 75th percentile of the relevant peer group by FY23. Mr Heraghty's remuneration opportunity is increasingly skewed toward long-term variable pay, with a significant portion provided in equity via deferred STI and LTI (approximately 36 per cent equity in FY22 and 44 per cent in FY23). The Board considers this approach appropriate to reward and retain a high calibre CEO, while aligning the interests of management with shareholders' interests via a high proportion of variable pay with significant equity exposure. Details are outlined in Sections 3 (FY22) and 4 (FY23).

On behalf of the Board, I would like to thank and congratulate the entire Super Retail Group team on the strong results, both financial and non-financial. We welcome your feedback on our FY22 Remuneration Report.



Yours sincerely,

Peter Everingham

Chair of the Human Resources and Remuneration Committee

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 2 JULY 2022

SECTION 2

Key Management Personnel

The names and titles of the Group's KMP for FY22, being those persons having authority and responsibility for planning, directing and controlling the activities of the Group, are set out below.

Name	Position	Term as KMP ⁽¹⁾
Non-Executive Directors		
Sally Pitkin AO	Chair and Independent Non-Executive Director	Director since 1 July 2010 (Chair from 23 October 2017)
Reg Rowe	Non-Executive Director	8 April 2004
Howard Mowlem	Independent Non-Executive Director	13 June 2017
Peter Everingham	Independent Non-Executive Director	19 December 2017
Annabelle Chaplain AM	Independent Non-Executive Director	31 March 2020
Judith Swales	Independent Non-Executive Director	1 November 2021
Former Non-Executive Directors		
Gary Dunne	Former Independent Non-Executive Director	31 March 2020 to 31 December 2021
Executives		
Anthony Heraghty	Group Managing Director and Chief Executive Officer	KMP since 27 April 2015 (Group MD and CEO from 20 February 2019)
David Burns	Chief Financial Officer	3 December 2012
Gary Williams	Managing Director - rebel	2 April 2019
Benjamin Ward	Managing Director - Supercheap Auto	1 August 2019
Paul Bradshaw	Managing Director - BCF	25 November 2019
Cathy Seaholme	Managing Director - Macpac	25 October 2021
Former Executive KMP		
Alex Brandon	Former Chief Executive Officer - Macpac	1 May 2019 to 24 October 2021

(1) Indicates date of commencement as a KMP and, where applicable, the date of cessation as a KMP. Except where otherwise indicated, all KMP were in office for the entire reporting period and at the date of this report.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 2 JULY 2022

SECTION 3

FY22 Performance and Executive Remuneration Outcomes

RELATIONSHIP OF REMUNERATION TO GROUP PERFORMANCE

All elements of the remuneration framework are set by reference to market context and benchmarks. The overarching performance management framework aims to align executive performance and conduct to sustainable profitable performance. The Short-Term Incentive (STI) scheme and Long-Term Incentive (LTI) plan operate to create a clear link between executive remuneration and the Group's performance, motivating and rewarding the Group MD and CEO and other Executive KMP.

The performance of the Group over the past five years is summarised in Table 1a.

FINANCIAL PERFORMANCE

The Group produced a strong financial performance in FY22, delivering another year of record sales.

Key contributors to the Group's performance were the successful execution of its omni-retail strategy, the Group's digital capability, and proactive supply chain and inventory management to ensure stock availability.

Record online sales enabled the Group to achieve a strong first half result despite the ongoing challenges of the COVID-19 pandemic, including restrictions on store trading. In addition, the Group's strategic decision to invest in inventory in response to a disrupted global supply chain enabled it to capture consumer demand when spending rebounded in the second quarter following the end of COVID-19 lockdowns.

Sales momentum continued to build in the second half as pandemic restrictions eased and customers returned to stores. The Group delivered a robust second half result, with like-for-like sales increasing by 5.0 per cent. This result reflected a growing contribution from successful new store formats, positive like-for-like sales across all four core brands and record winter sales for Macpac.

Price discipline enabled the Group to achieve a gross margin of 48.6 per cent as effective promotions and pricing helped offset higher supply chain costs.

The Group also added more than one million customers to its loyalty programs, as the number of active club members reached 9.2 million. These customers represented 70 per cent of Group sales.

Table 1a: Company performance - key metrics used in reward framework

Financial performance	FY18	FY19	FY20	FY21	FY22
Sales (\$m)	2,570.4	2,710.4	2,825.2	3,453.1	3,550.9
Normalised net profit before tax (NPBT) (\$m)	201.9	206.8	218.3	437.5 ⁽¹⁾	356.9 ⁽¹⁾
Normalised post tax return on capital (ROC) (%)	13.1	13.3	14.5	28.8 ⁽¹⁾	20.5 ⁽¹⁾
Normalised earnings per share (EPS) (c)	73.7	77.3	78.0	136.5 ⁽¹⁾	110.4 ⁽¹⁾
Dividends per share (c)	49.0	50.0	19.5	88.0	70.0
Share price at the close of the financial year (\$)	8.10	8.23	8.14	12.95	8.49

(1) pre AASB16 – Leases.

The Board may adjust for any significant events or items to give financial statement users additional insight into financial performance. These adjustments are for events or items considered unusual by their nature or size and/or not being in the ordinary course of business. For FY22, such adjustments related only to the in-year effect of items disclosed in prior years (see below and Note 4b). There were no other discretionary adjustments made in FY22 for the purpose of determining profit-based incentive remuneration.

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Table 1b: Company performance – adjustments for significant items

\$m	FY22	FY21
Profit for the period before tax	345.7	427.6
Adjustments for wages underpayment, losses from associate and reversal of provisions previously excluded	3.9	8.2
Segment normalised profit before taxes (PBT)	349.6	435.8
AASB 16 Accounting for leases impact	7.3	1.7
Normalised net profit before tax (NPBT) ⁽¹⁾	356.9	437.5

(1) pre AASB16 – Leases.

The Group's incentive awards are designed to align Executive KMP remuneration with business performance. This alignment is demonstrated through the choice of metrics, annual target setting process and the variation in STI and LTI payment outcomes year-on-year. Over the past four years (i.e., current MD and CEO tenure), Executive KMP STI outcomes have ranged from 50 per cent to 141 per cent of target (33 per cent to 94 per cent of maximum), averaging 117 per cent of target (78 per cent of maximum). Over the same period, the LTI has vested between 38 per cent and 100 per cent, averaging 78 per cent. Further detail on FY22 STI outcomes and LTI vesting is included on the following pages.

STI OUTCOMES FOR FY22

For the financial year ended 2 July 2022, the target for normalised NPBT was set at \$295.2 million, 35.2 per cent higher than the NPBT achieved in FY20 of \$218.3 million. This target was lower than the actual NPBT achieved in FY21 of \$437.5 million because FY21 was considered to be anomalous in the context of the COVID-19 pandemic, which led to elevated levels of retail spending. The financial gateway for the FY22 STI scheme of \$265.7 million (90 per cent of target) was exceeded and therefore Executive KMP scorecards were activated.

The individual Key Performance Indicator (KPI) categories to determine STI awards and the FY22 achievements, referenced by the Board for the Group MD and CEO and other Executive KMP, are detailed in Tables 2 and 3.

After reviewing the FY22 STI outcome for the Group MD and CEO, the Board applied both upward and downward adjustments. The net result was a weighted score outcome of 130.5 per cent of target (87 per cent of maximum). This outcome was driven by a strong result for Group financial performance, and both customer measures of active customer revenue and net promoter score (NPS). Table 2 outlines elements of the balanced scorecard that contributed to this result.

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Table 2: Group MD and CEO performance

Balanced Scorecard	Measure	Weighting	Actual Performance range	Commentary on Performance
Group Financial Performance	Normalised Net Profit Before Tax attributable to members	35%	Stretch	The NPBT result for the Group is \$356.9m which is above the stretch target set for FY22. The Normalised NPBT result is a strong result that reflects omni-retail capability and execution which enabled the Group to successfully navigate extended periods of store lockdowns and generate record online sales, investment in inventory. This also enabled the Group to mitigate supply chain disruption and capture strong consumer demand and promotional discipline and effectiveness which supported gross margin.
	Working Capital Efficiency	15%	Between Threshold and Target	The Group 13-month rolling average monthly net inventory (excluding Group unallocated inventory and creditors) result was \$416.4m.
Business Improvement	Delivery of FY22 portfolio benefits in accordance with plan	20%	Between Target and Stretch	Successfully delivered FY22 portfolio benefits in accordance with plan. Property portfolio delivery in line with stretch targets.
Customer	Revenue from 'active customers'	10%	Stretch	The target for organic growth through existing customers target was exceeded with active customer revenue up 6 percentage points from the prior year.
	Customer Satisfaction	10%	Stretch	Net Promoter Score (NPS) exceeded the stretch target with all four brands improving year on year.
People/Risk	Safety	10%	Target	Total recordable injuries plus customer incidents of 290 represent a 26 per cent improvement on the baseline, with improvements across all brands.
	Risk management		Between Target and Stretch	Risk management at Group delivered between target and stretch against risk profile, control and remediation plan assessments.

Table 3: Other Executive KMP performance outcome

Name	Role	Financial Performance (50%)	Business Improvement (20%)	Customer (20%)	People / Risk (10%)	STI scorecard outcome
Paul Bradshaw	Managing Director - BCF	Target to Stretch	Target to Stretch	Stretch	Target to Stretch	Target to Stretch
David Burns	Chief Financial Officer	Target to Stretch	Target to Stretch	Stretch	Target	Target to Stretch
Cathy Seaholme	Managing Director - Macpac	Target to Stretch	Target to Stretch	Stretch	Target to Stretch	Target to Stretch
Benjamin Ward	Managing Director - Supercheap Auto	Target	Target to Stretch	Threshold to Target	Target to Stretch	Target to Stretch
Gary Williams	Managing Director - rebel	Stretch	Target	Stretch	Target to Stretch	Target to Stretch

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The STI outcomes for Executive KMP are reflected in Table 4.

The STI award for all Executive KMP will be delivered as 70 per cent cash and 30 per cent restricted shares. The restricted share deferral is released 50 per cent in August 2023 and 50 per cent in August 2024, on the condition of continued service or at the Board's discretion. This deferral supports an increase in executive shareholding, enhances risk management and executive retention, and reflects broader market practice.

Table 4: STI outcomes

Name	STI assessment per cent of target	Total STI payment (\$)	30% deferral into equity (\$)	STI cash payment (\$)	STI earned per cent of maximum (maximum = 150% of target)	STI unearned (forfeited) per cent of maximum payable
Group MD and CEO						
Anthony Heraghty	130.5	1,500,750	450,225	1,050,525	87.0%	13.0%
Other Executive KMP						
Paul Bradshaw	132.5	530,000	159,000	371,000	88.3%	11.7%
David Burns	128.3	641,692	192,508	449,184	85.5%	14.5%
Cathy Seaholme ⁽¹⁾	132.8	190,122	57,037	133,085	88.5%	11.5%
Benjamin Ward	112.5	562,669	168,801	393,868	75.0%	25.0%
Gary Williams	135.0	675,203	202,561	472,642	90.0%	10.0%

(1) Ms Seaholme commenced as an Executive KMP on 25 October 2021 and as such her outcome is pro-rated for time in the role.

LTI OUTCOMES FOR FY22

The FY20 grant performance hurdles related to normalised EPS and ROC for the three financial years ending 2 July 2022. The performance hurdles for the FY20 grant were partially met, with 96.7 per cent of the grant qualifying for vesting over the relevant vesting period. The capital raising in July 2020 had an initial negative effect on EPS as the dilutive effect of the additional shares outweighed the short-term benefit to earnings. The Board decided that no adjustment should be made to the reported result. Under the LTI plan, 50 per cent of the vested FY20 grant will vest to participants in September 2022, the remaining 50 per cent to vest in September 2023. Details of the LTI plan are shown in Section 6.

As disclosed in the FY21 Remuneration Report, the Board made the decision to amend the LTI grant for FY21 on a one-off basis, aligned to the Group's Medium-Term Business Plan (MTBP). At the 2020 AGM, shareholders approved the FY21 grant to the Group MD and CEO. The LTI grant for FY21 included reward for FY22 as there was no separate LTI grant in FY22 for Executives including KMP. This one-off change in approach resulted in two LTI grants being tested and qualifying for vesting after the end of FY22 (being the FY20 grant and the FY21 grant).

The performance hurdles for the FY21 grant, as approved by shareholders in 2020 in respect of the grant of rights to the Group MD and CEO, related to NPBT and ROC over the two financial years FY21 and FY22. The same terms applied to other Executive KMP grants. At the time, the Board indicated the hurdles would be published at the end of the performance period and these are shown in Table 17. Table 1 shows Group NPBT and ROC over the last five years. In the three financial years immediately prior to the performance period, the Group delivered average NPBT of approximately \$209 million a year. The Board established a target of \$517.3 million for NPBT over the two-year performance period.

In the three financial years immediately prior to the performance period, the Group delivered average ROC of approximately 13.6 per cent. The Board approved a target of 15.9 per cent a year over the two-year performance period (in excess of the 15 per cent previously required for maximum vesting under the LTI).

The Board considered the outcomes in the context of the principles used for discretion (detailed in Table 17) and approved 100 per cent vesting for the FY21 grant. In particular, the first year's performance significantly exceeded expectations and therefore, the Board reviewed performance in the context of actual FY21 NPBT in conjunction with the budget for FY22. That result also exceeded that required for maximum vesting. The Board determined that due to the significant and sustained outperformance across the two-year period, no adjustment was to be applied. Under the LTI plan, one third of the vested award will vest to participants in November 2022, one third in November 2023 and one third in November 2024. Details of the LTI plan are set out in Section 6.

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As the LTI vests over a period after the performance hurdle has been tested, the value of LTI shown in the remuneration tables includes a portion of the FY17 grant and all subsequent grants. Table 5 outlines the performance outcomes and the subsequent vesting for each of the LTI performance rights granted and performance tested since FY17. Each grant except the FY21 grant is subject to equally weighted performance measures being compound average growth rate of normalised EPS over three financial years and normalised ROC averaged over three financial years. The hurdles for the FY21 grant are detailed in Table 17 and are measured over the two years of the MTBP established in the uncertainty of the COVID-19 pandemic.

Table 5: Proportion of LTI vesting over the past four years

Grant name	Grant date	Financial results determining vesting ⁽¹⁾	Normalised Earnings Per Share (EPS) three-year compound average growth rate (50% weight)			Normalised Return On Capital (ROC) three-year average (50% weight)		
			Performance outcome %	Qualifying for vesting %	Forfeited %	Performance outcome %	Qualifying for vesting %	Forfeited %
FY17	September 2016	FY17, FY18, FY19	13.8	44.0	6.0	13.0	33.3	16.7
FY18	September 2017	FY18, FY19, FY20	5.3	Nil	50.0	13.6	38.3	11.7
FY19	September 2018	FY19, FY20, FY21	23.8	50.0	Nil	19.0	50.0	Nil
FY20	September 2019	FY20, FY21, FY22	12.6	46.7	3.3	21.3	50.0	Nil
Grant name	Grant date	Financial results determining vesting	Normalised Net Profit Before Tax two-year aggregate (50% weight)			Normalised Return On Capital (ROC) two-year average (50% weight)		
			Performance outcome \$m	Qualifying for vesting %	Forfeited %	Performance outcome %	Qualifying for vesting %	Forfeited %
FY21	November 2020	FY21, FY22	794.4	50.0	Nil	24.6	50.0	Nil

(1) Results are after adjustments for impact of underpayments as previously disclosed.

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Executive KMP remuneration outcomes for FY22

Table 6 details remuneration elements prepared and calculated in accordance with Australian Accounting Standards. Restricted shares and performance rights are the fair value, accrued over the performance period and vesting period, and cash bonus (STI) for FY22 is the amount earned for FY22 and to be paid in September 2022 (i.e. in FY23). The fair value of restricted shares is the market value at the grant date. The fair value of performance rights is determined using a Black-Scholes option pricing model.

Table 6: Remuneration for Executive KMP calculated in accordance with Australian Accounting Standards

	Year	Short-term benefits				Post-employment		Share-based		Other	Total
Name		Cash salary \$	Cash bonus \$	Non-monetary benefits ⁽¹⁾ \$	Annual leave \$	Super-annuation \$	Termination Benefits \$	Performance Rights ⁽²⁾ \$	Restricted Shares \$	Other long-term benefit ⁽³⁾ \$	Total \$
Anthony Heraghty ⁽⁴⁾	FY22	1,351,907	1,050,525	-	(32,911)	26,243	-	1,043,528	335,791	25,525	3,800,608
	FY21	1,128,305	689,207	-	(44,701)	21,694	-	1,303,359	209,010	11,227	3,318,101
Paul Bradshaw	FY22	674,119	371,000	-	13,916	24,900	-	421,796	142,566	4,935	1,653,232
	FY21	622,957	394,240	-	8,183	21,694	-	442,542	92,182	3,521	1,585,319
David Burns	FY22	663,026	449,184	900	30,480	24,880	-	466,154	182,052	12,699	1,829,375
	FY21	653,306	471,241	-	16,317	21,694	-	701,407	144,562	12,515	2,021,042
Cathy Seaholme ⁽⁵⁾	FY22	349,992	191,458	49,975	17,361	12,955	-	-	71,238	1,512	694,491
	FY21	-	-	-	-	-	-	-	-	-	-
Benjamin Ward	FY22	729,132	393,868	7,305	18,284	28,963	-	453,759	171,918	5,403	1,808,632
	FY21	655,207	484,195	44,793	8,208	25,000	-	494,848	139,157	3,791	1,855,199
Gary Williams	FY22	739,469	472,642	900	46,181	25,031	-	447,972	185,263	5,376	1,922,834
	FY21	703,306	473,692	-	22,667	21,694	-	497,741	141,463	3,829	1,864,392
Former Executive KMP											
Alex Brandon ⁽⁶⁾	FY22	122,918	-	-	757	27,971	379,640	279,224	27,072	-	837,582
	FY21	379,232	101,187	-	12,172	11,575	-	212,053	27,132	(110,565)	632,786
Total ⁽⁷⁾	FY22	4,630,563	2,928,677	59,080	94,068	170,943	379,640	3,112,433	1,115,900	55,450	12,546,754
Total	FY21	4,142,313	2,613,762	44,793	22,846	123,351	-	3,651,950	753,506	(75,682)	11,276,839

(1) Includes salary-sacrificed items such as novated leases, and car parking, including any FBT payable, and KMP relocation and accommodation.

(2) FY22 includes a dividend equivalent payment due in respect of Mr Heraghty's one-off co-investment award of performance rights for the period from his appointment as CEO on 20 February 2019 until the date of vesting on 20 February 2022, consistent with Mr Heraghty's contract terms.

(3) Includes accruals for long service leave entitlements. During FY21 this also included the reversal of accrued long-term retention bonus for Mr Brandon of \$110,565 (\$48,801 in 2020 and \$61,764 in 2019) when this was withdrawn by the Board and Mr Brandon joined the same LTI plan as other Executive KMP.

(4) The annual leave accrual in FY21 has been adjusted to reflect the leave that was taken in FY21.

(5) Ms Seaholme commenced as an Executive KMP on 25 October 2021. Ms Seaholme received an initial incentive, dependent on performance, which is payable partially in cash and partially in equity. This incentive is described in Section 6. Included in cash bonus and restricted shares is accrued initial incentive of \$58,373 and \$47,473 respectively.

(6) Mr Brandon ceased being a KMP on 24 October 2021. The termination arrangements are described in Section 6.

(7) The reporting period of 27 June 2021 to 2 July 2022 is a period of 53 weeks, compared to the comparative reporting period of 28 June 2020 to 26 June 2021 representing 52 weeks, which has resulted in a \$0.1 million increase in expense for the period.

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Table 7 details the remuneration received by Executive KMP during FY22. As with Table 6, the cash STI amount is that earned in FY22 and to be paid in FY23. The amount shown for value of deferred STI (restricted shares) represents the number of shares on which the restrictions were lifted multiplied by the closing price of ordinary shares of the Company on the ASX on the date restrictions were lifted (\$13.20 on 19 August 2021). This value for Deferred STI contrasts with Table 6 that shows the FY22 portion of the Deferred STI amortised over the relevant period.

The amount shown for value of LTI (performance rights) vesting represents the number of ordinary shares in the Company received on vesting of performance rights during FY22 multiplied by the closing price of ordinary shares of the Company on the ASX on the date of vesting (\$12.42 on 3 September 2021 and \$10.91 on 25 February 2022). The ordinary shares received on vesting of performance rights derive from grants since FY17 as detailed in Table 12. This value for LTI contrasts with Table 6, which shows the FY22 portion of the fair value of equity grants amortised over the relevant performance measurement and vesting periods.

Table 7: Remuneration received

FY22	Cash and non-monetary				Equity		Total
					Value of deferred STI (restricted shares) restrictions expired ⁽²⁾	Value of LTI (performance rights) vesting	
Name	Cash salary \$	Other \$	Cash bonus \$	Non-monetary benefits and superannuation ⁽¹⁾ \$			Total \$
Anthony Heraghty	1,351,907	59,920 ⁽³⁾	1,050,525	26,243	179,969	782,488	3,451,052
Paul Bradshaw	674,119	-	371,000	24,900	46,939	-	1,116,958
David Burns	663,026	-	449,184	25,780	126,430	407,413	1,671,833
Cathy Seaholme ⁽⁴⁾	349,992	-	133,085	62,930	-	-	546,007
Benjamin Ward	729,132	-	393,868	36,268	111,197	-	1,270,465
Gary Williams	739,469	-	472,642	25,931	120,146	-	1,358,188

(1) Changes in accruals are not included in this table as they do not affect the amounts received by the individual.

(2) Deferral of STI was introduced in FY20. The first restrictions lifted in August 2021.

(3) Represents a dividend equivalent payment paid in respect of Mr Heraghty's one-off co-investment grant of performance rights for the period from his appointment as CEO on 20 February 2019 until the date of vesting on 20 February 2022, consistent with Mr Heraghty's contract terms.

(4) Ms Seaholme commenced as executive KMP on 25 October 2021.

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SECTION 4
FY23 Remuneration Matters

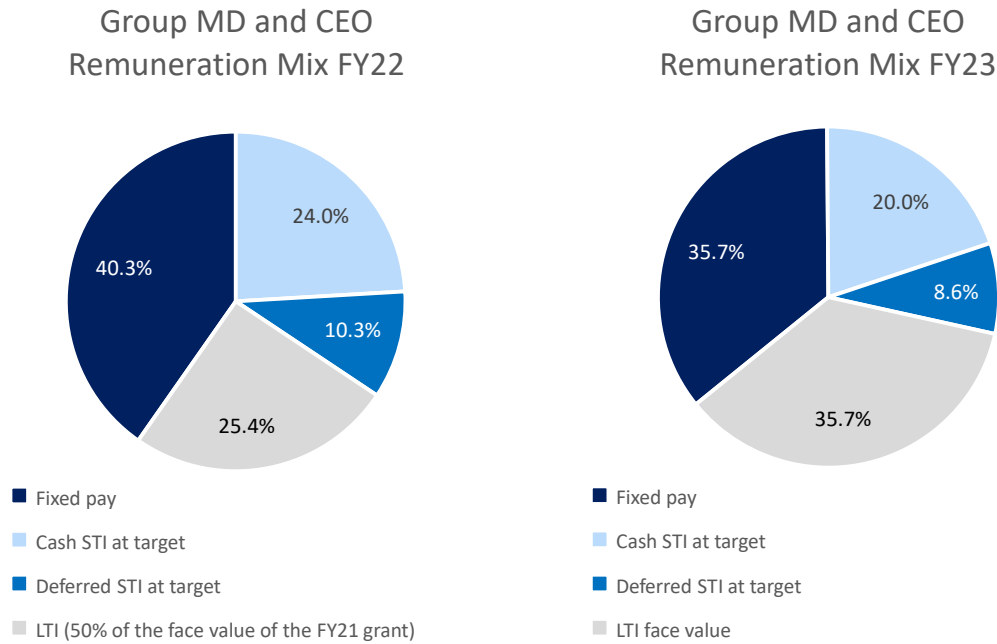
Looking ahead to FY23, the following changes to remuneration quantum and approach have been approved by the Board.

In line with Mr Heraghty's demonstrated experience and value delivered to shareholders, the Group MD and CEO's fixed remuneration will increase from \$1,350,000 in FY22 to \$1,500,000 in FY23 and total target remuneration opportunity will increase to \$4,200,000 for FY23.

In determining this change, the Board considered market data for similar-sized ASX-listed companies and industry peers along with the Group's sustained financial performance and Mr Heraghty's personal contribution and value to the Group. Based on this assessment of performance, the Board approved a phased remuneration increase across FY22 and FY23 targeting a Fixed Remuneration and Total Target Remuneration position towards the 75th percentile of the relevant peer group by FY23. During his tenure, Mr Heraghty has added considerable value for shareholders, overseeing increases in EPS of 42.8 per cent while maintaining ROC above target ranges (FY19 compared to FY22).

Table 8 shows the remuneration mix as a percentage of total target reward for FY22 and FY23. The Group MD and CEO's remuneration opportunity is increasingly skewed toward long-term variable pay, with a significant portion provided in equity and the majority of the increase in total target remuneration delivered via the LTI opportunity. The Board considers this approach appropriate to reward and retain a high calibre CEO, while aligning the interests of management and shareholders via a high proportion of variable pay with significant equity exposure.

Table 8: Changes in remuneration mix for Group MD and CEO

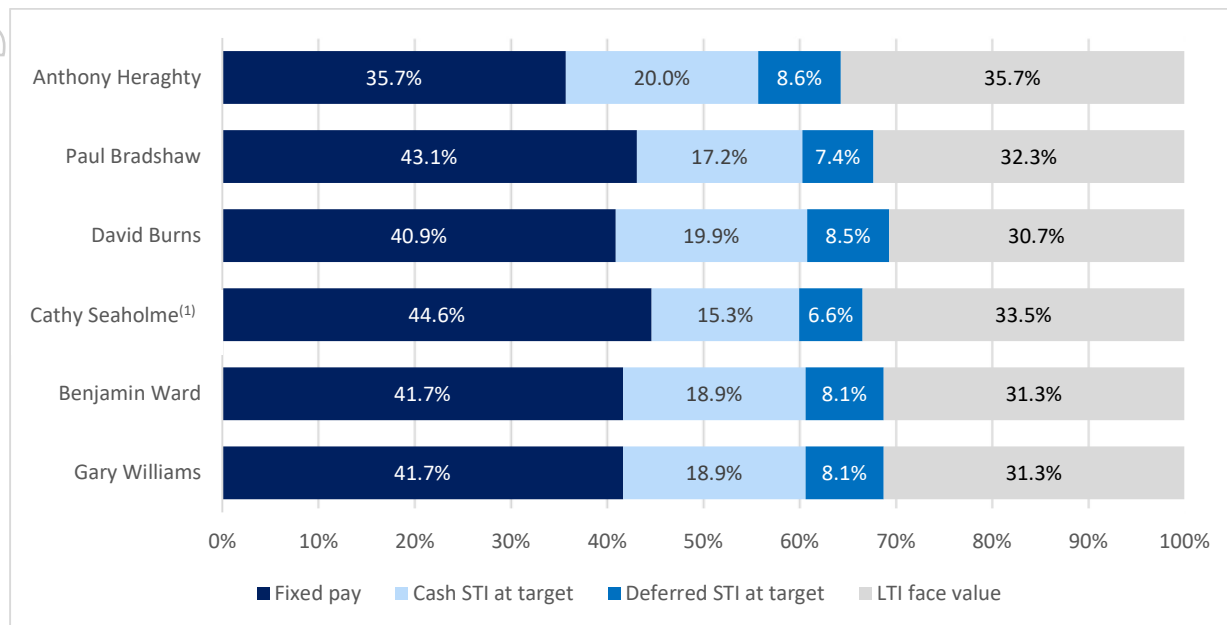


In the context of market data for similar-sized ASX-listed companies and industry peers, and continued strong business and personal performance, the Board approved changes to other Executive KMP remuneration levels for FY23. The intent of the changes is to align Total Target Remuneration and mix towards the 75th percentile of the relevant peer group in market. As such, changes in quantum were largely driven by changes in the LTI opportunity and remuneration mix, increasing the equity focus and further aligning executives' interests with shareholders. For the CFO and Brand Managing Directors, this translates to an increased LTI opportunity with LTI equating to between 30 per cent and 34 per cent of target total remuneration. Combined with the existing deferred STI component, this change to the remuneration mix increases the focus on equity and alignment of Executive KMP with shareholder interests. Other than the Group MD and CEO, the reward targets for STI remain the same as FY22 for Executive KMP. Executive KMP (other than the Group MD and CEO) FY23 fixed remuneration will increase 3.0 per cent compared to FY22, in line with market compensation ratios. The FY23 target remuneration mix is shown in Table 9.

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Table 9: Remuneration mix of Executive KMP FY23 at Target



(1) The target mix for Cathy Seaholme does not include her initial incentive described in Section 6.

The FY23 grant, as it relates to the Group MD and CEO, will be outlined in the 2022 Notice of Meeting for approval by shareholders. The same terms will apply to grants made to other Executive KMP. The grant will be disclosed in next year's Remuneration Report.

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SECTION 5

Executive Interests in Super Retail Group Securities

The remuneration framework aligns executives' interests to those of shareholders by utilising equity-based awards in the form of restricted shares and performance rights. Executive KMP are also required to hold a minimum number of securities for alignment with other shareholders.

Restricted shares are awarded as the deferral component of STI awards for executives and are ordinary shares in the Company that are subject to certain time-based restrictions on disposal and vesting. Performance rights are awarded under the LTI plan at no cost to the executive and provide the right to receive ordinary shares in the Company, subject to meeting performance and service-based vesting conditions.

Restricted shares and performance rights are delivered to Executive KMP and other eligible executives subject to the rules of the Super Retail Group Employee Equity Incentive Plan (the EIP). Further details of the equity plan structures are outlined in Section 6. The EIP rules are available in the Corporate Governance section of the Company's website.

This Section provides further information regarding the various equity interests in the Company held by executives, including details of (and movements in) securities held by Executive KMP during the financial year.

EQUITY INTERESTS IN THE COMPANY HELD BY EXECUTIVE KMP

Table 10 summarises the movement in the number of ordinary shares in the Company and the number of performance rights held during the financial year by each Executive KMP including their related parties. The table sets out the number of ordinary shares in the Company acquired by Executive KMP during the financial year on vesting of performance rights (see also Table 12) and on granting of restricted shares (see also Table 11).

Table 10: Movement in equity interests held by Executive KMP and their related parties⁽¹⁾

	Type of equity	Held at 27 June 2021 ⁽²⁾	Restricted shares granted	Performance rights vested	Performance rights lapsed	(Sales)/ Purchases	Held at 2 July 2022 ⁽³⁾
Anthony Heraghty	Ordinary shares	88,322	23,573	66,240	-	(19,034)	159,101
	Performance rights ^{(4) (5)}	400,548	-	(66,240)	-	-	334,308
Paul Bradshaw	Ordinary shares	5,546	13,484	-	-	-	19,030
	Performance rights ^{(4) (5)}	131,271	-	-	-	-	131,271
David Burns	Ordinary shares	70,583	16,118	32,803	-	(21,190)	98,314
	Performance rights ^{(4) (5)}	197,570	-	(32,803)	-	-	164,767
Cathy Seaholme ⁽⁶⁾	Ordinary shares	-	-	-	-	-	-
	Performance rights ^{(4) (5)}	-	-	-	-	-	-
Benjamin Ward	Ordinary shares	13,509	16,561	-	-	10,277	40,347
	Performance rights ^{(4) (5)}	144,844	-	-	-	-	144,844
Gary Williams	Ordinary shares	21,533	16,201	-	-	-	37,734
	Performance rights ^{(4) (5)}	144,844	-	-	-	-	144,844
Former KMP							
Alex Brandon	Ordinary shares	2,229	3,562	-	-	-	5,791
	Performance rights ^{(4) (5)}	57,273	-	-	(5,414)	-	51,859

(1) Includes the Executive KMP's close family members or any entity they or their close family members control, jointly control or significantly influence.

(2) Or date of appointment if later. Ms Seaholme was appointed as an Executive KMP on 25 October 2021.

(3) Or date of ceasing to be a KMP if earlier. Mr Brandon ceased being an Executive KMP on 24 October 2021.

(4) There were no grants of performance rights made to Executive KMP in FY22. The grant made to Executive KMP in FY21 was an award for the two financial years FY21 and FY22 and is described in more detail in Section 6.

(5) There are no performance rights at the end of the reporting period which are vested and unexercised.

(6) Ms Seaholme does not currently hold any equity interests in the Company.

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RESTRICTED SHARES HELD BY EXECUTIVE KMP

Table 11 summarises the movement in the number of restricted shares held during the financial year by Executive KMP including their related parties.

The proportion of FY22 STI achieved (per cent of the maximum achievable), and the proportion forfeited as a result of not meeting performance hurdles is set out by individual in Table 4 and was similarly disclosed in previous reports for earlier Deferred STI grants. As set out in Table 14, FY22 STI awards are delivered as 70 per cent cash and 30 per cent deferral to equity, with restrictions lifting on 50 per cent of the resulting grant in August 2023 and 50 per cent in August 2024.

As disclosed in the 2020 Remuneration Report, in relation to FY20 performance the Board determined that a portion of the FY20 STI was forgone and a portion deferred for 12 months into restricted shares, for which all restrictions lifted on the whole award in August 2021.

The fair value of restricted shares is the market value at the grant date. For the restricted shares granted in FY20 (i.e. both the discretionary deferral of FY20 STI and the FY20 Deferred STI the accounting fair value per share at grant was the weighted average price at which the Company's shares are traded on the ASX in the five days following the release of the Group's financial results in August 2020 (\$8.92). The fair value at grant of the FY21 Deferred STI was \$12.53.

Table 11: Summary of Executive KMP granted, vested or lapsed restricted shares

	Grant date	Vesting dates	Granted but not vested 26 June 2021	Granted in 2022	Vested in 2022 ⁽¹⁾	% vested	Lapsed or forfeited in 2022 ⁽²⁾	Granted but not vested 2 July 2022 ⁽³⁾	\$ value of restricted shares granted in the year ⁽⁴⁾
Anthony Heraghty									
FY20 Deferred STI ⁽⁵⁾	Sep-20	Aug-21	5,184	-	(5,184)	100%	-	-	n/a
FY20 Deferred STI	Sep-20	Aug-21, Aug-22	16,900	-	(8,450)	50%	-	8,450	n/a
FY21 Deferred STI	Sep-21	Aug-22, Aug-23	-	23,573	-	-	-	23,573	295,374
Paul Bradshaw									
FY20 Deferred STI ⁽⁵⁾	Sep-20	Aug-21	1,567	-	(1,567)	100%	-	-	n/a
FY20 Deferred STI	Sep-20	Aug-21, Aug-22	3,979	-	(1,989)	50%	-	1,990	n/a
FY21 Deferred STI	Sep-21	Aug-22, Aug-23	-	13,484	-	-	-	13,484	168,960
David Burns									
FY20 Deferred STI ⁽⁵⁾	Sep-20	Aug-21	3,629	-	(3,629)	100%	-	-	n/a
FY20 Deferred STI	Sep-20	Aug-21, Aug-22	11,898	-	(5,949)	50%	-	5,949	n/a
FY21 Deferred STI	Sep-21	Aug-22, Aug-23	-	16,118	-	-	-	16,118	201,961
Benjamin Ward									
FY20 Deferred STI ⁽⁵⁾	Sep-20	Aug-21	3,339	-	(3,339)	100%	-	-	n/a
FY20 Deferred STI	Sep-20	Aug-21, Aug-22	10,170	-	(5,085)	50%	-	5,085	n/a
FY21 Deferred STI	Sep-21	Aug-22, Aug-23	-	16,561	-	-	-	16,561	207,512
Gary Williams									
FY20 Deferred STI ⁽⁵⁾	Sep-20	Aug-21	3,629	-	(3,629)	100%	-	-	n/a
FY20 Deferred STI	Sep-20	Aug-21, Aug-22	10,947	-	(5,473)	50%	-	5,474	n/a
FY21 Deferred STI	Sep-21	Aug-22, Aug-23	-	16,201	-	-	-	16,201	203,011
Former KMP									
Alex Brandon									
FY20 Deferred STI ⁽⁵⁾	Sep-20	Aug-21	1,036	-	(1,036)	100%	-	-	n/a
FY20 Deferred STI	Sep-20	Aug-21, Aug-22	1,193	-	(596)	50%	-	597	n/a
FY21 Deferred STI	Sep-21	Aug-22, Aug-23	-	3,562	-	-	-	3,562	43,336

(1) Vesting of restricted shares refers to restrictions being lifted.

(2) No restricted shares lapsed or were forfeited in the reporting period therefore percentage of lapsed or forfeited is nil.

(3) Or date of ceasing to be a KMP if earlier. Mr Brandon ceased being an Executive KMP on 24 October 2021.

(4) The value of restricted shares granted in the year represents the value of the deferred portion of the STI achieved in the prior year. Full details of the STI outcomes for all prior year awards to KMP are included in the remuneration report for the relevant year. The maximum potential outcomes for unvested awards are subject to the Group share price at time of vesting.

(5) As disclosed in the FY20 Remuneration Report, in relation to FY20 performance the Board determined that a portion of the FY20 STI was forgone and an equal proportion deferred for 12 months into restricted shares, for which all restrictions lifted on the whole award on 19 August 2021.

(6) Ms Seaholme has not received any restricted shares.

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PERFORMANCE RIGHTS HELD BY EXECUTIVE KMP

Table 12 summarises the movement in the number of performance rights held during the financial year by each Executive KMP including their related parties. The grant made in FY21 was an award for two financial years FY21 and FY22 and is described in more detail in Section 6. There were no grants to Executive KMP in FY22.

Table 12: Summary of Executive KMP granted, vested or lapsed performance rights

	Grant date ⁽¹⁾	Vesting dates	Granted but not vested 26 June 2021	Granted in 2022 ⁽²⁾	Vested in 2022	% vested ⁽³⁾	Lapsed or forfeited in 2022	Granted but not vested 2 July 2022 ⁽⁴⁾	\$ value of performance rights granted in year ^{(2) (5)}
Anthony Heraghty									
FY17	Sep-16	Sep-19, Sep-20, Sep-21	8,810	-	(8,810)	100%	-	-	n/a
FY18	Sep-17	Sep-20, Sep-21, Sep-22	11,399	-	(5,699)	50%	-	5,700	n/a
FY19	Sep-18	Sep-21, Sep-22, Sep-23	50,200	-	(25,100)	50%	-	25,100	n/a
FY20 ⁽⁶⁾	Oct-19	Feb-22, Feb-23, Feb-24	53,262	-	(26,631)	50%	-	26,631	n/a
FY20 ⁽⁷⁾	Sep-19	Sep-22, Sep-23	86,294	-	-	-	-	86,294	n/a
FY21 ⁽⁷⁾	Nov-20	Nov-22, Nov-23, Nov-24	190,583	-	-	-	-	190,583	n/a
Paul Bradshaw									
FY20 ⁽⁷⁾	Sep-19	Sep-22, Sep-23	40,913	-	-	-	-	40,913	n/a
FY21 ⁽⁷⁾	Nov-20	Nov-22, Nov-23, Nov-24	90,358	-	-	-	-	90,358	n/a
David Burns									
FY17	Sep-16	Sep-19, Sep-20, Sep-21	5,930	-	(5,930)	100%	-	-	n/a
FY18	Sep-17	Sep-20, Sep-21, Sep-22	9,740	-	(4,870)	50%	-	4,870	n/a
FY19	Sep-18	Sep-21, Sep-22, Sep-23	44,006	-	(22,003)	50%	-	22,003	n/a
FY20 ⁽⁷⁾	Sep-19	Sep-22, Sep-23	44,060	-	-	-	-	44,060	n/a
FY21 ⁽⁷⁾	Nov-20	Nov-22, Nov-23, Nov-24	93,834	-	-	-	-	93,834	n/a
Benjamin Ward									
FY20 ⁽⁷⁾	Sep-19	Sep-22, Sep-23	44,060	-	-	-	-	44,060	n/a
FY21 ⁽⁷⁾	Nov-20	Nov-22, Nov-23, Nov-24	100,784	-	-	-	-	100,784	n/a
Gary Williams									
FY20 ⁽⁷⁾	Sep-19	Sep-22, Sep-23	44,060	-	-	-	-	44,060	n/a
FY21 ⁽⁷⁾	Nov-20	Nov-22, Nov-23, Nov-24	100,784	-	-	-	-	100,784	n/a
Former KMP									
Alex Brandon									
FY21 ⁽⁷⁾	Nov-20	Nov-22, Nov-23, Nov-24	57,273	-	-	-	(5,414) ⁽⁸⁾	51,859	n/a

(1) Refer to Table 13 for fair value assumptions associated with performance rights.

(2) There were no grants of performance rights made to Executive KMP in FY22. The grant made to Executive KMP in FY21 was an award for the two financial years FY21 and FY22 and is described in more detail in Section 6.

(3) For details of the proportion of LTI vesting and the performance outcomes of each grant refer to Table 5.

(4) Or date of ceasing to be a KMP if earlier. Mr Brandon ceased being an Executive KMP on 24 October 2021.

(5) The minimum total value of grants for future financial years is nil if relevant vesting conditions are not met. An estimate of the maximum possible total value in future financial years is the fair value at grant date multiplied by the number of performance rights awarded.

(6) As approved at the 2019 AGM Mr Heraghty received 53,262 performance rights in relation to a one-off co-investment grant. Fifty per cent of the co-investment grant vested in February 2022, and the remainder will vest in two equal portions in February 2023 and in February 2024.

(7) These performance rights will partially vest with the announcement of the FY22 results.

(8) Forfeited as a result of service conditions not being met. Percentage forfeited totals 9.5 per cent of awards held at the beginning of the period.

(9) All vested performance rights are exercisable. There are no performance rights at the end of the reporting period which are vested and unexercised.

(10) Ms Seaholme has not received any performance rights.

Performance rights are expensed over their vesting period in line with the vesting conditions. Refer to Section 6 for details of these vesting conditions.

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Table 13: Summary of performance rights grants

Grant	Grant date	VWAP used for grant	Fair value per performance right at grant date	Final vesting date ⁽⁴⁾	Number of performance rights at 2 July 2022
FY17	1 September 2016	\$10.51	\$7.99	1 September 2021	11,308
FY18	1 September 2017	\$8.02	\$6.38	1 September 2022	46,323
FY19	1 September 2018	\$9.51	\$7.65	1 September 2023	158,478
FY20	1 September 2019	\$9.85	\$7.72 ⁽¹⁾	1 September 2023	598,765
FY21 ⁽²⁾	1 November 2020	\$8.92	\$9.47 ⁽³⁾	1 November 2024	1,067,355
FY22 ⁽²⁾	3 November 2021	\$12.53	\$11.31	1 September 2024	176,250
Total					2,058,479

(1) The performance rights value for the 1 September 2019 grant was \$7.72, with the exception of Mr Heraghty who received a long-term incentive grant of 86,294 performance rights and 53,262 performance rights in relation to a one-off co-investment grant with these grants averaging a value of \$7.21. The one-off co-investment grant vests over three financial years, with 50 per cent of the performance rights vesting in February 2022 and the remainder vesting in equal portions in February 2023 and February 2024.

(2) The grant for FY21 was inclusive of the FY22 opportunity for Executive KMP. There was no grant to KMP in FY22. Grants were made to other selected employees.

(3) The performance rights granted in FY21 were valued for the purpose of the financial statements using a fair value of \$9.47, which is based on the share price at the accounting grant date of 30 December 2020. The only exception was for performance rights for Mr Brandon which were granted at a later date and had a fair value of \$10.15.

(4) Refer to Section 6 for details of vesting conditions. Performance rights expire no later than seven years from grant date.

MINIMUM SECURITIES HOLDING POLICY

In 2015, to further align the interests of KMP with those of shareholders, the Board introduced a minimum shareholding requirement to be achieved within five years of commencing as an Executive KMP, or within five years of the policy commencing. The requirement is summarised below:

Group MD and CEO	150% x base salary*
Other KMP	100% x base salary*

* Before taxation and superannuation

During FY22, the Board approved amendments to the Company's Minimum Securities Holding Policy to simplify the calculation of the number of securities held. Any unvested equity (such as unvested performance rights) is counted towards the target in circumstances where the equity is no longer subject to performance hurdles.

Under the revised policy, the minimum securities holding target must be achieved by an Executive KMP within five years of appointment (or, where applicable, within a five-year transition period set under the revised policy).

The Minimum Securities Holding Policy is available in the Corporate Governance section of the Company's website.

As at the date of this report, Mr Heraghty and Mr Burns have met the Minimum Securities Holding Requirement. Other Executive KMP have been with the Company less than the five years in which they may build their holding. In September 2022, following testing of FY20 and FY21 LTI grants, and the grant of FY22 deferred STI, all but Ms Seaholme will have met the requirement, based on the closing share price on 2 July 2022.

SHARES ISSUED ON VESTING OR EXERCISE OF PERFORMANCE RIGHTS

During the reporting period, a total of 293,907 performance rights vested. Entitlements to receive ordinary shares upon the vesting of those performance rights were fulfilled through on-market share purchases. More detail of the relevant tranches vesting in FY22 for KMP is provided in Table 12.

There were no new ordinary shares of the Company issued on the vesting of performance rights during FY22, or since the end of the financial year and up to the date of this report.

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SECTION 6

Executive Remuneration Framework

Our philosophy is to provide flexible and market competitive remuneration arrangements that reflect the performance of the Group and its businesses.

The key elements are:

Market competitive	Aligned to shareholders' sustainable value	Pay-for-performance environment - specific and measurable	Equitable and consistent across the Group	Recognise performance and experience	Aligned to values and prudent risk management
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EXECUTIVE REMUNERATION OBJECTIVES

The Group MD and CEO, together with other Executive KMP, are remunerated under a Total Reward Framework. The Total Reward Framework is designed to appropriately reward executives for their contribution to the success of the Group by aligning all remuneration elements to the delivery of both short-term milestones and long-term sustainable value to the Company's shareholders. The target pay mix is set out in Table 8.

Our Remuneration Objectives	Attract, motivate and retain executive talent.	Differentiate reward to drive performance, including values and behaviours.	Alignment to shareholder interests and value creation through equity components granted as part of long-term incentives or through the deferral of cash-based short-term incentives into equity.	An appropriate balance of fixed and 'at-risk' components focused on long-term strategy and short-term milestones.
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ALIGNMENT OF OBJECTIVES TO OUR REMUNERATION FRAMEWORK

	Fixed Pay	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Strategic Intent	To reflect the Executive's role, duties, responsibilities, strategic value, experience and skills. Quantum is set using external market-based data of similarly sized S&P/ ASX200 companies. The position against market increases over time to reflect performance in the role.	To achieve Board approved targets, in support of the execution of the Group's strategy. Deferral of STI into equity extends the timeframe for receipt of variable reward outcomes.	To reward Executive KMP for sustainable long-term growth aligned to shareholders' interests.
Total Target Reward & Remuneration Mix			
Market Positioning	Reward quantum is set at a level to attract, motivate and retain talented executives. Compared to relevant market-based data (similarly sized S&P/ ASX200 companies), fixed pay is positioned at the median, increasing to the 75 th percentile for sustained high performance. Total Target Reward is positioned at the 75 th percentile where there is sustained high performance taking into consideration expertise and performance in the role. The pay mix philosophy favours "at-risk" pay over fixed pay, while remaining broadly consistent with the market.		

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REMUNERATION BENCHMARKS

As an input to determining remuneration quantum for Executive KMP, the Board references benchmarks that are representative of the size and scope of the Group and the specific accountabilities of the roles using multiple comparator groups. The comparator groups being:

- companies within 50 per cent to 200 per cent of the Group's 12-month average market capitalisation;
- companies in the ASX200 Global Industry Classification Standard Consumer Discretionary sector; and
- for Brand MDs, ASX200 Head of Business Units with similar revenue accountability.

The Board considers this combination appropriate to assess the market for similar-sized roles within a sufficiently sized market sample across broader industry, with a view to any sector specific insights.

The benchmarking approach allows the Board to consider a broad range of comparable roles in companies or, where relevant, business units, of similar size and scale, as well as industry peers. This dual lens provides both a large enough sample to form a view on remuneration levels across the broader market for talent as well as sector specific insights. Market data provides one input to the Board's decision-making on remuneration levels. The Board also takes account of performance, internal relativities and the economic environment and context.

FIXED PAY/BASE SALARY

Base salary comprises base pay and superannuation and may include prescribed non-financial benefits at the discretion of the individual executive on a salary-sacrifice basis. The Group provides superannuation contributions in line with statutory obligations.

No guaranteed base salary increases are included in any KMP's service agreement.

VARIABLE OR 'AT-RISK' REMUNERATION

Variable or 'at-risk' remuneration forms a significant portion of the Executive KMP remuneration opportunity. The purpose of variable remuneration is to focus executives on the execution of the Group's strategy and delivery of long-term sustainable value.

The information below provides detail of the Group's short-term and long-term incentives.

SHORT-TERM INCENTIVE REWARD

Consistent with prior years, the FY22 STI scheme for the Executive Leadership Team, including Executive KMP, is based on a balanced scorecard. Taking a scorecard approach allows executive performance to be assessed in a holistic way against four key drivers of performance, outlined in Table 14.

Deferral of a portion of STI into equity was introduced in FY20 using restricted shares to meet the deferred STI component. Using equity to meet a portion of STI further aligns executive interests to those of shareholders. Restricted shares are delivered to Executive KMP and other eligible executives under and subject to the rules of the Super Retail Group Employee Equity Incentive Plan (the EIP). The EIP rules are available in the Corporate Governance section of the Company's website.

Table 14: Key aspects of the FY22 STI scheme

Scheme	STI awards are made under the Super Retail Group Short-Term Incentive scheme (the STI scheme).
Participation	The scheme allows for the invitation to participate to Executive KMP and other executives.
Purpose	The scheme rewards a combination of Board-approved financial and non-financial performance measures that are aligned to the execution of the Group's strategy, and which articulate performance expectations at both target and over-achievement levels.
Performance period	The performance period is the financial year ending 2 July 2022.
Financial gateway	A minimum Group NPBT of at least 90 per cent of target must be met before any Short-Term Incentives are payable. If this level is not reached, any payment made to Executive KMP will be at the Board's discretion.

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Performance targets

The achievement of individual KPI targets (once the financial gateway has been achieved) determines the proportion of the potential bonus entitlement that will be granted.

For FY22, the following primary performance goals and weightings were selected. These goals are aligned to the Group's strategic plan. The significant weighting of financial outcomes, at 50 per cent, maintains a strong link between financial performance and incentive paid.

Measures	Category	Weighting (% of STI)	Performance Goals
Financial	Financial	50	• Normalised NPBT • Working Capital Efficiency
Non-Financial	Business Improvement	20	• Delivery of Strategic Portfolio
	Customer	20	• Active Customer Revenue • Net Promotor Score (NPS)
	People and Risk	10	• Total Recordable Injuries • Risk Management

FY22 Target, Maximum (Stretch) Opportunity, and Minimum

The reward target for STI opportunity is set with reference to market data, and the stretch STI opportunity is 150 per cent of target. For each measure, a threshold level of performance is set. This level must be met to achieve any payment; hence the minimum is zero.

Payment frequency and payment vehicle

FY22 STI awards are delivered as 70 per cent cash and 30 per cent deferral to equity.

STI awards are paid annually. Payments are made following the end of the performance period, generally in August or September. Restrictions on 50 per cent of the FY22 deferred STI will lift in August 2023 and the restrictions on 50 per cent will lift in August 2024.

Restricted shares

A restricted share is a fully paid ordinary share in the Company awarded to and held by a STI scheme participant subject to the terms of grant and the EIP rules, which include restrictions on disposal, vesting and forfeiture rules.

A restricted share may not be traded until all restrictions are lifted. No amount is payable by the participant on the grant or vesting of a restricted share. Participants are entitled to receive dividends on, and exercise the voting rights of, the restricted shares they hold.

Principles for Board discretion on short-term incentive plans

- Preserving the purpose and integrity of the remuneration framework and short-term remuneration target.
- Consistency with general market/security-holder expectations, particularly for the alignment of performance-based remuneration with the interests of shareholders.
- Exercising discretion only for events or items over the performance period that have a material impact on the outcome.
- Maintaining affordability of the STI scheme.
- Sustaining desired impact against subsequent year strategic and business objectives.
- Exercising any discretion fairly and consistently, considering:
 - any actions taken which have optimised long and/or short-term value creation at the expense of an "in year" outcome measured in the scorecard;
 - whether performance measures capture the impacts of unforeseen events on the business and creation of sustainable shareholder value; and
 - the impacts of a team member's actions on the outcome as assessed against the performance metric.

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The HRRC makes recommendations to the Board in relation to the design of the STI scheme, KPI and target setting. The Board has ultimate approval and discretion over the outcomes.

The treatment on cessation of employment and change of control are common to all plans under the EIP and are outlined in Table 18.

LONG-TERM INCENTIVE REWARD

The Group's remuneration structure aims to align long-term incentives (LTI) for Executive KMPs and other executives with the delivery of sustainable value to shareholders. The alignment of interests is important in ensuring that Executive KMPs and other executives are focused on delivering sustainable returns to shareholders, whilst allowing the Group to attract and retain high-calibre executives. The Board has determined that the combination of normalised EPS and normalised ROC are appropriate measures of sustainable shareholder returns.

Historically the LTI plan has used a combination of two metrics being compound average growth in normalised EPS over three financial years and normalised ROC average over three financial years. In the context of the COVID-19 pandemic and the challenges of forecasting its impact on the business, the Board established a two-year Medium Term business Plan (MTBP), with targets for normalised ROC and normalised NPBT. The grant in FY21 covered LTI reward for both FY21 and FY22, and is based on performance over the two-year period of the MTBP. Grants from FY23 will be assessed over a three-year performance period.

Table 15: Key aspects of the LTI plan for the FY20 grant

Plan	The Company's Long-Term Incentive Plan (the LTI plan) provides awards in the form of performance rights which are granted under the rules of the EIP.
Participation	The plan allows for the annual grant of performance rights to Executive KMP and other executives. The grant for FY21 includes the FY22 opportunity for Executive KMP. There was no grant in FY22 for Executive KMP. The FY21 grant is outlined in Table 17.
LTI instrument	Performance rights are granted by the Company for nil consideration. A performance right represents a right to receive a fully paid ordinary share at no cost if service-based and performance-based vesting conditions are met.
Allocation methodology	The number of performance rights granted to each Executive KMP is determined in accordance with the Executive Remuneration Framework and has a value of between 50 per cent and 100 per cent of their base salary package. The notional value of performance rights granted to Executive KMP and other executives is determined on a face value basis using a volume-weighted average price for Super Retail Group shares traded on the ASX over a period of five trading days following the release of the Group's results for the preceding reporting period. The value of performance rights for grant purposes may differ from the accounting valuation shown in the financial statements, which considers probability of vesting and other factors.
Performance period	Three financial years ending 2 July 2022.
Performance hurdles	Equity grants to Executive KMP and other executives are in two equal tranches, 50 per cent relating to the compound annual growth rate in normalised EPS over the performance period and 50 per cent relating to normalised ROC averaged over the performance period.

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Vesting schedule

The performance conditions for performance rights granted in FY20 were:

	Measures	
	Normalised EPS compound average growth rate over the performance period	Normalised ROC average over the performance period
Weight	50%	50%
Proportion that qualifies for delivery in accordance with the vesting period outlined below	Below threshold: 0% of this portion Threshold: 30% of this portion Midpoint: 50% of this portion Maximum: 100% of this portion Straight-line vesting: Between threshold and target and then between target and maximum	Below threshold: 0% of this portion Threshold: 30% of this portion Midpoint: 50% of this portion Maximum: 100% of this portion Straight-line vesting: Between threshold and target and then between target and maximum

The Threshold, Target and Maximum for the grants since FY17 are shown in Table 16.

Significant items

The Board may adjust for any significant events or items to give financial statement users additional insight into financial performance. These adjustments are for events or items considered unusual by their nature or size and/or not being in the ordinary course of business.

Vesting period

If the performance conditions are satisfied within the performance period, the performance rights will vest over subsequent years in accordance with the following schedule:

Time after grant of performance rights:	Percentage of performance rights that vest:
Three years	50
Four years	50

Note that for grants prior to FY20, qualified performance rights vest 50 per cent after three years, 25 per cent after four years and 25 per cent after five years.

Testing and time restrictions

At the end of the performance period, equity grants are tested against the performance hurdles set. Awards will only vest once the Board, in its discretion, determines that relevant conditions have been satisfied. If the performance hurdles are not met at the vesting date, the performance rights will lapse. There is no retesting of performance hurdles under the plan. The Board has discretion to determine that an Award vests prior to the end of the relevant period and retains a discretion to adjust performance-related outcomes.

Dividends and voting rights

Performance rights do not carry voting or dividend rights.

Principles for Board discretion on equity-based incentive plans

- Preserve the purpose and integrity of the LTI plan.
- Maintain the integrity of each year's remuneration as awarded.
- Maintain the level of performance expected when the original targets were set.
- Be consistent with general market/security-holder expectations, particularly for the alignment of performance-based remuneration with the interests of shareholders.
- Be able to be implemented without requiring special approvals, for example from the ASX or security-holders.
- Not hinder the success of any transaction (such as a significant acquisition) given that executives do not otherwise receive incentive type payments for merger and acquisition activity.
- Discretion should only be exercised for events or items over the performance period that have a material impact on the outcome.
- Adjustments (positive and negative) are made at the time of vesting (there may be more than one relevant event during the performance period).

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The HRRC makes recommendations to the Board in relation to the design of the LTI plan, metrics and target setting. The Board has ultimate approval and discretion over the outcomes.

The treatment on cessation of employment and change of control are common to all plans under the EIP and are outlined in Table 18.

Table 16: Threshold, Target and Maximum for LTI Plans from FY17 to FY20

Grant	Performance Condition for Normalised EPS compound average growth over the performance period			Performance Condition for Normalised ROC average over the performance period		
	Threshold (zero below this, 30% at this point)	Midpoint (50% reward achieved)	Maximum (100%)	Threshold (zero below this, 30% at this point)	Midpoint (50% reward achieved)	Maximum (100%)
FY17	N/A	10%	15%	10%	12%	15%
FY18	N/A	10%	15%	10%	12%	15%
FY19	8%	10%	13%	10%	12%	15%
FY20	8%	10%	13%	10%	12%	15%

Table 17: Key aspects of the LTI plan modifications for the FY21 grant

Financial years applicable	The grant for FY21 includes both the FY21 and the FY22 opportunity for Executive KMP. There was no grant in FY22 made to Executive KMP.
Allocation methodology	The notional value of performance rights granted to Executive KMP and other executives is determined on a face value basis using a volume-weighted average price for ordinary shares of the Company traded on the ASX over a period of five trading days. Usually, the five-day period starts from the day following the release of the Group's results for the preceding reporting period. Following discussions with shareholders, the Board determined that the FY21 grant should be based on the average over the five trading days following the Group's trading update announcement which was lodged with the ASX on 31 July 2020.
Performance period	For the FY21 grant, the performance period is the two-year period of the Medium-Term Business Plan i.e. the combined FY21 and FY22 period.
Performance hurdles	The FY21 LTI grants are in two equal tranches, the first tranche is measured against normalised NPBT over the performance period. The remaining tranche is measured against normalised ROC averaged over the performance period. For the FY21 grant, 50 per cent of rights vest at the minimum (target) performance level and 100 per cent of rights vest at the maximum performance target, with vesting between these points on a pro-rata basis.

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Vesting schedule

a) Normalised NPBT (50 per cent of the performance rights)

The percentage of performance rights attributed to the normalised NPBT hurdle that is available to vest, if any, will be determined with reference to the Company's normalised NPBT performance over the performance period FY21 and FY22 as set out in the table below.

NPBT	Percentage of performance rights attributed to NPBT hurdle that become 'Qualified Performance Rights' and are available to vest
Below \$413.8 million	0%
At \$413.8 million	50%
Between \$413.8 million and \$517.3 million	On a pro-rata basis
At maximum performance (\$517.3 million in the two financial years ending on 2 July 2022)	100%

b) Normalised ROC (50 per cent of the performance rights)

The percentage of performance rights attributed to the normalised ROC hurdle that is available to vest, if any, will be determined with reference to the Company's normalised ROC performance over the performance period FY21 and FY22 as set out in the table below.

ROC	Percentage of Performance Rights attributed to ROC hurdle that become 'Qualified Performance Rights' and are available to vest
Below 12%	0%
At 12%	50%
Between 12% and 15.9%	On a pro-rata basis
At 15.9%	100%

Vesting period

For the FY21 grant, if the performance conditions are satisfied within the performance period, the performance rights will vest over the subsequent years in accordance with the following schedule:

Time after grant of performance rights:	Proportion of performance rights that vest:
Two years	One third of performance rights
Three years	One third of performance rights
Four years	One third of performance rights

Testing

There is no retesting of performance hurdles under the plan.

Dividends and voting rights

Performance rights do not carry voting or dividend rights.

Principles for Board discretion on equity-based incentive plans

- Preserve the purpose and integrity of the LTI plan.
- Maintain the integrity of each year's remuneration as awarded.
- Maintain the level of performance expected when the original targets were set.
- Be consistent with general market/security-holder expectations, particularly for the alignment of performance-based remuneration with the interests of shareholders.
- Be able to be implemented without requiring special approvals, for example from the ASX or security-holders.
- Not hinder the success of any transaction (such as a significant acquisition) given that executives do not otherwise receive incentive type payments for merger and acquisition activity.
- Discretion should only be exercised for events or items over the performance period that have a material impact on the outcome.
- Adjustments (positive and negative) are made at the time of vesting (there may be more than one relevant event during the performance period).

The treatment on cessation of employment and change of control are common to all plans under the EIP and are outlined in Table 18.

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REMUNERATION REPORT (AUDITED)

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OTHER KEY TERMS OF THE EQUITY INCENTIVE PLAN RULES

The Super Retail Group Employee Equity Incentive Plan (EIP) Rules govern both the deferred STI scheme and the Long-Term Incentive Plan. Table 18 outlines further key provisions under the EIP rules that apply to both restricted shares (deferred STI) and performance rights (LTI). The EIP rules are available in the Corporate Governance section of the Company's website.

Table 18: Key terms of the EIP rules

Prohibition on hedging	The EIP rules specifically prohibit a participant from entering into any scheme, arrangement or agreement (including options, securities lending, hedging or derivative products) under which the participant may alter the economic benefit to be derived from any performance rights or restricted shares, irrespective of future changes in the market price of ordinary shares of the Company. Where a participant enters, or purports to enter, into any scheme, arrangement or agreement, the Board may determine that the award immediately lapses or is forfeited (as the case may be).
Claw back provisions	The Board has a broad discretion under the EIP rules to determine any treatment in relation to participants' awards, both vested and unvested, as it sees fit, in certain circumstances such as fraud, dishonesty, or breach of obligations (including, without limitation, a material misstatement of financial information). Such treatment may include a decision by the Board to cause the lapse or forfeiture of some or all of the participant's awards or, where shares allocated to the participant under the EIP have been subsequently sold, require the participant to repay the net proceeds of such a sale.
Treatment on cessation of employment	If a participant ceases to be an employee of the Group for any reason, the Board has a broad discretion to determine that a different treatment applies in respect of any unvested awards. For example, the Board could determine that a pro-rata number of the participant's awards will vest at the original time of vesting (subject to the satisfaction of original performance hurdles and any other vesting conditions that are not service related). Where the Board does not apply such discretion, some default treatments apply on cessation of employment. For example, where an employee resigns or is terminated for cause (including gross misconduct), their unvested rights will lapse immediately unless the Board determines otherwise. In other situations, unvested performance rights may remain on foot and vest (or otherwise lapse) in accordance with their terms.
Change of control provisions	Should a change of control event occur, the Board has discretion to determine how unvested performance rights should be treated, having regard to factors such as the level of performance to date, the length of time elapsed in the performance period and the circumstances of the change of control. Where the Board does not exercise its discretion, there will be a pro-rated accelerated vesting of unvested performance rights.

OTHER EQUITY

At the 2019 AGM, shareholders approved a one-off grant of performance rights to Group MD and CEO, Anthony Heraghty in the form of a co-investment award on the condition that Mr Heraghty self-fund the acquisition of ordinary shares in the Company of an equivalent value. The intent of this grant was to further align the Group MD and CEO's interests with the interests of shareholders and to provide an opportunity for Mr Heraghty to build his shareholding, and this was agreed in Mr Heraghty's employment contract. Mr Heraghty satisfied this condition in March 2019 and as such, the co-investment grant was made following receipt of shareholder approval at the 2019 AGM. The performance rights vest on the third, fourth and fifth anniversaries of the date of the contract. The first tranche (50 per cent) of the co-investment award vested in February 2022 as shown in Section 5. The remainder will vest in two equal portions in February 2023 and February 2024.

Cathy Seaholme joined the Company as Managing Director - Macpac on 25 October 2021. Due to no LTI grant being made to Executive KMP during FY22, Ms Seaholme's initial terms included an incentive opportunity of NZ\$341,000 based on the achievement of the Macpac budget as assessed by the Board at the end of FY23. Under the incentive opportunity, 50 per cent will be payable in cash in September 2023, and the remainder in restricted shares on which restrictions will lift in two equal portions, 25 per cent in September 2023 and 25 per cent in September 2024. The Board determined this was an appropriate performance-related mechanism to build share ownership in the period before reward is received from her first LTI grant. The first LTI grant will be made in FY23 and will begin to vest in FY26 subject to achievement of performance hurdles.

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TERMINATION ARRANGEMENTS

Alex Brandon ceased being an Executive KMP on 24 October 2021. Upon his cessation as an employee of the Group, Mr Brandon received a termination payment of NZ\$403,899 (A\$379,640). The Board, in its discretion, determined that Mr Brandon was a "good leaver" for the purposes of the rules governing the Group's STI scheme and LTI plan. As a result, 51,859 performance rights remain on foot for the FY21 LTI grant in accordance with their original timeline and performance hurdles. Mr Brandon was also permitted to retain grants of deferred STI, totalling 4,159 restricted shares, which will be held subject to their original time-based restrictions.

SERVICE AGREEMENTS

Remuneration and other terms of employment for ongoing Executive KMP are formalised in service agreements. Each of these agreements provide for, but not guarantee, participation in STI and LTI arrangements. All service agreements with Executive KMP may be terminated by either party as shown in Table 19.

Table 19: Key terms of Executive KMP Service Agreements

Name	Term of agreement	Agreement commencement date ⁽¹⁾	Notice period if Company terminates	Notice period if executive terminates	Commencement date with Super Retail Group
Anthony Heraghty	Ongoing	20 February 2019	12 months	9 months	27 April 2015
Paul Bradshaw	Ongoing	25 November 2019	6 months	6 months	25 November 2019
David Burns	Ongoing	3 October 2018	6 months	3 months	3 December 2012
Cathy Seaholme	Ongoing	25 October 2021	6 months	6 months	25 October 2021
Benjamin Ward	Ongoing	1 August 2019	6 months	3 months	29 July 2019
Gary Williams	Ongoing	2 April 2019	6 months	3 months	2 April 2019
Former KMP					
Alex Brandon	Ceased as KMP 24 October 2021	31 March 2018	6 months	6 months	31 March 2018

(1) Commencement date of KMP service agreement.

Service agreements do not provide for termination payments. However, service agreements specify the notice period required and note that the executive may be required to work some or all of the notice period, and the Company reserves the right to pay in lieu of notice. Hence, the maximum termination benefit, other than for cause, is equal to the base salary for the Company notice period detailed in Table 19.

PERIOD OF RESTRAINT

Executives, including Executive KMP, are subject to post-employment restraints under their service agreements. Upon cessation of employment for any reason, the employee must not compete with the Group's relevant specialty retailing businesses (including direct or indirect involvement as a principal, agent, partner, employee, shareholder, unit holder, director, trustee, beneficiary, manager, contractor, adviser or financier), without first obtaining the consent of the company in writing. The restraint period is 12 months for all Executive KMP.

SECURITIES TRADING POLICY/HEDGING

In addition to the EIP rules, the Company's Securities Trading Policy also prohibits designated persons (included KMP) and closely related parties of KMP from hedging their equity-based awards that have not vested or remain subject to a holding lock.

GENDER PAY EQUITY

The Group is committed to remunerating all team members fairly and equitably.

In support of gender pay equity, the Group conducts annual gender pay equity reviews. No systemic issues regarding gender pay equity were identified in the most recent review undertaken in the reporting period. In addition, the Group's recruitment, performance and reward processes are monitored to assist in delivering on our commitment to provide equitable, fair and consistent pay arrangements to team members.

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SECTION 7

Non-Executive Director Remuneration Arrangements

NON-EXECUTIVE DIRECTOR REMUNERATION STRUCTURE

The Company's remuneration strategy is designed to attract and retain experienced, qualified Non-Executive Directors and to remunerate appropriately to reflect the responsibilities of the position. Non-Executive Directors receive fees to recognise their contribution to the work of the Board and the associated Committees on which they serve.

The HRRC annually reviews the level of fees payable to Non-Executive Directors. Under the current fee framework, Non-Executive Directors are remunerated by way of a base fee, with additional fees paid to the Chairs and members of Committees; namely, the ARC and the HRRC. This reflects the additional time commitment required by the Chairs and members of these Committees.

The Board Chair receives an all-inclusive fee and no other fees (e.g. Committee fees) are received.

Fees are inclusive of superannuation contributions required under applicable legislation.

Non-Executive Directors may opt each year to receive a proportion of their remuneration in ordinary shares of the Company, which would be acquired on market.

NON-EXECUTIVE DIRECTOR FEES

At the 2020 AGM, shareholders approved a maximum fee pool of \$1.5 million a year. The fees paid to Non-Executive Directors are set out in Table 20 and are annual fees, inclusive of superannuation, unless otherwise stated. The Board determined that an increase in base fees was appropriate for FY22 in line with independent market data. The Board considered base and Committee fees for FY23 and made no change from FY22.

Table 20: Non-Executive Director fees FY22 & FY23

	Board	Audit and Risk Committee	Human Resources and Remuneration Committee	Nomination Committee
Chair ⁽¹⁾	\$360,000	\$45,000	\$45,000	Nil
Members	\$145,000	\$15,000	\$15,000	Nil

(1) Committee fees are not paid to the Chair of the Board.

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Details of the remuneration of the Non-Executive Directors of the Company are set out in Table 21.

Table 21: Non-Executive Directors Remuneration calculated in accordance with Australian accounting standards

Name	Year	Short-term benefits			Post- employment	Total
		Cash salary and fees \$	Cash bonus \$	Non- monetary benefits \$		
Sally Pitkin	FY22	360,000	-	-	-	360,000
	FY21	313,650	-	-	-	313,650
Annabelle Chaplain	FY22	145,455	-	-	14,545	160,000
	FY21	141,127	-	-	13,407	154,534
Peter Everingham ⁽¹⁾	FY22	186,364	-	-	18,636	205,000
	FY21	165,744	-	-	15,746	181,490
Howard Mowlem	FY22	186,364	-	-	18,636	205,000
	FY21	170,152	-	-	16,164	186,316
Reg Rowe	FY22	131,818	-	-	13,182	145,000
	FY21	128,898	-	-	12,245	141,143
Judith Swales ⁽²⁾	FY22	96,970	-	-	9,697	106,667
	FY21	-	-	-	-	-
Former Non-Executive Directors						
Gary Dunne ⁽³⁾	FY22	72,727	-	-	7,273	80,000
	FY21	141,127	-	-	13,407	154,534
Diana Eilert ⁽⁴⁾	FY22	-	-	-	-	-
	FY21	86,120	-	-	8,181	94,301
Total	FY22	1,179,698	-	-	81,969	1,261,667
Total	FY21	1,146,818	-	-	79,150	1,225,968

(1) Mr Everingham commenced as Chair of the HRRC from 28 October 2020.

(2) Ms Swales commenced as KMP on 1 November 2021.

(3) Mr Dunne ceased to be a KMP on 31 December 2021.

(4) Ms Eilert ceased to be a KMP on 31 January 2021.

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SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS AND THEIR RELATED PARTIES

Table 22 sets out details of ordinary shares in the Company held during the financial year by Non-Executive Directors and their related parties.

Table 22: Shareholdings of Non-Executive Directors and their related parties⁽¹⁾

	Held at 27 June 2021 ⁽²⁾	Shares acquired under DRP	Shares purchased/ (disposed)	Held at 2 July 2022 ⁽³⁾
Sally Pitkin AO	59,605	-	8,800	68,405
Annabelle Chaplain AM	5,000	465	6,400	11,865
Peter Everingham	40,000	-	-	40,000
Howard Mowlem	34,286	-	-	34,286
Reg Rowe ⁽⁴⁾	68,517,723	11,467 ⁽⁵⁾	-	68,529,190
Judith Swales	-	-	5,925	5,925
Former KMP				
Gary Dunne	8	-	6,000	6,008

(1) Includes the Non-Executive Director's close family members or any entity they or their close family members control, jointly control or significantly influence.

(2) Or date of appointment if later. Ms Swales was appointed as an Independent Non-Executive Director on 1 November 2021.

(3) Or date of ceasing to be a KMP if earlier. Mr Dunne retired from the Board as an Independent Non-Executive Director on 31 December 2021, and ceased being a KMP at that time.

(4) Certain related parties of Mr Rowe hold ordinary shares, which at 2 July 2022, totalled 2,638,759 shares. Mr Rowe does not have a relevant interest or voting power in any of these shares.

(5) Represents shares acquired by related parties of Mr Rowe under the DRP during the financial year. Mr Rowe does not have a relevant interest or voting power in any of these shares.

MINIMUM SECURITIES HOLDING POLICY

Under the Company's Minimum Securities Holding Policy, Non-Executive Directors are required to acquire within a specified time period, and hold thereafter, a minimum number of ordinary shares in the Company equal to the value of their annual base fee (before taxation and superannuation). The minimum securities holding target must be achieved by a Non-Executive Director within three years of appointment (or, where applicable, within a three-year transition period set under the revised policy). Dr Pitkin, Mr Everingham, Mr Mowlem and Mr Rowe have met the requirement as at the end of the financial year.

The Minimum Securities Holding Policy is available on the Company's website.

NO PERFORMANCE BASED FEES

Non-Executive Directors do not receive performance-related remuneration.

NO TERMINATION PAYMENTS

Non-Executive Directors are not eligible for termination payments on their retirement from office or to receive retirement benefits other than superannuation contributions required under applicable legislation.

RETIREMENT BENEFITS

Retirement benefits for Non-Executive Directors are provided only to the extent required by legislation.

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SECTION 8

Transactions with KMP

The following sections apply to both Director KMP and Executive KMP.

LOANS TO KMP AND THEIR RELATED PARTIES

There are no loans made to KMP or their related parties during the reporting period, or that remain unsettled at the end of the reporting period or the date of this report.

OTHER TRANSACTIONS WITH KMP

Dividends paid to KMP or their related parties in their capacity as shareholders of the Company in the reporting period amounted to \$56,509,512 (FY21: \$36,125,381). Other payments made to Non-Executive Director Mr Rowe in the form of store lease payments during the financial year amounted to \$10,477,402 (FY21: \$9,553,918). The financial year of 27 June 2021 to 2 July 2022 is a period of 53 weeks, compared to the comparative financial year of 28 June 2020 to 26 June 2021 of 52 weeks. This has resulted in 13 monthly rent payments in the current reporting period, compared to 12 monthly rent payments in the comparative reporting period. Rent payable at year-end was nil (FY21: nil). Rent on properties is negotiated on an arm's length basis. There were no other transactions with KMP during the reporting period. No other KMP held positions in other companies that transacted with the Group in the financial year.

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SECTION 9

Remuneration Governance

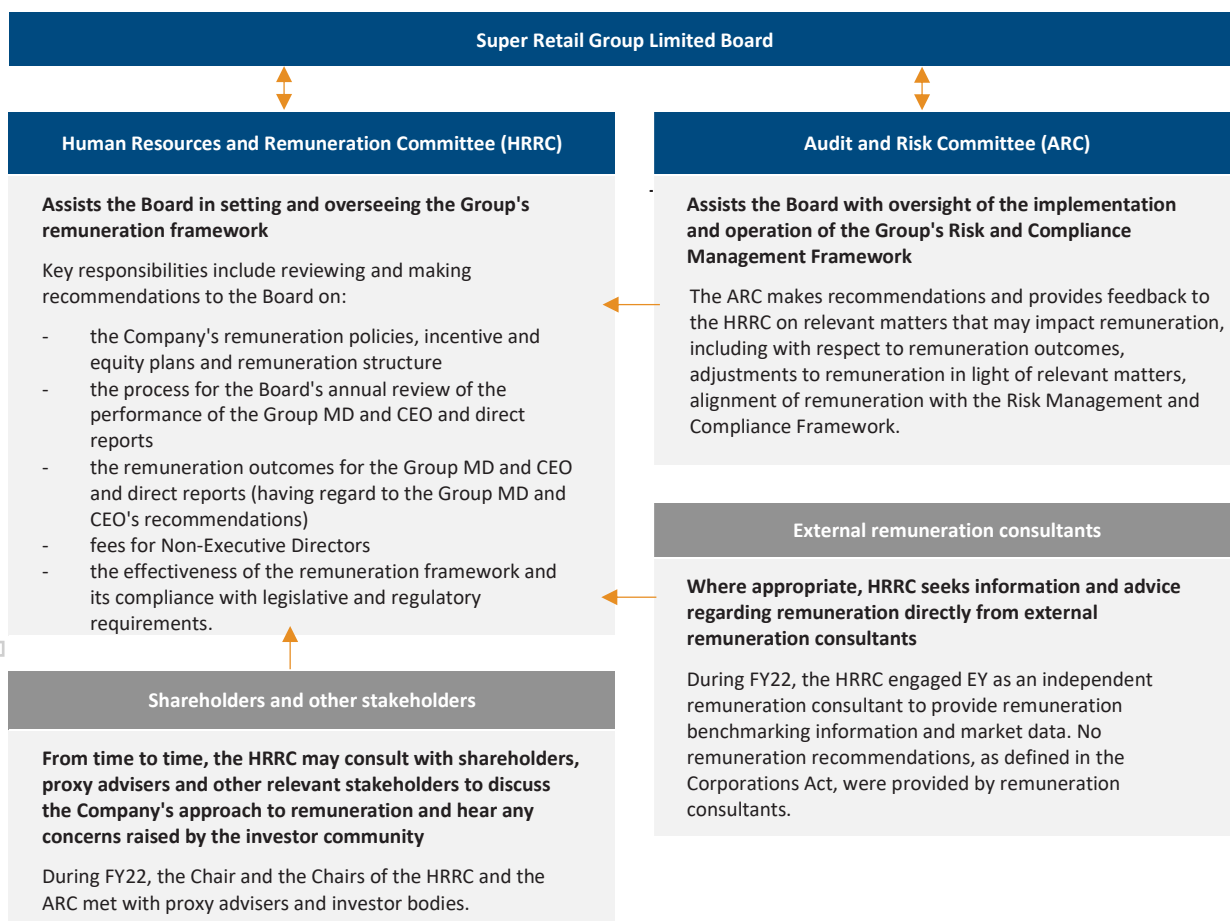
The Board is responsible for overseeing the Company's remuneration framework and ensuring that it is aligned with the Company's vision, mission, values, strategic objectives and risk appetite. The HRRC assists the Board in its oversight of the remuneration framework by reviewing and making recommendations to the Board in relation to the overall human resources and remuneration practices of the Group.

The HRRC currently comprises three Independent Non-Executive Directors: Peter Everingham (Chair), Howard Mowlem and Sally Pitkin. Details of the number of times the HRRC met and attendance at those meetings during the reporting period is set out in the Directors' Report on page 32. The responsibilities of the HRRC are outlined in its Charter, which is available in the Corporate Governance section of the Company's website.

The Audit and Risk Committee (ARC) liaises with the HRRC, as necessary, to ensure there is effective coordination between the Committees and an alignment between the Company's Risk Management and Compliance Framework and remuneration outcomes.

The following diagram outlines the Company's remuneration governance framework.

Table 23: Remuneration Governance Framework



2022

Financial Statements

For the financial
year ended
2 July 2022



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 2 July 2022

	Notes	2022 \$m	2021 \$m
CONTINUING OPERATIONS			
Revenue from continuing operations		3,550.9	3,453.1
Other income from continuing operations		0.1	0.4
Total revenues and other income	5	3,551.0	3,453.5
Expenses			
Cost of sales of goods		(1,890.3)	(1,797.2)
Other expenses from ordinary activities			
- selling and distribution		(459.3)	(438.7)
- marketing		(98.8)	(102.5)
- occupancy		(238.1)	(213.3)
- administration		(471.4)	(433.0)
Net finance costs	6	(47.0)	(41.0)
Share of net loss of associates and joint ventures	6	(0.4)	(0.2)
Total expenses		(3,205.3)	(3,025.9)
Profit before income tax		345.7	427.6
Income tax expense	15	(104.5)	(126.6)
Profit for the period		241.2	301.0
Profit for the period is attributable to:			
Owners of Super Retail Group		241.2	301.0
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Gains / (losses) on cash flow hedges	20	8.3	2.5
Hedging (gains) / losses reclassified to profit or loss	20	(2.5)	1.3
Exchange differences on translation of foreign operations	20	(1.7)	(0.3)
Other comprehensive income for the period, net of tax		4.1	3.5
Total comprehensive income for the period is attributable to:			
Owners of Super Retail Group		245.3	304.5
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	18	106.8	133.4
Diluted earnings per share	18	105.8	132.1

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

CONSOLIDATED BALANCE SHEET

As at 2 July 2022

	Notes	2022 \$m	2021 \$m
ASSETS			
Current assets			
Cash and cash equivalents	7	13.4	242.3
Trade and other receivables	8	53.6	38.4
Inventories	9	799.6	696.4
Derivative financial instruments	17	11.9	3.6
Total current assets		878.5	980.7
Non-current assets			
Property, plant and equipment	10	235.7	219.9
Intangible assets	11	866.0	866.9
Right-of-use assets	12	923.7	894.3
Deferred tax assets	15	15.4	14.9
Other financial assets	25(b)	-	6.1
Total non-current assets		2,040.8	2,002.1
Total assets		2,919.3	2,982.8
LIABILITIES			
Current liabilities			
Trade and other payables	13	451.4	563.4
Lease liabilities	12	193.4	193.9
Current tax liabilities	15	19.8	69.5
Provisions	16	97.9	97.0
Total current liabilities		762.5	923.8
Non-current liabilities			
Borrowings	14	-	-
Lease liabilities	12	817.3	795.7
Deferred tax liabilities	15	10.1	10.2
Provisions	16	40.4	26.6
Total non-current liabilities		867.8	832.5
Total liabilities		1,630.3	1,756.3
NET ASSETS		1,289.0	1,226.5
EQUITY			
Contributed equity	19	740.7	740.7
Reserves	20	24.1	17.6
Retained earnings	20	524.2	468.2
TOTAL EQUITY		1,289.0	1,226.5

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 2 July 2022

	Notes	Contributed Equity \$m	Reserves \$m	Retained Earnings \$m	Total Equity \$m
Balance at 27 June 2020		698.1	7.5	285.7	991.3
Profit for the period		-	-	301.0	301.0
Other comprehensive gain for the period		-	3.5	-	3.5
Total comprehensive income for the period		-	3.5	301.0	304.5
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	19	42.6	-	-	42.6
Dividends paid	23	-	-	(118.5)	(118.5)
Employee performance rights	20	-	6.6	-	6.6
		42.6	6.6	(118.5)	(69.3)
Balance at 26 June 2021		740.7	17.6	468.2	1,226.5
Profit for the period		-	-	241.2	241.2
Other comprehensive gain for the period		-	4.1	-	4.1
Total comprehensive income for the period		-	4.1	241.2	245.3
Transactions with owners in their capacity as owners					
Dividends paid	23	-	-	(185.2)	(185.2)
Employee performance rights	20	-	2.4	-	2.4
		-	2.4	(185.2)	(182.8)
Balance at 2 July 2022		740.7	24.1	524.2	1,289.0

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 2 July 2022

	Notes	2022 \$m	2021 \$m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		3,914.5	3,823.9
Payments to suppliers and employees (inclusive of goods and services tax)		(3,372.3)	(3,101.8)
Rental payments		(44.8)	(46.8)
Income taxes paid		(157.0)	(75.3)
Net cash inflow from operating activities	21	340.4	600.0
Cash flows from investing activities			
Payments for property, plant and equipment and computer software		(125.0)	(85.0)
Proceeds from sale of property, plant and equipment		0.3	0.5
Net cash (outflow) from investing activities		(124.7)	(84.5)
Cash flows from financing activities			
Proceeds from borrowings	22(d)	483.0	-
Repayment of borrowings	22(d)	(483.0)	(250.0)
Lease principal payments		(216.0)	(188.1)
Borrowing costs paid		-	(1.1)
Interest paid		(43.6)	(41.9)
Proceeds from issue of shares, net of transaction costs		-	41.4
Dividends paid to Company's shareholders	23	(185.2)	(118.5)
Net cash (outflow) from financing activities		(444.8)	(558.2)
Net (decrease) in cash and cash equivalents		(229.1)	(42.7)
Cash and cash equivalents at the beginning of the period		242.3	285.1
Effects of exchange rate changes on cash and cash equivalents		0.2	(0.1)
Cash and cash equivalents at end of the period	7	13.4	242.3

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 2 July 2022

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

1. Reporting entity

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

The consolidated annual financial report of the Company as at and for the period ended 2 July 2022 comprises the Company and its subsidiaries (together referred to as the Group, and individually as Group entities).

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

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

2. Summary of significant accounting policies

This section sets out the principal accounting policies upon which the Group's consolidated financial statements are prepared as a whole. Specific accounting policies are described in their respective Notes to the Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation*Statement of compliance*

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act.

The consolidated financial statements and accompanying notes of Super Retail Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Super Retail Group Limited as at 2 July 2022 and the results of its controlled entities for the period then ended. The effects of all transactions between entities in the consolidated Group are fully eliminated.

(i) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ii) 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 and these are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. 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 statement of comprehensive income, balance sheet and statement of changes in equity respectively.

(iii) Business combinations

The acquisition method of accounting is used to account for all business combinations (refer Note 25 - Business combinations), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values as at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

2. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iii) Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(iv) Investments in associates and joint ventures

Associates and joint ventures are entities over which the Group has significant influence or joint control but not control. They are accounted for using the equity method (see (v) below), after initially being recognised at cost in the consolidated balance sheet.

(v) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the investments fair value less costs of disposal and value in use.

(vi) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Super Retail Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(vii) Comparatives

Where applicable, various comparative balances have been reclassified to align with current period presentation. These amendments have no material impact on the consolidated financial statements.

(c) Foreign currency translation

(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 Super Retail Group's functional and presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

2. Summary of significant accounting policies (continued)**(c) Foreign currency translation (continued)***(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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as fair value through other comprehensive income, are included in the fair value reserve in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component in other comprehensive income.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except where the amount of goods and services tax incurred is not recoverable. In these circumstances the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of goods and services tax.

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.

(e) Rounding of amounts

The economic entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that instrument to the nearest hundred thousand dollars.

(f) Financial year

As allowed under Section 323D(2) of the Corporations Act, the Directors have determined the financial year to be a fixed period of 52 calendar or 53 calendar weeks. For the period to 2 July 2022, the Group is reporting on the 53 week period that began 27 June 2021 and ended 2 July 2022. For the period to 26 June 2021, the Group is reporting on the 52 week period that began 28 June 2020 and ended 26 June 2021.

(g) New and amended standards adopted by the Group

The following new accounting standards and amendments to accounting standards became applicable in the current reporting period:

AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions* [AASB 16]

AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* [AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139]

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Change in accounting estimate

During the reporting period, the IFRS Interpretation Committee (the Committee) considered whether an entity includes all costs necessary to make a sale when determining the net realisable value (NRV) of inventories or only those costs that are incremental to the sale. In considering this issue, the Committee concluded that, while the standard does not specify which costs to consider, an entity cannot limit the costs it includes to those that are only incremental. As such the Group has made a change to how it estimates the costs necessary to make a sale in its NRV calculations. This change in accounting estimate has not had a material impact on the Group in the current reporting period nor is it expected to have a material impact in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

2. Summary of significant accounting policies (continued)

(h) Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 2 July 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following Notes to the consolidated financial statements:

- Note 8 – Trade and other receivables;
- Note 9 – Inventories;
- Note 10 – Property, plant and equipment;
- Note 11 – Intangible assets;
- Note 12 – Leases;
- Note 13 – Trade and other payables;
- Note 16 – Provisions;
- Note 25 – Business combinations;
- Note 30 – Share-based payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

4. Segment information

(a) Description of segments

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

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

(b) Segment information provided to the Group MD and CEO

Detailed below is the information provided to the Group MD and CEO for reportable segments. Items not included in Normalised Net Profit After Tax (Normalised NPAT), and excluded from the calculation of Segment EBITDA and Segment EBIT, are one-off charges relating to business restructuring, non-continuing operations and other costs not considered part of normal operations.

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

For the period ended 2 July 2022	SCA \$m	rebel \$m	BCF \$m	Macpac \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
Segment Revenue and Other Income							
External segment revenue	1,339.8	1,212.0	829.7	169.4	3,550.9	-	3,550.9
Inter-segment sales	-	-	-	7.4	7.4	(7.4)	-
Other income	-	0.1	-	-	0.1	-	0.1
Total segment revenue and other income	1,339.8	1,212.1	829.7	176.8	3,558.4	(7.4)	3,551.0
Segment EBITDA⁽¹⁾	301.5	264.6	133.4	40.5	740.0	(38.2)	701.8
Segment depreciation and amortisation	(110.9)	(109.0)	(64.5)	(20.5)	(304.9)	(0.3)	(305.2)
Segment EBIT result	190.6	155.6	68.9	20.0	435.1	(38.5)	396.6
Net finance costs*	(14.5)	(14.6)	(9.3)	(1.4)	(39.8)	(7.2)	(47.0)
Total segment NPBT	176.1	141.0	59.6	18.6	395.3	(45.7)	349.6
Segment income tax expense ⁽²⁾							(105.5)
Normalised NPAT							244.1
Other items not included in the total segment NPAT ⁽³⁾							(2.9)
Profit for the period attributable to:							
Owners of Super Retail Group							241.2
Profit for the period							241.2
Segment Net Inventory							
Inventory	300.0	214.1	230.6	56.1	800.8	(1.2)	799.6
Trade payables	(155.7)	(84.0)	(35.7)	(8.9)	(284.3)	(39.8)	(324.1)
Net inventory	144.3	130.1	194.9	47.2	516.5	(41.0)	475.5

* Net finance costs for the business segments represents interest component of lease payments.

Adjustment item	⁽¹⁾ Segment EBITDA adjusted for \$m	⁽²⁾ Segment income tax adjusted for \$m	⁽³⁾ Other items not included in total segment NPAT \$m
Execution costs to complete remediation	3.8	1.1	2.7
Equity accounted losses – Autoguru	0.4	-	0.4
Provision reversals from previous years	(0.3)	(0.1)	(0.2)
	3.9	1.0	2.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

4. Segment information (continued)

(b) Segment information provided to the Group MD and CEO (continued)

For the period ended 26 June 2021	SCA \$m	rebel \$m	BCF \$m	Macpac \$m	Total continuing operations \$m	Inter-segment eliminations/ unallocated \$m	Consolidated \$m
Segment Revenue and Other Income							
External segment revenue	1,308.8	1,197.0	797.7	149.6	3,453.1	-	3,453.1
Inter-segment sales	-	-	-	3.8	3.8	(3.8)	-
Other income	-	0.1	-	0.2	0.3	0.1	0.4
Total segment revenue and other income	1,308.8	1,197.1	797.7	153.6	3,457.2	(3.7)	3,453.5
Segment EBITDA⁽¹⁾	315.7	285.9	167.1	35.7	804.4	(28.2)	776.2
Segment depreciation and amortisation	(111.5)	(105.9)	(61.9)	(17.6)	(296.9)	(2.5)	(299.4)
Segment EBIT result	204.2	180.0	105.2	18.1	507.5	(30.7)	476.8
Net finance costs*	(11.9)	(13.3)	(8.8)	(1.2)	(35.2)	(5.8)	(41.0)
Total segment NPBT	192.3	166.7	96.4	16.9	472.3	(36.5)	435.8
Segment income tax expense ⁽²⁾							(129.0)
Normalised NPAT							306.8
Other items not included in the total segment NPAT ⁽³⁾							(5.8)
Profit for the period attributable to:							
Owners of Super Retail Group							301.0
Profit for the period							301.0
Segment Net Inventory							
Inventory	276.2	191.4	186.9	42.4	696.9	(0.5)	696.4
Trade payables	(219.3)	(96.3)	(68.4)	(5.7)	(389.7)	(59.2)	(448.9)
Net inventory	56.9	95.1	118.5	36.7	307.2	(59.7)	247.5

* Net finance costs for the business segments represents interest component of lease payments.

Adjustment item	⁽¹⁾ Segment EBITDA adjusted for \$m	⁽²⁾ Segment income tax adjusted for \$m	⁽³⁾ Other items not included in total segment NPAT \$m
Execution costs to complete remediation	8.8	2.6	6.2
Equity accounted losses – Autoguru	0.2	-	0.2
Provision reversals from previous years	(0.8)	(0.2)	(0.6)
	8.2	2.4	5.8

Unallocated costs are Group costs comprising \$25.6 million of corporate costs (2021: \$25.3 million), \$7.2 million relating to digital investment (2021: nil) and \$5.7 million related to the loss on write down of investment in Autoguru (2021: nil). The prior comparative period also included \$5.4 million for the recognition of additional costs related to updated guidance from the International Reporting Interpretations Committee (IFRIC) regarding the treatment of Software as a Service (SaaS) costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

4. Segment information (continued)

(c) Other information

Revenue is attributable to the country in which the sale of goods has transacted. The Group's divisions are operated in two main geographical areas with the following areas of operation:

Australia (the home country of the parent entity)

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

New Zealand

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

	2022 \$m	2021 \$m
(i) <i>Total revenue and other income from continuing operations</i>		
Australia	3,316.7	3,234.6
New Zealand	234.3	218.9
	3,551.0	3,453.5
(ii) <i>Total non-current assets</i>		
Australia	1,841.0	1,801.3
New Zealand	199.8	200.8
	2,040.8	2,002.1

Significant Accounting Policies**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Group MD and CEO, who is responsible for allocating resources and assessing performance of the operating segments. Unallocated items comprise mainly corporate assets (primarily the Support Office, Support Office expenses, and income tax assets and liabilities).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

5. Revenue and other income from continuing operations

	2022 \$m	2021 \$m
Revenue from the sale of goods	3,550.9	3,453.1
<i>Other income</i>		
Sundry	0.1	0.4
Total revenues and other income	3,551.0	3,453.5

Significant Accounting Policies

Revenue from the sale of goods is recognised when a Group entity sells a product to the customer.

Sale of goods – retail

Revenue associated with the sale of goods is recognised when the performance obligation of the sale has been fulfilled and control of the goods has transferred to the customer, which occurs at the point of sale when the goods are collected or delivered.

Gift cards are considered a prepayment for goods and services to be delivered in the future. The Group has an obligation to transfer the goods or services in the future, creating a performance obligation. The Group recognises deferred revenue for the amount of the prepayment and recognises revenue when the customer redeems the gift card and the Group fulfils the performance obligation related to the transaction or likelihood of the gift card being redeemed by the customer is deemed remote.

It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). As the number of products returned has been steady for years, it is highly un-probable that a significant reversal in the cumulative revenue recognised will occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

The Group's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision.

6. Expenses from continuing operations

	2022 \$m	2021 \$m
Profit before income tax includes the following specific gains and expenses:		
<i>Expenses/(gains)</i>		
Net (gain) on disposal of property, plant and equipment	(0.3)	(0.2)
Share of net loss from associates and joint ventures	0.4	0.2
Loss on write down of investment in associate	5.7	-
<i>Depreciation</i>		
Right-of-use assets	207.5	191.9
Plant and equipment	48.7	54.1
Computer equipment	17.0	15.4
Total depreciation	273.2	261.4
<i>Amortisation and impairment</i>		
Computer software amortisation	32.0	38.0
Right-of-use asset impairment	2.0	0.9
Total amortisation and impairment	34.0	38.9
<i>Net finance costs</i>		
Interest and finance charges on bank facilities	6.9	5.8
Interest on lease liabilities and make-good provisions	40.1	35.2
Net finance costs	47.0	41.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

6. Expenses from continuing operations (continued)

	2022 \$m	2021 \$m
Profit before income tax includes the following specific gains and expenses:		
<i>Employee benefits expense</i>		
Superannuation	50.3	43.3
Salaries and wages ⁽¹⁾	656.3	603.7
Total employee benefits expense	706.6	647.0
⁽¹⁾ Excludes impact of government grant received disclosed below.		
<i>Government grant received</i>		
New Zealand wage subsidy for Super Cheap Auto (New Zealand) Pty Limited and Macpac New Zealand Limited	1.2	-
Total government grant revenue ⁽²⁾	1.2	-
⁽²⁾ Government grant revenue is offset against expenses where applicable.		
<i>Rental expense relating to leases</i>		
Lease expenses	39.3	41.3
Equipment hire	3.7	3.6
Total rental expense relating to leases ⁽³⁾	43.0	44.9
⁽³⁾ The impact of applying AASB 16 <i>Leases</i> was a decrease of \$237.4 million in rental expense to 2 July 2022 (2021: \$218.5 million).		
<i>Foreign exchange gains and losses</i>		
Net foreign exchange loss / (gain)	3.4	(5.1)

Significant Accounting Policies**Depreciation, amortisation and impairment**

Refer to Notes 10, 11 and 12 for details on depreciation, amortisation and impairment.

Finance costs

Finance costs are recognised in the period in which these are incurred and are expensed in the period to which the costs relate. Generally costs such as discounts and premiums incurred in raising borrowings are amortised on an effective yield basis over the period of the borrowing. Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- interest revenue.

Employee benefits

Refer to Note 16 for details on employee provisions and superannuation.

Leases

Refer to Note 12 for details on leases.

Foreign exchange gains and losses

Refer to Note 2 (c) for details on foreign exchange gains and losses.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

7. Cash and cash equivalents

	2022	2021
	\$m	\$m
Cash at bank and on hand	32.7	242.3
Bank overdraft	(19.3)	-
Total cash and cash equivalents	13.4	242.3

Significant Accounting Policies

Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand, cash at bank and at call deposits with banks or 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.

8. Trade and other receivables

	2022	2021
	\$m	\$m
Current		
Trade receivables	19.1	15.0
Loss allowance	(1.0)	(0.4)
Net trade receivables	18.1	14.6
Other receivables	19.2	9.9
Prepayments	16.3	13.9
Net current trade and other receivables	53.6	38.4

(a) Impaired trade receivables

As at 2 July 2022 current trade receivables of the Group with a nominal value of \$1.0 million (2021: \$0.4 million) were impaired and provided for. The individually impaired receivables mainly relate to wholesalers with whom the Group no longer trades.

(b) Past due but not impaired

As at 2 July 2022, trade receivables of \$10.7 million (2021: \$3.9 million) were past their payment terms but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2022	2021
	\$m	\$m
30 to 60 days	6.4	2.2
60 to 90 days	2.2	0.8
90 days and over	2.1	0.9
	10.7	3.9

Significant Accounting Policies

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. This is a minor portion of the Group's revenue. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 17.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

8. Trade and other receivables (continued)

Significant Accounting Policies

Trade receivables (continued)

The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at period end was determined for trade receivables to be minor.

Prepayments

Costs paid to suppliers of SaaS arrangements to significantly customise cloud-based software are recorded as a prepayment for services and are amortised over the expected renewable term of the arrangement.

The Group uses judgement to determine whether costs paid to suppliers of SaaS arrangements relate to significant customisation of the cloud-based software.

9. Inventories

	2022 \$m	2021 \$m
Finished goods, at lower of cost or net realisable value	799.6	696.4

(a) Inventory expense

Inventories recognised as expense during the period ended 2 July 2022 amounted to \$1,797.5 million (2021: \$1,710.8 million).

Write-downs of inventories to net realisable value recognised as an expense during the period ended 2 July 2022 amounted to \$4.4 million (2021: \$1.3 million).

Significant Accounting Policies

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs comprise direct purchase costs and an appropriate proportion of supply chain variable and fixed overhead expenditure in bringing them to their existing location and condition. Costs are assigned to individual items of stock on the basis of weighted average costs.

Critical accounting estimates and assumptions

Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

10. Property, plant and equipment

	2022 \$m	2021 \$m
Plant and equipment, at cost	482.3	444.4
Less accumulated depreciation	(284.1)	(257.0)
Net plant and equipment	198.2	187.4
Computer equipment, at cost	98.4	87.4
Less accumulated depreciation	(60.9)	(54.9)
Net computer equipment	37.5	32.5
Total net property, plant and equipment	235.7	219.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

10. Property, plant and equipment (continued)**(a) Reconciliations**

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Plant and equipment	Computer equipment	Total
	\$m	\$m	\$m
2022			
Carrying amounts at 26 June 2021	187.4	32.5	219.9
Additions	59.8	22.2	82.0
Depreciation	(48.7)	(17.0)	(65.7)
Disposals	-	(0.2)	(0.2)
Foreign currency exchange differences	(0.3)	-	(0.3)
Carrying amounts at 2 July 2022	198.2	37.5	235.7
2021			
Carrying amounts at 27 June 2020	197.2	30.6	227.8
Additions	44.7	17.3	62.0
Depreciation	(54.1)	(15.4)	(69.5)
Disposals	(0.4)	-	(0.4)
Carrying amounts at 26 June 2021	187.4	32.5	219.9

Significant Accounting Policies**Carrying value**

Property, plant and equipment are stated at historical cost, less any accumulated depreciation or amortisation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

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 repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation and amortisation of property, plant and equipment

Depreciation and amortisation are calculated on a straight-line basis for accounting and on a diminishing value basis for tax. Depreciation and amortisation allocates the cost of an item of property, plant and equipment net of residual values over the expected useful life of each asset to the Group. Estimates of remaining useful lives and residual values are reviewed and adjusted, if appropriate, at each statement of financial position date.

The depreciation rates used for each class of assets are:

Plant and equipment	6.7% – 25%
Computer equipment	20% – 33.3%

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.

Gains and losses

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Critical accounting estimates and assumptions**Impairment**

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that 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 flows (cash-generating units).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

11. Intangible assets

	2022 \$m	2021 \$m
Goodwill, at cost	528.7	528.7
Less accumulated impairment charge	(2.1)	(2.1)
Net goodwill	526.6	526.6
Computer software, at cost	240.6	221.4
Less accumulated amortisation	(154.5)	(134.4)
Net computer software	86.1	87.0
Brand names, at cost	311.8	311.8
Less accumulated amortisation and impairment charge	(58.5)	(58.5)
Net brand names	253.3	253.3
Total net intangible assets	866.0	866.9

(a) Reconciliations

Reconciliations of the carrying amounts for each class of intangible asset are set out below:

	Goodwill \$m	Computer Software \$m	Brand Name \$m	Total \$m
2022				
Carrying amounts at 26 June 2021	526.6	87.0	253.3	866.9
Additions	-	31.3	-	31.3
Disposals	-	(0.2)	-	(0.2)
Amortisation charge	-	(32.0)	-	(32.0)
Carrying amounts at 2 July 2022	526.6	86.1	253.3	866.0
2021				
Carrying amounts at 27 June 2020	526.6	94.4	253.3	874.3
Additions	-	35.0	-	35.0
Disposals	-	(0.1)	-	(0.1)
Amortisation charge	-	(38.0)	-	(38.0)
Change in accounting policy – Cloud computing arrangements	-	(4.3)	-	(4.3)
Carrying amounts at 26 June 2021	526.6	87.0	253.3	866.9

(b) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the group of assets at the time of acquisition. A CGU level summary of the goodwill allocation is presented below:

CGU	2022 \$m	2021 \$m
Supercheap Auto	45.3	45.3
rebel	376.6	376.6
BCF	25.1	25.1
Macpac	79.6	79.6
Total	526.6	526.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

11. Intangible assets (continued)**(b) Impairment tests for goodwill (continued)**

The Group tests for goodwill impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use (VIU) calculations which require the use of assumptions. These calculations use cash flow projections based on business plans covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The terminal growth rate does not exceed the historical long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations

The key assumptions used in the VIU calculations across each business segment CGU include sales growth, EBITDA margin, long-term growth rate and the discount rate. A pre-tax discount rate of 11.7 per cent (2021: 11.7 per cent) and terminal growth rate of 2.5 per cent (2021: 2.5 per cent) have been assumed. Projected sales are based on the business plans described above. Budgeted EBITDA margin is determined based on past performance and expectations for the future.

The VIU model assumes that the positive COVID-19 trading impact experienced in FY21 and FY22 will continue for a portion of FY23 and then begin to gradually subside. The Group believes that the assumptions used in the VIU model reflect a combination of the Group's past experience and the trading performance uncertainty associated with COVID-19.

The recoverable amounts of each CGU are estimated to exceed their carrying amounts as at 2 July 2022. Management do not consider that a reasonably possible change in any of the key assumptions for any of the CGUs would cause their carrying amounts to exceed their recoverable amounts.

(c) Impairment tests for the useful life for brands

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

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

- the strong recognition of brands; and
- the absence of legal, technical or commercial factors indicating that the life should be considered limited.

The carrying values of the purchased brand names are:

	2022 \$m	2021 \$m
Brand		
rebel	209.0	209.0
Macpac	44.3	44.3
Total	253.3	253.3

Key assumptions used for value-in-use calculations

The key assumptions used in the VIU calculations across each business segment CGU include sales growth, EBITDA margin, long-term growth rate and the discount rate. A pre-tax discount rate of 11.7 per cent (2021: 11.7 per cent) and terminal growth rate of 2.5 per cent (2021: 2.5 per cent) have been assumed. Projected sales are based on the business plans described above. Budgeted EBITDA margin is determined based on past performance and expectations for the future.

The recoverable amount of the brand names currently exceed their carrying values. Management do not consider that a reasonably possible change in any of the key assumptions would cause the carrying value of any of the brand names to exceed their recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

11. Intangible assets (continued)**Significant Accounting Policies****Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or business at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, 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. Any impairment is recognised as an expense and is not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

Other intangible assets

Amortisation is calculated on a straight-line basis. Estimates of remaining useful lives and residual values are reviewed and adjusted, if appropriate, at each statement of financial position date. The amortisation rates used for each class of intangible assets are as follows:

Computer software	10% – 33.3%
Brand names	Nil

Computer software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct employee costs and an appropriate portion of relevant overheads. IT development costs include only those costs directly attributable to the development phase and are recognised only following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Costs incurred in configuring or customising Software as a Service (SaaS) arrangements can be recognised as intangible assets only if the implementation activities create an intangible asset that the Group controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangements to significantly customise the cloud-based software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

Brand names

Brand names that are acquired as part of a business combination are recognised separately from goodwill. These assets are carried at their fair value at the date of acquisition less impairment losses. Brand names are valued using the relief from royalty method. Brand names are determined to have indefinite useful lives and therefore do not attract amortisation.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Other items of expenditure

Significant items of expenditure, such as costs incurred in store set-ups, are expensed in the financial year in which these costs are incurred.

Critical accounting estimates and assumptions**Capitalised software costs and useful lives**

The Group has undertaken significant development of software in relation to the multi-channel customer programme and multi-channel supply chain and inventory programme. The useful lives have been determined based on the intended period of use of this software.

Capitalised software and SaaS arrangements

The Group uses judgement to determine whether implementation activities of SaaS arrangements create an intangible asset that the Group controls.

Estimated impairment of indefinite useful life non-financial assets

The Group tests annually whether indefinite useful life non-financial assets have suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer above for details of these assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

12. Leases

(a) Right-of-use assets	2022 \$m	2021 \$m
Properties	923.4	893.8
Computer equipment	0.3	0.5
Total right-of-use assets	923.7	894.3

Reconciliations of the carrying amounts for each class of right-of-use assets are set out below:

	Properties \$m	Computer equipment \$m	Total \$m
2022			
Carrying amounts at 26 June 2021	893.8	0.5	894.3
Additions	257.3	-	257.3
Disposals	(17.4)	-	(17.4)
Depreciation	(207.3)	(0.2)	(207.5)
Impairment	(2.0)	-	(2.0)
Foreign currency exchange differences	(1.0)	-	(1.0)
Carrying amounts at 2 July 2022	923.4	0.3	923.7

2021

Carrying amounts at 27 June 2020	842.0	6.0	848.0
Additions	269.0	-	269.0
Disposals	(29.8)	-	(29.8)
Depreciation	(186.4)	(5.5)	(191.9)
Impairment	(0.9)	-	(0.9)
Foreign currency exchange differences	(0.1)	-	(0.1)
Carrying amounts at 26 June 2021	893.8	0.5	894.3

(b) Lease liabilities

	2022 \$m	2021 \$m
Current	193.4	193.9
Non-current	817.3	795.7
Total lease liabilities	1,010.7	989.6

Movements in lease liabilities during the period are set out below:

Balance at the beginning of the reporting period	989.6	939.3
Additions	255.9	268.8
Terminations	(17.5)	(30.3)
Rental payments	(254.9)	(223.3)
Interest on lease liabilities	38.9	35.2
Foreign currency exchange differences	(1.3)	(0.1)
Balance at the end of the reporting period	1,010.7	989.6

At 2 July 2022, the Group had committed to leases that had not yet commenced and estimates that the potential future lease payments would result in an increase in undiscounted lease liabilities of \$150.7 million (2021: \$80.5 million).

(c) Other

	2022 \$m	2021 \$m
Expense relating to short-term leases (included in Occupancy expenses)	8.7	12.8
Expense relating to leases of low-value assets (included in Cost of sales of goods and Administrative expenses)	3.7	3.6
Expense relating to variable lease payments not included in lease liabilities (included in Occupancy expenses)	31.4	29.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

12. Leases (continued)**Significant Accounting Policies****Leases**

The Group leases various offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods of one to 20 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration/make-good costs.

Payments associated with short-term leases and leases of low-value assets 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. Low-value assets comprise small items of office equipment and furniture, and other immaterial assets.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Make-good requirements in relation to leased premises

Make-good costs arising from contractual obligations in lease agreements are recognised as provisions at the inception of the agreement. A corresponding asset is taken up as part of the right-of-use asset at that time. Expected future payments are discounted using appropriate market yields at reporting date.

Critical accounting estimates and assumptions**Variable lease payments**

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. 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.

Extension and termination options

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

Given the uncertainties that exist within the retail market, management currently consider leases with more than three years to expiry as not reasonably certain to be extended. An annual strategic store network review as approved by the Board delivers confidence over network plans covering the next three years. This has resulted in option assumptions being revised for 78 (2021: 160) leases during the period. This had the impact of increasing lease liabilities and the corresponding right-of-use assets by \$52.9 million (2021: \$135.7 million). Of the Group's lease portfolio 63% (2021: 64%) of leases contain option renewals. The lease liability currently includes extension options in the calculation of lease term for 23% (2021: 25%) of leases with those options.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

13. Trade and other payables

	2022	2021
Current	\$m	\$m
Trade payables	324.1	448.9
Gift card deferred revenue	53.7	42.5
Other payables	73.6	72.0
Total current trade and other payables	451.4	563.4

Significant Accounting Policies

Trade and other payables

Trade and other payables are payables for goods and services provided to the Group prior to the end of the financial year and which are unpaid at that date. The amounts are unsecured and are normally paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. Refer Note 5 – Revenue and other income from continuing operations for the Group's policy on Gift Cards.

The Group participates in a supply chain finance program (SCF) under which its suppliers may elect to receive early payment of their invoice from a bank by factoring their receivable from the Group. Under the arrangement, a bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The supplier engages directly with the bank. The principal purpose of this programme is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date. The Group does not control which suppliers elect to enter into the arrangement, as this is at the sole discretion of the supplier.

The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained, nor was the original liability substantially modified on entering into the arrangement. From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers. The Group therefore discloses the amounts factored by suppliers within trade payables because the nature and function of the financial liability remain the same as those of other trade payables. The payments to the bank are included within operating cash flows.

14. Borrowings

	2022	2021
Non-current	\$m	\$m
Bank debt funding facility - unsecured ⁽¹⁾	-	-
Total non-current borrowings	-	-

⁽¹⁾ No drawn bank debt at period end. Refer to Note 22 - Financial risk management for details of financing arrangements.

(a) Reconciliation of liabilities arising from financing activities

	26 June 2021	Cash flows	Non-cash	Reclassified to	2 July 2022
	\$m	\$m	Amortisation	Trade and Other	\$m
			\$m	Receivables	
				\$m	
Bank debt funding facility	-	-	-	-	-
Capitalised borrowing costs ⁽²⁾	-	-	-	-	-
Total	-	-	-	-	-

⁽²⁾ Borrowing costs of \$2.0 million were fully amortised during the reporting period and are recognised within net finance costs in the Group's consolidated income statement.

	27 June 2020	Cash flows	Non-cash	Reclassified to	26 June 2021
	\$m	\$m	Amortisation	Trade and Other	\$m
			\$m	Receivables	
				\$m	
Bank debt funding facility	250.0	(250.0)	-	-	-
Capitalised borrowing costs	(2.2)	(1.1)	1.3	2.0	-
Total	247.8	(251.1)	1.3	2.0	-

Significant Accounting Policies

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 value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

15. Income taxes

	2022 \$m	2021 \$m
(a) Income tax expense		
Current tax expense	107.8	127.8
Deferred tax (benefit)	(3.2)	(1.4)
Adjustments to tax expense of prior periods	(0.1)	0.2
	104.5	126.6
Deferred income tax (revenue) included in income tax expense comprises:		
(Increase) in deferred tax assets (Note 15(e))	(13.0)	(14.5)
Increase in deferred tax liabilities (Note 15(e))	9.8	13.1
	(3.2)	(1.4)
(b) Reconciliation between tax expense and pre-tax profit		
Profit before income tax from continuing operations	345.7	427.6
Tax at the Australian tax rate of 30% (2021: 30%)	103.7	128.3
Tax effect of amounts not deductible / (taxable) in calculating taxable income:		
Sundry items	1.7	(1.2)
	105.4	127.1
Difference in overseas tax rates	(0.4)	(0.3)
Derecognition of tax losses and deferred tax assets	-	(0.1)
Previously unrecognised tax losses and deferred tax assets	(0.4)	(0.3)
Adjustments to tax expense of prior periods	(0.1)	0.2
Income tax expense	104.5	126.6
Effective tax rate:		
Australia	30.6%	29.7%
Consolidated group	30.2%	29.6%
(c) Reconciliation of income tax expense to income tax payable		
Income tax (expense)	(104.5)	(126.6)
Tax effect of timing differences:		
Depreciation	(2.0)	2.2
Provisions	(4.8)	(2.3)
Accruals and prepayments	0.6	(0.8)
Leased assets	8.9	15.6
Lease liabilities	(6.6)	(16.1)
Tax losses	0.4	2.5
Sundry temporary differences	0.6	(2.7)
Current tax payable	(107.4)	(128.2)
Income tax instalments paid during the year	87.6	58.7
Income tax (payable)	(19.8)	(69.5)
(d) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:		
Net deferred tax charged directly to equity (Note 15(e))	2.6	1.6
	2.6	1.6
Tax expense relating to items of other comprehensive income		
Cash flow hedges	2.6	1.6
	2.6	1.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

15. Income taxes (continued)

	2022 \$m	2021 \$m
(e) Deferred tax assets and liabilities		
Assets		
Provisions	33.9	29.0
Accruals and prepayments	13.5	13.6
Depreciation	16.8	15.6
Lease liabilities	302.0	295.4
Tax losses	-	0.4
Sundry temporary differences	4.8	4.0
	371.0	358.0
Set off with deferred tax liabilities	(355.6)	(343.1)
Net deferred tax assets	15.4	14.9
Liabilities		
Brand values	75.3	75.3
Depreciation	10.0	10.6
Right-of-use assets	274.4	265.4
Sundry temporary differences	2.4	1.0
	362.1	352.3
<i>Amounts recognised directly in equity</i>		
Cash flow hedges	3.6	1.0
	365.7	353.3
Set-off of deferred tax assets	(355.6)	(343.1)
Net deferred tax liabilities	10.1	10.2
Movements in deferred tax assets:		
Opening balance	358.0	344.1
Credited to the income statement	13.0	14.5
(Charged) / credited to equity	-	(0.6)
Closing balance	371.0	358.0
Deferred tax assets to be recovered after more than 12 months	278.2	265.6
Deferred tax assets to be recovered within 12 months	92.8	92.4
	371.0	358.0
Movements in deferred tax liabilities:		
Opening balance	353.3	339.2
Charged / (credited) to the income statement	9.8	13.1
Charged to equity	2.6	1.0
Closing balance	365.7	353.3
Deferred tax liabilities to be settled after more than 12 months	365.7	353.3
Deferred tax liabilities to be settled within 12 months	-	-
	365.7	353.3
(f) Unrecognised deferred tax assets		
Tax losses	7.5	7.7

Deferred tax assets have not been recognised in respect of the above tax losses because it is not considered probable that future taxable profit will be available against which they can be realised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

15. Income taxes (continued)**(g) Tax transparency report**

In May 2016, the government announced the release of the Board of Taxation's final report on the voluntary Tax Transparency Code (Code). The Code is a set of principles and 'minimum standards' to guide the disclosure of tax information by businesses and to inform stakeholders about their compliance with Australian taxation laws.

Currently the Code is voluntary. Super Retail Group supports the concept of voluntary tax transparency as an important measure for all large companies to provide assurance to the Australian community that their tax obligations are being met. Super Retail Group's success is dependent on the wellbeing of the economies and communities where the businesses operate and our conservative approach to tax strategy is one of the many ways the Group acts to ensure sustainability of our operations.

The requirements of the Code are broken into Part A which forms part of the tax note as referenced below and Part B as disclosed below. The make-up of the respective parts is as follows:

- (i) **Part A:**
 - Effective company tax rates for our Australian and global operations (Note 15 (b))
 - A reconciliation of accounting profit to tax expense and to income tax payable (Note 15 (c))
 - Identification of material temporary (Note 15 (c)) and non-temporary differences (Note 15 (b))
- (ii) **Part B:**
 - Tax policy, tax strategy and governance
 - Information about international related party dealings
 - A tax contribution summary of income tax paid

Part B discloses the Australian income tax paid by the Group in the 2022 and 2021 financial years and provides qualitative information about our approach to tax risk and international related party dealings.

Tax policy, tax strategy and governance

Super Retail Group is committed to full compliance with its statutory obligations and takes a conservative approach to tax risk. The Group's Tax Policy includes an internal escalation process for referring tax matters to the corporate Group Tax function. The CFO must report any material tax issues to the Board. Tax strategy is implemented through Super Retail Group's Tax Governance Policy. The Group's approach to tax planning is to operate and pay tax in accordance with the tax law in each relevant jurisdiction and the Group aims for certainty on all tax positions it adopts. Where the tax law is unclear or subject to interpretation, advice is obtained, and when necessary the Australian Taxation Office (ATO) (or other relevant tax authority) is consulted for clarity.

International related party dealings

Super Retail Group is an Australian-based group, with some trading operations in other countries, including New Zealand (Supercheap Auto (SCA) and Macpac) and China (sourcing assistance). Given its current profile, the Group has very limited international related party dealings. Super Retail Group prices international related party dealings on an arm's length basis to meet the regulatory requirements of the relevant jurisdictions.

The Group's international related party dealings are summarised below:

- The Group's Australian retail businesses source material amounts of trading stock from overseas, particularly through Asian based third-party suppliers. To facilitate this, the Group has China-based subsidiaries that co-ordinate these supplies. Super Retail Group's Australian businesses pay the overseas subsidiaries for these services.
- The SCA and Macpac retail businesses operate across Australia and New Zealand. To meet customer demand and manage stock levels, trading stock is occasionally transferred between jurisdictions, for which arm's length consideration is paid by the recipient of the trading stock.
- Certain Group businesses operating outside of Australia are utilising intellectual property developed by Super Retail Group businesses in Australia. Where appropriate, and as required by international cross border tax rules, a royalty payment is made by the off-shore subsidiary to the relevant Group business in Australia.
- Various administrative and support services are provided by Group head office and divisional parent entities to offshore subsidiary businesses. As required by international cross border tax rules, arm's length consideration is paid for these services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

15. Income taxes (continued)

(g) Tax transparency report (continued)

Other jurisdictions

The Group includes subsidiary companies that are incorporated in jurisdictions outside Australia as summarised in the table below:

Country	Nature of activities
China ⁽¹⁾	Co-ordinating the sourcing of trading stock for SCA, rebel and BCF
New Zealand	Active trading operations (SCA and Macpac) and dormant entities

⁽¹⁾ These companies are subject to the Australian Controlled Foreign Company rules. Under these rules profits generated by these subsidiaries from trading with Super Retail Group are taxable in Australia at the 30 per cent Australian corporate tax rate. For FY22, the gross value of international related party transactions in and out of Australia represented less than 2 per cent of revenue.

Australian income taxes paid

Super Retail Group is a large taxpayer and paid corporate income tax of \$151.5 million in FY22 and \$72.4 million in FY21.

Significant Accounting Policies

Current and deferred tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction 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

Deferred tax assets and liabilities are recognised for temporary differences 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 for each jurisdiction. 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 exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arise in a transaction, other than a business combination, that at the time of the transaction did not affect either 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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are recognised directly in equity.

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.

A deferred tax liability is recognised in relation to some of the Group's indefinite life intangibles. The tax base assumed in determining the amount of the deferred tax liability is the capital cost base of the assets.

Tax consolidation

Super Retail Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003 and account for current and deferred tax amounts under the "separate taxpayer within group" approach in accordance with AASB Interpretation 1052, *Tax Consolidation Accounting*.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Super Retail Group Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Super Retail Group Limited for any current tax payable assumed and are compensated by Super Retail Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Super Retail Group 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 amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

16. Provisions

	2022	2021
	\$m	\$m
Current		
Employee benefits ^(a)	90.8	88.6
Make-good provision ^(b)	3.9	4.5
Onerous contracts ^(c)	-	0.3
Other provisions ^(d)	3.2	3.6
Total current provisions	97.9	97.0
Non-current		
Employee benefits ^(a)	9.6	9.9
Make-good provision ^(b)	30.8	16.7
Total non-current provisions	40.4	26.6

(a) Employee benefits

Provisions for employee benefits includes accrued annual leave, long service leave, accrued bonuses and redundancy costs relating to support office restructures.

A remediation program in relation to payments owed to team members as first identified in the 2018 financial period continues, with substantial payments made during the current financial period. As at 2 July 2022 there is a provision to recognise payments for additional overtime and allowances to current and former team members and associated taxes of \$5.8 million (2021: \$6.9 million).

(b) Make-good provision

Provision is made for costs arising from contractual obligations in lease agreements at the inception of the agreement. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of the right-of-use assets and are amortised over the shorter of the term of the lease or the useful life of the assets.

During the reporting period, the Group recognised additional make-good provisions on new and existing leases to reflect increases in construction costs.

(c) Onerous contracts

Onerous contracts includes the provision for certain obligations related to some surrendered lease arrangements. As at 2 July 2022 these obligations were nil (2021: \$0.3 million).

(d) Other provisions

The current provision for other items includes the provision for store refunds.

(e) Movement in provisions

Movements in each class of provision during the period, except for Other, are set out below:

	Employee benefits	Make-good	Onerous contracts	Total
2022	\$m	\$m	\$m	\$m
Opening balance as at 26 June 2021	98.5	21.2	0.3	120.0
Additional provisions recognised	77.1	14.5	-	91.6
Unwind of discount	-	1.2	-	1.2
Provisions used	(75.2)	(2.2)	(0.3)	(77.7)
Closing balance as at 2 July 2022	100.4	34.7	-	135.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

16. Provisions (continued)

Significant Accounting Policies

Provisions

Provisions for legal claims, service warranties and make-good obligations 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 statement of financial position date. 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 increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits – short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly 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. All other short-term employee benefit obligations are presented as payables.

Employee benefits – long-term obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore 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 of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Retirement benefit obligations

Contributions are made by the Group to an employee superannuation fund and are charged as expenses when incurred.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company'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.

Make-good requirements in relation to leased premises

Refer to Note 12 for details on make-good requirements in relation to leased premises.

Critical accounting estimates and assumptions

Estimated value of make-good provision

The Group has estimated the present value of the expenditure required to remove any leasehold improvements and return leased premises to their original state, in addition to the likelihood of this occurring. These costs have been capitalised as part of the cost of the right-of-use asset.

Long service leave

Judgement is required in determining the following key assumptions used in the calculation of long service leave at balance date.

- Future increase in salaries and wages;
- Future on-cost rates; and
- Experience of employee departures and period of service.

Onerous contracts

For loss-making revenue contracts, the Group estimates a range of potential financial outcomes for each contract based on forecast scenarios. It then records a liability for the present value of the resulting forecasted loss of each contract.

Employee benefits

Judgements have been made in the calculations as to the number of overtime hours and allowance payments based on assumed work patterns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

17. Financial assets and financial liabilities**(a) Financial instruments**

The Group holds the following financial instruments:

		Derivatives used for hedging	Financial assets and liabilities at amortised cost	Total
		\$m	\$m	\$m
2022	Notes			
Financial assets				
Cash and cash equivalents		-	13.4	13.4
Trade and other receivables	8	-	53.6	53.6
Derivative financial instruments	22	11.9	-	11.9
Total		11.9	67.0	78.9
Financial liabilities				
Trade and other payables	13	-	451.4	451.4
Borrowings	14	-	-	-
Lease liabilities	12	-	1,010.7	1,010.7
Total		-	1,462.1	1,462.1
2021	Notes			
Financial assets				
Cash and cash equivalents		-	242.3	242.3
Trade and other receivables	8	-	38.4	38.4
Derivative financial instruments	22	3.6	-	3.6
Total		3.6	280.7	284.3
Financial liabilities				
Trade and other payables	13	-	563.4	563.4
Borrowings	14	-	-	-
Lease liabilities	12	-	989.6	989.6
Total		-	1,553.0	1,553.0

The Group's exposure to various risks associated with the financial instruments is discussed in Note 22 – Financial risk management. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(b) Recognised fair value measurements**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below the table.

The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

17. Financial assets and financial liabilities (continued)**(b) Recognised fair value measurements (continued)****(i) Fair value hierarchy (continued)**

The following tables present the Group's assets and liabilities measured and recognised at fair value.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
2022				
Financial assets				
Derivatives used for hedging – forward foreign exchange contracts	-	11.9	-	11.9
Total	-	11.9	-	11.9
Financial liabilities				
Derivatives used for hedging	-	-	-	-
Total	-	-	-	-
2021				
Financial assets				
Derivatives used for hedging – forward foreign exchange contracts	-	3.6	-	3.6
Total	-	3.6	-	3.6
Financial liabilities				
Derivatives used for hedging	-	-	-	-
Total	-	-	-	-

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

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

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

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

(ii) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

17. Financial assets and financial liabilities (continued)**Significant Accounting Policies****Financial assets classification**

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

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

The classification depends on the Group'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 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).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. 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.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs (in the case of a financial asset not at fair value through profit or loss (FVPL)) 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: 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 presented as separate line item in the statement of profit or loss.

FVOCI: 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 presented as separate line item in the statement of profit or loss.

FVPL: 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.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management have 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 the statement of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

17. Financial assets and financial liabilities (continued)

Significant Accounting Policies (continued)

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.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss 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 hedge); or hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the 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 assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedges

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.

Amounts accumulated in equity are recycled in profit or loss in the income periods when the hedged item will affect profit or loss (for instance when the forecast payment that is hedged takes place). When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

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 the time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. As soon as a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to profit or loss.

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 in profit or loss.

18. Earnings per share

	2022	2021
(a) Basic earnings per share	Cents	Cents
Total basic earnings per share attributable to the ordinary equity holders of the company	106.8	133.4
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	105.8	132.1
(c) Normalised earnings per share (non-IFRS measure) ⁽¹⁾		
From continuing operations attributable to the ordinary equity holders of the company	108.1	136.0
⁽¹⁾ Normalised profit attributable to ordinary equity holders is \$244.1 million (2021: \$306.8 million) – Note 4(b).		
(d) Weighted average number of shares used as the denominator	2022 Number	2021 Number
Weighted average number of shares used as the denominator in calculating basic EPS	225,826,500	225,577,445
Adjustments for calculation of diluted earnings per share – performance rights	2,058,479	2,273,476
Weighted average potential ordinary shares used as the denominator in calculating diluted earnings per share	227,884,979	227,850,921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

18. Earnings per share (continued)

	2022	2021
(e) Reconciliations of earnings used in calculating earnings per share	\$m	\$m
Basic earnings and diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in EPS	241.2	301.0

(f) Information concerning the classification of securities

Options and Performance Rights

Options and performance rights granted 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.

Significant Accounting Policies

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

19. Contributed equity

(a) Share capital

	2022	2021
	\$m	\$m
Ordinary shares fully paid (225,826,500 ordinary shares as at 2 July 2022)	740.7	740.7

	Number of Shares	Issue Price	\$m
(i) Movement in ordinary share capital			
Balance 27 June 2020	219,697,707		698.1
Shares issued under performance rights ⁽¹⁾	54,798	-	-
Shares issued from equity raise – Retail Entitlement	6,073,995	\$7.19	43.7
Less: Transaction costs arising on share issue	-	-	(1.1)
Balance 26 June 2021	225,826,500		740.7
Shares issued under performance rights ⁽²⁾	-	-	-
Balance 2 July 2022	225,826,500		740.7

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

⁽²⁾ Performance rights fulfilled through on-market share purchases.

On 15 June 2020, the Group announced an underwritten one for seven accelerated pro rata non-renounceable entitlement offer to raise equity of approximately \$202.9 million at a fixed price of \$7.19 per share. The equity raising comprised a retail entitlement offer which settled on 9 July 2020. The issue of shares represent fully paid ordinary shares in Super Retail Group Limited.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

The ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present, in person or by proxy, at a meeting of shareholders of the parent entity is entitled to one vote and, upon a poll, each share is entitled to one vote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

19. Contributed equity (continued)**(a) Share capital (continued)**

Performance rights over 185,997 (2021: 1,121,283) ordinary shares were issued during the period with 293,907 (2021: 172,653) performance rights vesting during the period. Vesting of performance rights were fulfilled through on-market share purchases. Under the share option plan, no ordinary shares were issued during the period (2021: nil). Information relating to performance rights and options outstanding at the end of the financial year are set out in Note 30 – Share-based payments.

Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by shares purchased on market rather than by being paid in cash.

Significant Accounting Policies**Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

20. Reserves and retained earnings

	2022 \$m	2021 \$m
(a) Reserves		
Foreign currency translation reserve	1.7	3.4
Share-based payments reserve	22.1	19.7
Hedging reserve	8.3	2.5
NCI equity reserve	(8.0)	(8.0)
Total	24.1	17.6
(i) Movements		
Foreign currency translation reserve		
Balance at the beginning of the financial period	3.4	3.7
Net exchange difference on translation of foreign controlled entities	(1.7)	(0.3)
Balance at the end of the financial period	1.7	3.4
Share-based payments reserve		
Balance at the beginning of the financial period	19.7	13.1
Value of equity purchased for performance rights and restricted shares	(4.5)	(1.1)
Performance rights and restricted shares expense	6.9	7.7
Balance at the end of the financial period	22.1	19.7
Hedging reserve		
Balance at the beginning of the financial period	2.5	(1.3)
Revaluation – gross	8.4	5.4
Deferred tax	(2.6)	(1.6)
Balance at the end of the financial period	8.3	2.5
NCI equity reserve		
Balance at the beginning of the financial period	(8.0)	(8.0)
Change in ownership interest in controlled entities	-	-
Balance at the end of the financial period	(8.0)	(8.0)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

20. Reserves and retained earnings (continued)**(a) Reserves (continued)***(ii) Nature and purpose of reserves***Hedging reserve - 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 17 – Financial assets and financial liabilities. Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.

Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options and performance rights issued.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 2(c). The reserve is recognised in profit or loss when the net investment is disposed of.

NCI equity reserve

The NCI equity reserve is used to recognise the change in ownership interest in controlled entities.

(b) Retained earnings

	2022	2021
	\$m	\$m
Balance at the beginning of the financial period	468.2	285.7
Net profit for the period attributable to owners of Super Retail Group	241.2	301.0
Dividends paid	(185.2)	(118.5)
Retained profits at the end of the financial period	524.2	468.2

21. Reconciliation of profit after income tax to net cash inflow from operating activities

	2022	2021
	\$m	\$m
Profit from ordinary activities after related income tax	241.2	301.0
Depreciation and amortisation	305.2	299.4
Impairment of right-of-use assets	2.0	0.9
Loss on write down in investment in associate	5.7	-
Change in accounting policy – Cloud computing arrangements	-	3.0
Net (gain) on disposal of non-current assets	(0.3)	(0.2)
Non-cash employee benefits expense/share-based payments	6.9	7.7
Equity accounting loss	0.4	0.2
Net finance costs	47.0	41.0
Change in operating assets and liabilities, net of effects from the purchase of controlled entities		
- (increase) in receivables	(17.2)	(8.8)
- (decrease) / increase in net current tax liability	(49.7)	52.4
- (increase) in inventories	(103.2)	(194.0)
- (decrease) / increase in payables	(107.2)	111.2
- increase / (decrease) in provisions	12.7	(12.3)
- (increase) in deferred taxes	(3.1)	(1.5)
Net cash inflow from operating activities	340.4	600.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

22. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

	Market risk		Credit risk	Liquidity risk
	Foreign exchange	Interest rate		
Exposure arising from	Future commercial transactions Recognised financial assets and liabilities not denominated in AUD	Long-term borrowings at variable rates	Cash and cash equivalents, trade and other receivables and derivative financial instruments	Borrowings and other liabilities
Measurement	Cash flow forecasting Sensitivity analysis	Sensitivity analysis	Ageing analysis Credit ratings	Credit limits and retention of title over goods sold
Management	Forward foreign exchange contracts	Interest rate swaps	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's risk management is carried out by the finance department under policies approved by the Board. The finance department identifies, evaluates and hedges financial risks in co-operation with the Group's operating units. The Board approves a formal policy for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Derivative Financial Instruments

Derivative Financial Instruments are used only for economic hedging purposes and not as trading or speculative instruments. The Group has the following derivative financial instruments:

	2022 \$m	2021 \$m
Current assets		
Forward foreign exchange contracts – cash flow hedges	11.9	3.6
Total current derivative financial instrument assets	11.9	3.6
Current liabilities		
Forward foreign exchange contracts – cash flow hedges	-	-
Total current derivative financial instrument liabilities	-	-

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for cash flow hedges is set out in Note 17 – Financial assets and financial liabilities. For hedged forecast transactions that result in the recognition of a non-financial asset, the Group has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

(ii) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives please refer to Note 17 – Financial assets and financial liabilities.

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

Group companies are required to hedge their foreign exchange risk exposure using forward contracts transacted by the finance department.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

22. Financial risk management (continued)**(b) Market risk (continued)***(i) Foreign exchange risk (continued)*

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the United States dollar (USD) and Chinese Yuan (CNY).

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's risk management policy is to hedge between 50 per cent and 75 per cent of anticipated foreign currency purchases for the subsequent four months and up to 50 per cent of anticipated foreign currency purchases for the following five to 12 month period.

Instruments used by the Group

The Group retails products including some that have been imported, with contract pricing denominated in USD or CNY. In order to protect against exchange rate movements, the Group has entered into forward exchange rate contracts to purchase USD. The contracts are timed to mature in line with forecast payments for imports and cover forecast purchases for the subsequent twelve months, on a rolling basis. The Group does not currently enter into forward exchange rate contracts to purchase CNY.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	2022	2021
	USD	USD
	\$m	\$m
Trade receivables	2.3	1.5
Trade payables	26.0	46.1
Forward exchange contract - notional amount in foreign currency (cash flow hedges)		
Buy United States dollars and sell Australian/New Zealand dollars with maturity		
- 0 to 4 months	68.9	63.8
- 5 to 12 months	44.4	69.5
	113.3	133.3

The weighted average hedge rate of the forward exchange contracts as at 2 July 2022 is 0.7411 (2021: 0.7671)

	2022	2021
	CNY	CNY
	m	m
Trade receivables	1.6	1.5
Trade payables	29.0	61.4

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the consolidated balance sheet by the related amount deferred in equity. In the year ended 2 July 2022, no hedges were designated as ineffective (2021: nil).

Gains and losses arising from hedging contracts terminated prior to maturity are also carried forward until the designated hedged transaction occurs.

The following gains, losses and costs have been deferred as at the balance date:

	2022	2021
	\$m	\$m
- unrealised gains on USD foreign exchange contracts	11.9	3.6
Total unrealised gains	11.9	3.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

22. Financial risk management (continued)**(b) Market risk (continued)***(i) Foreign exchange risk (continued)***Group sensitivity**

Based on the financial instruments held at 2 July 2022, had the Australian dollar weakened/strengthened by 10 per cent against other currencies with all other variables held constant, the impact on the Group's post-tax profit would have been nil, on the basis that the financial instruments would have been designated as cash flow hedges and the impact upon the foreign exchange movements of other financial assets and liabilities is not material.

Equity would have been \$9.7 million lower/\$11.9 million higher (2021: \$11.1 million lower/\$13.5 million higher) had the Australian dollar weakened/strengthened by 10 per cent against other currencies, arising mainly from forward foreign exchange contracts designated as cash flow hedges. The impact on other Group assets and liabilities as a result of movements in exchange rates is not material.

A sensitivity of 10 per cent was selected following review of historic trends.

*(ii) Cashflow and fair value interest rate risk***Instruments used by the Group - interest rate swap contracts**

An assessment of the forecast core debt requirements subsequent to the equity raising announced on 15 June 2020 indicated that core debt was minimal and all interest rate swaps were terminated. No new interest rate swap contracts have been entered into as core debt remains at nil. Therefore current interest expense is subject to variable rates only.

Interest rate risk exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

		Fixed interest maturing in					
	Notes	Floating interest rate \$m	1 year or less \$m	Over 1 to 5 years \$m	More than 5 years \$m	Non- interest bearing \$m	Total \$m
2022							
Financial assets							
		11.7	-	-	-	1.7	13.4
	8	-	-	-	-	53.6	53.6
		11.7	-	-	-	55.3	67.0
		Weighted average rate of interest 0.00%					
Financial liabilities							
	12	-	193.4	571.9	245.4	-	1,010.7
	13	-	-	-	-	451.4	451.4
	14	-	-	-	-	-	-
	16	-	-	-	-	100.4	100.4
		-	193.4	571.9	245.4	551.8	1,562.5
		Weighted average rate of interest n/a					
		11.7	(193.4)	(571.9)	(245.4)	(496.5)	(1,495.5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

22. Financial risk management (continued)**(b) Market risk (continued)****(ii) Cashflow and fair value interest rate risk (continued)**

		Fixed interest maturing in				Non- interest bearing \$m	Total \$m
Notes	Floating interest rate \$m	1 year or less \$m	Over 1 to 5 years \$m	More than 5 years \$m			
2021							
Financial assets							
Cash and cash equivalents		240.6	-	-	-	1.7	242.3
Trade and other receivables	8	-	-	-	-	38.4	38.4
Total financial assets		240.6	-	-	-	40.1	280.7
Weighted average rate of interest		0.00%					
Financial liabilities							
Lease liabilities	12	-	193.9	562.5	233.2	-	989.6
Trade and other payables	13	-	-	-	-	563.4	563.4
Borrowings	14	-	-	-	-	-	-
Provisions (employee benefits)	16	-	-	-	-	98.5	98.5
Total financial liabilities		-	193.9	562.5	233.2	661.9	1,651.5
Weighted average rate of interest		n/a					
Net financial (liabilities) / assets		240.6	(193.9)	(562.5)	(233.2)	(621.8)	(1,370.8)

Group sensitivity

The Group's main interest rate risk typically arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the 2022 and 2021 financial years, the Group's borrowings were at variable rates and were denominated in Australian dollars.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	2022 \$m	2021 \$m
Bank loans	-	-

An analysis by maturities is provided in (d) below.

The Group risk management policy is to maintain fixed interest rate hedges of approximately 40 per cent of anticipated core debt levels over a 3 year period. The Group utilises interest rate swaps to hedge its interest rate exposure on borrowings but as disclosed above no interest rate swaps have been entered into as core debt remains nil.

As at 2 July 2022, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit and equity for the year would have been \$0.2 million lower/higher (2021: unchanged), mainly as a result of higher/lower interest expense on bank loans.

(c) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

(i) Risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum credit rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by wholesale customers is regularly monitored by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

22. Financial risk management (continued)**(c) Credit risk (continued)***(i) Risk management (continued)*

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

(ii) Security

For wholesale customers without credit rating, the Group generally retains title over the goods sold until full payment is received, thus limiting the loss from a possible default to the profit margin made on the sale. For some trade receivables the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. As a result of the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these.

(i) Financing arrangements

	2022 \$m	2021 \$m
Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
- bank debt funding facility	600.0	600.0
- bank overdraft facility	35.0	35.0
- multi-option facility (including indemnity/guarantee)	16.0	16.0
Total	651.0	651.0
Facilities used at balance date		
- bank debt funding facility	-	-
- bank overdraft facility ⁽¹⁾	19.3	-
- multi-option facility (including indemnity/guarantee)	5.3	6.1
Total	24.6	6.1
Unused balance of facilities at balance date		
- bank debt funding facility	600.0	600.0
- bank overdraft facility	15.7	35.0
- multi-option facility (including indemnity/guarantee)	10.7	9.9
Total	626.4	644.9

⁽¹⁾ As at 2 July 2022, \$19.3 million (2021: nil) of the bank overdraft facility has been drawn. The bank overdraft is an integral part of the Group's cash management and in accordance with financing arrangements is included as part of cash and cash equivalents (refer Note 7).

Bank debt funding is split as \$200 million expiring December 2022, \$200 million expiring December 2023 and \$200 million expiring December 2024. Bank debt and multi-option funding facilities totalling \$51 million expire December 2022. Drawdown of debt facilities can occur with 48 hours' notice.

Current interest rates which would apply on bank loans of the Group if drawn down are 2.93% - 3.33% (2021: 1.37% - 1.62%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

22. Financial risk management (continued)**(d) Liquidity risk (continued)***(ii) Maturities of financial liabilities*

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

- all non-derivative financial liabilities; and
- 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

	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	451.4	-	-	-	-	451.4	451.4
Borrowings	-	-	-	-	-	-	-
Lease liabilities	99.0	113.9	205.3	465.1	264.9	1,148.2	1,010.7
Total non-derivatives	550.4	113.9	205.3	465.1	264.9	1,599.6	1,462.1

Derivatives

Forward exchange contracts used for hedging:

Gross settled

- (inflow)	(150.1)	(16.1)	-	-	-	(166.2)	(11.9)
- outflow	138.2	14.7	-	-	-	152.9	-
Total derivatives	(11.9)	(1.4)	-	-	-	(13.3)	(11.9)

	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
2021							
Non-derivatives							
Trade and other payables	563.4	-	-	-	-	563.4	563.4
Borrowings	-	-	-	-	-	-	-
Lease liabilities	108.3	103.7	198.1	458.3	255.2	1,123.6	989.6
Total non-derivatives	671.7	103.7	198.1	458.3	255.2	1,687.0	1,553.0

Derivatives

Forward exchange contracts used for hedging:

Gross settled

- (inflow)	(121.6)	(54.0)	-	-	-	(175.6)	(3.6)
- outflow	121.3	52.4	-	-	-	173.7	-
Total derivatives	(0.3)	(1.6)	-	-	-	(1.9)	(3.6)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

23. Capital management**(a) Risk management**

The Group's objectives when managing capital, including cash, debt and equity, are to safeguard its ability to continue as a going concern and to ensure that a flexible, secure and cost-effective supply of funds is available to meet the Group's operating and investment requirements.

In order to maintain or adjust the optimal 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.

The Group monitors a range of financial metrics such as net debt to EBITDA ratio and the fixed charge cover ratio (FCCR). The ratio is calculated as earnings before net finance costs, income tax, depreciation, amortisation and rental expense (EBITDAR) divided by fixed charge obligations (being finance costs rental expenses).

For the purposes of capital management FCCR is utilised on a pre-AASB 16 *Leases* basis. The FCCR and net debt to EBITDA ratios at 2 July 2022 and 26 June 2021 were as follows:

	2022	2021
	\$m	\$m
Non-IFRS measures		
Normalised net profit after tax (pre-AASB 16 <i>Leases</i>)	249.2	308.0
Add: Taxation expense	107.7	129.5
Net finance costs	8.1	5.8
Depreciation and amortisation (excludes impairment)	99.3	114.1
EBITDA	464.3	557.4
Rental expense	280.4	263.4
EBITDAR	744.7	820.8
Net finance costs	8.1	5.8
Rental expense	280.4	263.4
Fixed charges	288.5	269.2
Fixed charge cover ratio	2.58	3.05
Net debt to EBITDA ratio ⁽¹⁾	(0.03)	(0.43)

⁽¹⁾ Normalised net debt (pre-AASB 16 *Leases*) is positive \$13.1m (2021: positive \$241.4m).

(i) Loan Covenants

Financial covenants are provided by Super Retail Group with respect to leverage, gearing, fixed charges coverage and shareholder funds. The Group has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 financial years. There are no assets pledged as security in relation to the unsecured debt in the 2022 financial year (2021: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

23. Capital management (continued)

(b) Dividends	2022 \$m	2021 \$m
Ordinary shares		
Dividends paid by Super Retail Group Limited during the financial year were as follows:		
Final dividend for the period ended 26 June 2021 of 55.0 cents per share (2020: 19.5 cents per share) paid on 7 October 2021. Fully franked based on tax paid at 30%	124.2	44.0
Interim dividend for the period ended 25 December 2021 of 27.0 cents (2020: 33.0 cents per share) paid on 14 April 2022. Fully franked based on tax paid at 30%	61.0	74.5
Total dividends provided and paid	185.2	118.5
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
- paid in cash	181.8	116.3
- satisfied by issue of shares purchased on market	3.4	2.2
	185.2	118.5
Dividends not recognised at year end		
Subsequent to year end, the Directors have resolved to pay a final dividend of 43.0 cents per ordinary share (2021: 55.0 cents per ordinary share), fully franked based on tax paid at 30%.		
Aggregate amount of the dividend expected to be paid on 17 October 2022, out of retained profits as at 2 July 2022, but not recognised as a liability at year end	97.1	124.2
Franking credits		
The franked portions of dividends paid after 2 July 2022 will be franked out of existing franking credits and out of franking credits arising from the payments of income tax in the years ending after 2 July 2022.		
Franking credits remaining at balance date available for dividends resolved to be paid after the current balance date based on a tax rate of 30%	252.4	231.2
The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:		
- franking credits that will arise from the payment of the current tax liability; and		
- franking debits that will arise from the payment of the dividend as a liability at the reporting date.		
The amount recorded above as the franking credit amount is based on the amount of Australian income tax paid or to be paid in respect of the liability for income tax at the balance date.		
The impact on the franking account of the dividend recommended by the Directors since year end will be a reduction of \$41.6 million (2021: \$53.2 million). The recommended dividend has not been recognised as a liability at year end.		

Significant Accounting Policies**Dividend distribution**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

24. Related party transactions

Transactions with related parties are at arm's length unless otherwise stated.

(a) Parent entities

The parent entity within the Group is Super Retail Group Limited, which is the ultimate Australian parent.

(b) Subsidiaries, associates and joint ventures

Interests in subsidiaries are set out in Note 28 – Investments in controlled entities. Details on associates and joint ventures can be found at Note 25(b) – Business combinations.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 29 – Key management personnel disclosures.

(d) Directors

The names of the persons who were Directors of Super Retail Group Limited during the financial year were Sally Pitkin AO, Reg Rowe, Howard Mowlem, Peter Everingham, Annabelle Chaplain AM, Gary Dunne, Judith Swales and Anthony Heraghty.

(e) Amounts due from related parties

There are no amounts due from Directors of the consolidated Group and their director-related entities (2021: nil).

(f) Transactions with other related parties

	2022 \$	2021 \$
Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with related parties:		

Store lease payment ⁽¹⁾	10,477,402	9,553,918
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⁽¹⁾ Rent on properties, with rates which are deemed to be on an arm's-length basis. Rent payable at year-end was Nil (2021: nil).

The financial year of 27 June 2021 to 2 July 2022 is a period of 53 weeks, compared to the comparative financial year of 28 June 2020 to 26 June 2021 of 52 weeks. This has resulted in 13 monthly rent payments in the current reporting period, compared to 12 monthly rent payments in the comparative reporting period.

25. Business combinations**(a) Subsidiaries****2022**

The Group's subsidiaries at 2 July 2022 are as detailed in Note 28 - Investments in controlled entities. There were no changes to the Group's ownership interest in these entities.

2021

There were no changes to the Group's subsidiaries during FY21.

(b) Associates and joint ventures**2022****Autoguru Australia Pty Ltd**

The Group currently holds a 38.29 per cent ownership interest in Autoguru Australia Pty Ltd. During the reporting period, the Group's investment was considered to be impaired and the investment was written down. A loss of \$5.7 million has been recognised within administration costs in the Group's consolidated income statement.

Autocrew Australia Pty Ltd

On 15 August 2017 the Group acquired a 50% ownership interest in Autocrew Australia Pty Ltd in joint venture with Robert Bosch (Australia) Pty Ltd. The joint venture was established to open full service auto workshops initially in the Greater Sydney area. Only two workshops were ever opened. During the 2019 reporting period the Group's investment in Autocrew was impaired to nil due to the result of its poor trading. During the current period, the Group, in conjunction with Robert Bosch, wound up Autocrew Australia Pty Ltd.

2021

There were no changes to the Group's associates or joint ventures during FY21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

26. Deed of cross guarantee

Super Retail Group Limited, A-Mart All Sports Pty Ltd, Auto Trade Direct Pty Ltd, Coyote Retail Pty Limited, Foghorn Holdings Pty Ltd, Goldcross Cycles Pty Ltd, Infinite Retail Pty Ltd, Macpac Holdings Pty Ltd, Macpac Retail Pty Ltd, Mouton Noir Management Pty Ltd, MP Finco Pty Limited, Macpac Group Holdings Pty Limited, Oceania Bicycles Pty Ltd, Ray's Outdoors Pty Ltd, Rebel Pty Ltd, Rebel Group Limited, Rebel Management Services Pty Limited, Rebel Sport Limited, Rebel Wholesale Pty Limited, Rebelsport.com Pty Limited, SRG Equity Plan Pty Ltd, SRG Leisure Retail Pty Ltd, SRGS Pty Ltd, Supercheap Auto Pty Ltd, Super Retail Commercial Pty Ltd, Super Retail Group Services Pty Ltd and Workout World Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

(a) Consolidated Comprehensive Income Statement and Summary of Movements in Consolidated Retained Earnings

The above companies represent a Closed Group for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Super Retail Group Limited, they also represent the Extended Closed Group.

Set out below is a consolidated comprehensive income statement and a summary of movements in consolidated retained earnings for the period ended 2 July 2022 of the Closed Group.

	2022	2021
	\$m	\$m
Consolidated Comprehensive Income Statement		
Revenue from continuing operations	3,317.6	3,235.1
Other income from continuing operations	0.4	0.3
Total revenues and other income	3,318.0	3,235.4
Cost of sales of goods	(1,768.6)	(1,686.2)
Other expenses from ordinary activities		
- selling and distribution	(434.1)	(415.0)
- marketing	(91.7)	(95.2)
- occupancy	(223.2)	(199.0)
- administration	(430.3)	(392.0)
Net finance costs	(45.0)	(39.4)
Share of net loss of associates and joint ventures	(0.4)	(0.2)
Total expenses	(2,993.3)	(2,827.0)
Profit before income tax	324.7	408.4
Income tax expense	(99.5)	(120.8)
Profit for the period	225.2	287.6
Statement of comprehensive income	\$m	\$m
Profit for the period	225.2	287.6
Other comprehensive income		
Items that may be reclassified to profit or loss		
Changes in the fair value of cash flow hedges	5.8	3.8
Other comprehensive income for the period, net of tax	5.8	3.8
Total comprehensive income for the period	231.0	291.4
Summary of movements in consolidated retained earnings	\$m	\$m
Retained profits at the beginning of the financial period	537.4	368.9
Change in Closed Group	-	(0.6)
Restated balance at the beginning of the financial period	537.4	368.3
Profit for the period	225.2	287.6
Dividends paid	(185.2)	(118.5)
Retained profits at the end of the financial period	577.4	537.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

26. Deed of cross guarantee (continued)**(b) Consolidated Balance Sheet**

Set out below is a consolidated balance sheet as at 2 July 2022 of the Closed Group.

ASSETS	2022	2021
	\$m	\$m
Current assets		
Cash and cash equivalents	6.9	196.4
Trade and other receivables	44.9	48.1
Inventories	732.4	642.4
Derivative financial instruments	11.9	3.6
Total current assets	796.1	890.5
Non-current assets		
Other financial assets	190.5	196.5
Deferred tax assets	14.5	14.2
Property, plant and equipment	218.6	205.4
Right-of-use assets	870.0	837.4
Intangible assets	798.4	799.1
Total non-current assets	2,092.0	2,052.6
Total assets	2,888.1	2,943.1
LIABILITIES		
Current liabilities		
Trade and other payables	443.9	533.2
Lease liabilities	180.8	181.1
Current tax liabilities	18.6	68.9
Provisions	92.3	93.3
Total current liabilities	735.6	876.5
Non-current liabilities		
Lease liabilities	774.5	749.0
Provisions	38.0	25.8
Total non-current liabilities	812.5	774.8
Total liabilities	1,548.1	1,651.3
NET ASSETS	1,340.0	1,291.8
EQUITY		
Contributed equity	740.7	740.7
Reserves	21.9	13.7
Retained profits	577.4	537.4
TOTAL EQUITY	1,340.0	1,291.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

27. Parent entity financial information

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

	2022 \$m	2021 \$m
Balance Sheet		
Current assets	264.0	316.5
Total assets	1,070.1	1,123.6
Current liabilities	24.8	71.7
Total liabilities	25.0	71.9
NET ASSETS	1,045.1	1,051.7
Contributed equity	740.7	740.7
Reserves		
- share-based payments	22.1	19.7
Retained earnings	282.3	291.3
Total Equity	1,045.1	1,051.7
Profit after tax for the period	176.2	266.1
Total comprehensive income	176.2	266.1

Significant Accounting Policies**Parent entity financial information**

The financial information for the parent entity, Super Retail Group Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Super Retail Group Limited.

Tax consolidation legislation

Super Retail Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Super Retail Group Limited, and the controlled entities in the tax consolidated group account for current and deferred tax amounts under the "separate taxpayer within group" approach in accordance with AASB Interpretation 1052, *Tax Consolidation Accounting*.

In addition to its own current and deferred tax amounts, Super Retail Group 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 Super Retail Group Limited for any current tax payable assumed and are compensated by Super Retail Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Super Retail Group 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 amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current 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.

Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

28. Investments in controlled entities

The Group's subsidiaries at 2 July 2022 are set out below. Unless otherwise stated, they have share capital consisting of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Name of Entity	Country of Incorporation	Principal Activities	Equity Holding	
			2022 %	2021 %
A-Mart All Sports Pty Ltd ⁽¹⁾	Australia	Sports retail	100	100
Auto Trade Direct (NZ) Limited	New Zealand	Auto retail	100	100
Auto Trade Direct Pty Ltd ⁽¹⁾	Australia	Auto retail	100	100
BCF New Zealand Limited	New Zealand	Outdoor retail	100	100
Coyote Retail Pty Limited ⁽¹⁾	Australia	Sports retail	100	100
Foghorn Holdings Pty Ltd ⁽¹⁾	Australia	Sports retail	100	100
Goldcross Cycles Pty Ltd ⁽¹⁾	Australia	Sports retail	100	100
Infinite Retail Pty Ltd ⁽¹⁾	Australia	Sports retail	100	100
Infinite Retail UK Limited ⁽²⁾	United Kingdom	Sports retail	100	100
Macpac Enterprise	New Zealand	Outdoor retail	100	100
Macpac Group Holdings Pty Limited ⁽¹⁾	Australia	Outdoor retail	100	100
Macpac Holdings Pty Ltd ⁽¹⁾	Australia	Outdoor retail	100	100
Macpac Limited	New Zealand	Outdoor retail	100	100
Macpac New Zealand Limited	New Zealand	Outdoor retail	100	100
Macpac Retail Pty Ltd ⁽¹⁾	Australia	Outdoor retail	100	100
MP Finco Pty Limited ⁽¹⁾	Australia	Outdoor retail	100	100
Mouton Noir IP Limited	New Zealand	Outdoor retail	100	100
Mouton Noir Management Pty Ltd ⁽¹⁾	Australia	Outdoor retail	100	100
Oceania Bicycles Pty Ltd ⁽¹⁾	Australia	Sports retail	100	100
Oceania Bicycles Limited ⁽³⁾	New Zealand	Sports retail	100	100
Ray's Outdoors New Zealand Limited	New Zealand	Outdoor retail	100	100
Ray's Outdoors Pty Ltd ⁽¹⁾	Australia	Outdoor retail	100	100
Rebelsport.com Pty Limited ⁽¹⁾	Australia	Sports retail	100	100
Rebel Group Limited ⁽¹⁾	Australia	Sports retail	100	100
Rebel Management Services Pty Limited ⁽¹⁾	Australia	Sports retail	100	100
Rebel Pty Ltd ⁽¹⁾	Australia	Sports retail	100	100
Rebel Sport Limited ⁽¹⁾	Australia	Sports retail	100	100
Rebel Wholesale Pty Limited ⁽¹⁾	Australia	Sports retail	100	100
SRG Equity Plan Pty Ltd ⁽¹⁾	Australia	Investments	100	100
SRG Leisure Retail Pty Ltd ⁽¹⁾	Australia	Outdoor retail	100	100
SRGS (New Zealand) Limited	New Zealand	Product acquisition and distribution	100	100
SRGS Pty Ltd ⁽¹⁾	Australia	Product acquisition and distribution	100	100
Super Cheap Auto (New Zealand) Pty Limited	New Zealand	Auto retail	100	100
Super Cheap Auto Pty Ltd ⁽¹⁾	Australia	Auto retail	100	100
Super Retail Commercial Pty Ltd ⁽¹⁾	Australia	Auto retail	100	100
Super Retail Group Services (New Zealand) Limited	New Zealand	Support services	100	100
Super Retail Group Services Pty Ltd ⁽¹⁾	Australia	Support services	100	100
Super Retail Group Trading (Shanghai) Ltd	China	Product sourcing	100	100
VBM Retail (HK) Limited ⁽²⁾	Hong Kong	Sports retail	100	100
Infinite Retail NZ Limited ⁽²⁾	New Zealand	Sports retail	100	100
Workout World Pty Limited ⁽¹⁾	Australia	Sports retail	100	100

⁽¹⁾ These controlled entities have been granted relief from the requirement to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

⁽²⁾ Investment is held directly by Infinite Retail Pty Ltd.

⁽³⁾ Investment is held directly by Oceania Bicycles Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

29. Key Management Personnel disclosures

(a) Key Management Personnel compensation	2022	2021
	\$	\$
Short-term employee benefits	8,925,373	7,895,340
Long-term employee benefits	1,171,349	788,389
Post-employment benefits	632,552	202,501
Share-based payments	3,079,147	3,651,950
	13,808,421	12,538,180

The key management personnel remuneration in some instances has been paid by a subsidiary.

Loans to key management personnel

There were no loans to individuals at any time.

Other transactions with key management personnel

Aggregate amounts of each of the above types of other transactions with key management personnel of Super Retail Group:

	2022	2021
	\$	\$
Amounts paid to key management personnel as shareholders		
Dividends	56,509,512	36,125,381

30. Share-based payments**(a) Executive Performance Rights**

The Company has established the Super Retail Group Employee Equity Incentive Plan ("the EIP") to assist in the retention and motivation of executives of Super Retail Group (Participants). It is intended that Performance Rights will enable the Company to retain and attract skilled and experienced executives and provide them with the motivation to enhance the success of the Company.

Under the Long-Term Incentive (LTI) Plan, rights may be offered to Participants selected by the Board. Unless otherwise determined by the Board, no payment is required for the grant of rights under the plan.

The vesting conditions are based on Board-approved measures of sustainable shareholder returns such as Earnings Per Share (EPS) and Return on Capital (ROC). Historically the LTI Plan has used a combination of EPS and ROC which the Board determined are appropriate measures of sustainable shareholder returns. In the context of COVID-19 and the challenges of forecasting the impact on the business, the Board established a two-year Medium Term Business Plan (MTBP), with targets for ROC and Normalised Profit Before Tax (NPBT). The grant in the FY21 covered LTI reward for both FY21 and FY22 and is based on performance over the two-year period of the MTBP. For the Performance Rights granted on 1 September 2019, these have been tested based on the FY22 results and will vest over the two years from the year of testing at 50 per cent per year. For the Performance Rights granted on 1 November 2020, these were also tested based on the FY22 results and vest from the year of testing over three years at one-third per year.

Certain senior team members (excluding Executive KMP) were also granted Performance Rights during the current financial year as granted on 3 November 2021. These Performance Rights include a target for Net Profit Before Tax with a 100 per cent weighting and are based on the performance of FY23. These will vest from the year of testing over two years at 50 per cent per year.

The table below summarises Performance Rights granted under the plan.

Number of Performance Rights Grant Date	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Forfeited during the year (Number)	Balance at the end of the year (Number) ⁽¹⁾
2022					
1 September 2016	73,546	-	(61,271)	(967)	11,308
1 September 2017	89,240	-	(40,035)	(2,882)	46,323
1 September 2018	336,944	-	(165,970)	(12,496)	158,478
1 September 2019	656,963	-	(26,631)	(31,567)	598,765
1 November 2020	1,116,783	-	-	(49,428)	1,067,355
3 November 2021	-	185,997	-	(9,747)	176,250
	2,273,476	185,997	(293,907)	(107,087)	2,058,479
2021					
1 September 2015	9,952	-	(9,952)	-	-
1 September 2016	147,054	-	(73,508)	-	73,546
1 September 2017	465,885	-	(89,193)	(287,452)	89,240
1 September 2018	344,698	-	-	(7,754)	336,944
1 September 2019	695,470	-	-	(38,507)	656,963
1 November 2020	-	1,121,283	-	(4,500)	1,116,783
	1,663,059	1,121,283	(172,653)	(338,213)	2,273,476

⁽¹⁾ All Performance Rights as at the end of the year are unvested and the exercise price for all grants is nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

30. Share-based payments (continued)**(a) Executive Performance Rights (continued)**

Performance Rights issued under the plan may not be transferred unless approved by the Board. There were no cancellations or modifications to awards during the current or prior reporting period.

Subject to any adjustment in the event of a bonus issue, each Performance Right is an entitlement to subscribe for one share. Upon the exercise of a Performance Right by a Participant, each share issued will rank equally with other shares of the Company.

The weighted average remaining contractual life of Performance Rights outstanding as at the end of the period was 1.1 years (2021: 1.8 years).

Fair value of Performance Rights granted

For Performance Rights, the fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price (nil for rights), the term of the Performance Rights, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the Performance Rights. The expected volatility reflects historical data and current expectations and is not indicative of future trends or other actual outcome. Non-market vesting conditions such as service are excluded from fair value. The fair values and model inputs for Performance Rights granted during the period included:

	2022 Performance Rights
Fair value of Performance Rights granted	\$11.31
Grant date	3 November 2021
Expiry dates	1 Sep 2023, 1 Sep 2024
Share price at grant date	\$13.33
Expected price volatility of the Group's shares	21.1%
Expected dividend yield	6.6%
Risk-free interest rate	0.89%

(b) Restricted shares – Executive short-term incentive scheme

Under the Group's short-term incentive (STI) scheme, executives receive 70 per cent of their annual STI achieved in cash and 30 per cent in the form of restricted shares in the Company. The restricted shares are granted in August of each year following the release of the Group's financial results by on-market purchase. Restricted shares are ordinary shares in the Company which are subject to certain time-based restrictions on disposal and vesting. As the shares are ordinary shares the executives receive dividends and each share ranks equally with other shares of the Company.

The number of shares to be granted is determined based on the value of the achieved STI divided by the weighted average price at which the Company's shares are traded on the ASX in the five days following the release of the Group's financial results (\$12.53 for the rights granted during FY22 and \$8.92 for the rights granted in FY21) and represents the accounting fair value. The expense is recognised over the period during which the executives become unconditionally entitled to the shares.

The table below summarises restricted shares granted under the plan.

	2022 Number of shares	2021 Number of shares
Balance at the beginning of the reporting period	83,141	-
Granted during the year	129,567	83,141
Vested during the year ⁽¹⁾	(55,596)	-
Balance at the end of the reporting period	157,112	83,141

⁽¹⁾ Vesting of restricted shares refers to restrictions being lifted.

The weighted average remaining contractual life of restricted shares outstanding as at the end of the period was 0.6 years (2021: 0.5 years).

(c) Expenses arising from equity-settled share-based payments transactions

	2022 \$m	2021 \$m
Executive Performance Rights	6.1	7.7
Restricted shares	0.8	-
	6.9	7.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

30. Share-based payments (continued)**Significant Accounting Policies****Share-based payments**

Share-based compensation benefits are provided to certain employees via the Super Retail Group Employee Equity Incentive Plan.

The fair value of performance rights granted under the plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the performance rights.

The fair value of the performance rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to become exercisable. At each balance sheet date, the Group revises its estimate of the number of performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon exercise of the performance rights, the balance of the share-based payments reserve relating to those performance rights remains in the share-based payments reserve.

31. Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	2022 \$	2021 \$
(a) PricewaterhouseCoopers Australia		
<i>(i) Assurance services</i>		
Audit and review of financial statements ⁽¹⁾	736,440	734,840
Other assurance	-	-
Total remuneration for audit and other assurance services	736,440	734,840
<i>(ii) Taxation services</i>		
Tax compliance services, including review of Company income tax returns	267,356	163,537
Total remuneration for taxation services	267,356	163,537
<i>(iii) Other services</i>		
Advisory services	88,511	-
Total remuneration for advisory services	88,511	-
Total remuneration of PricewaterhouseCoopers Australia	1,092,307	900,377
(b) Network firms of PricewaterhouseCoopers Australia		
<i>(i) Taxation services</i>		
Tax compliance services, including review of Company income tax returns	25,237	47,011
Total remuneration of network firms of PricewaterhouseCoopers Australia	25,237	47,011
Total auditors' remuneration	1,117,544	947,388

⁽¹⁾ The fees in relation to the audit and review of the FY21 Financial Statements have been restated to reflect the total fees paid in relation to that period.

The Group's auditor is PricewaterhouseCoopers. The Group may employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice, or where the auditor is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects. The Board has considered the non-audit services provided during the year by the auditor, and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 2 July 2022

32. Contingencies

	2022	2021
	\$m	\$m

Guarantees

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

The maximum future rental payments guaranteed amount to:

	4.7	4.7
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The maximum future inventory payments guaranteed amount to:

	1.7	2.6
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Other Contingencies

The Group continues to work with the Fair Work Ombudsman in relation to the underpayment of team members. This may result in undertakings required by the regulator, or the commencement of legal proceedings. Further amounts may become payable at the direction of the regulator or as a result of legal proceedings. Future professional advisory fees will be incurred to finalise remediation outcomes.

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

33. Commitments

Commitments payable for the acquisition of plant and equipment and computer software, contracted for at the reporting date but not recognised as liabilities payable, total \$4.7 million as at 2 July 2022 (26 June 2021: \$5.4 million).

The Group leases various offices, warehouses and retail stores under non-cancellable operating leases. These leases have varying terms, escalation clauses and renewal rights. The Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. Refer Note 12 - Leases for details of Property right-of-use assets and Note 22 – Financial risk management for details of the contractual maturities of the lease liabilities.

34. Net tangible asset backing

	2022	2021
	Cents	Cents

Net tangible asset per ordinary share

	\$2.21	\$1.93
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Net tangible asset per ordinary share (NTA) is calculated based on Net Assets of \$1,289.0 million (2021: \$1,226.5 million) less intangible assets of \$866.0 million (2021: \$866.9 million) adjusted for the associated deferred tax liability of \$75.3 million (2021: \$75.3 million). The number of shares used in the calculation was 225,826,500 (2021: 225,826,500).

The NTA calculation includes the right-of-use assets in respect of property, plant and equipment leases of \$923.7 million (2021: \$894.3 million), and the lease liabilities recognised under AASB 16 *Leases* of \$1,010.7 million (2021: \$989.6 million). If the right-of-use assets and associated deferred tax liability were excluded from the calculation, the NTA would have been negative \$0.67 per ordinary share (2021: negative \$0.86).

35. Events occurring after balance date

No matters or circumstance have arisen since 2 July 2022 that have significantly affected, or may significantly affect:

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

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 79 to 131 are in accordance with the Corporations Act, 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 2 July 2022 and of its performance for the financial 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; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 26 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 26.

Note 2(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 Group Managing Director and Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act.

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



Sally Pitkin AO
Chair



Anthony Heraghty
Group Managing Director and Chief Executive Officer

Brisbane
17 August 2022



Independent auditor's report

To the members of Super Retail Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Super Retail Group 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 2 July 2022 and of its financial performance for the 53 week period ending 2 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 2 July 2022
- the consolidated statement of comprehensive income for the 53 week period then ended
- the consolidated statement of changes in equity for the 53 week period then ended
- the consolidated statement of cash flows for the 53 week 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.

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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 \$17.2 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Carrying value of Goodwill and Brand names (Refer to note 11) Goodwill \$526.6m; Brand names; \$253.3m Goodwill is allocated to the Group's cash generating units (CGUs) which are consistent with the Group's segments. During the annual review for impairment, the Group determined the recoverable amount for each CGU using discounted cash flow valuation models (valuation models) which rely on significant assumptions and estimates of future trading performance. The carrying value of goodwill and brand names was a key audit matter due to its size and the judgements involved in estimating the cash flow forecasts, including consideration of volatility in relation to COVID-19.	Our audit procedures included the following: • Understanding and evaluating the Group's processes and controls related to annual impairment assessments of goodwill and brands in light of the requirements of Australian Accounting Standards. • Comparing actual results with budgets to assess the reliability of the forecasts used in the cash flow models. • Evaluating how the Group considered the ongoing impact of COVID-19 in the future cash flow forecasts. • Together with PwC valuation experts, assessing the valuation methodology and mathematical accuracy of the models and comparing the discount rate and growth rate assumptions to market observable inputs. • Evaluating the Group's assessment that the indefinite life assumption for brand names remains appropriate at period end. • Evaluating the adequacy of the disclosures made in the financial report, in light of the requirements of Australian Accounting Standards.
Inventory valuation (Refer to note 9) Inventory \$799.6m The valuation of inventory was a key audit matter because of the judgements involved in estimating the net realisable value (NRV) of inventory and adjusting inventory cost for attributable overheads and rebates received.	Our audit procedures included the following: • Developing an understanding of and evaluating the Group's processes and controls related to inventory valuation in light of the requirements of Australian Accounting Standards. • Testing the mathematical accuracy of the inventory provision.



Key audit matter	How our audit addressed the key audit matter
	- Assessing the inventory provision using data analysis techniques to compare the carrying value to the sales price for each item. - Assessing the reasonableness of the inventory provision in light of the Group's accounting policy. - Evaluating the Group's methodology for capitalising overheads and rebates to inventory in light of 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 report for the 53 week period ending 2 July 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express 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.

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.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 48 to 77 of the annual report for the 53 week period ended 2 July 2022.

In our opinion, the remuneration report of Super Retail Group Limited for the 53 week period ended 2 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.

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

PricewaterhouseCoopers

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

Paddy Carney
Partner

Brisbane
17 August 2022

SHAREHOLDER INFORMATION

For the period ended 2 July 2022

The information set out in this section is current as at 10 August 2022.

Securities exchange listing

The ordinary shares of the Company are listed on the Australian Securities Exchange under the ASX code SUL.

Shares on issue

The Company has 225,826,500 fully paid ordinary shares on issue, held by 22,001 shareholders.

Distribution of shareholders

The following table shows the distribution of the Company's shareholders by size of shareholding and number of shareholders and shares.

Ordinary shares			
Holding	Number of shareholders	Number of shares	% of shares on issue
1-1,000	12,717	5,012,902	2.22
1,001 – 5,000	7,674	18,008,455	7.97
5,001 -10,000	1,058	7,600,733	3.37
10,001 – 100,000	511	10,179,198	4.51
100,001 and over	41	185,025,212	81.93
Total	22,001	225,826,500	100.00

There were 965 shareholders (representing 18,493 ordinary shares) holding less than a marketable parcel of shares.

20 largest holders

Details of the 20 largest holders of ordinary shares in the Company are as follows:

Registered holder		Number of ordinary shares	% of ordinary shares
1.	SCA FT Pty Ltd <The Rowe Family A/C>	61,490,627	27.23
2.	HSBC Custody Nominees (Australia) Limited	54,947,349	24.33
3.	Citicorp Nominees Pty Limited	19,765,629	8.75
4.	J P Morgan Nominees Australia Pty Limited	19,570,437	8.67
5.	BNP Paribas Noms Pty Ltd <DRP>	7,414,782	3.28
6.	National Nominees Limited	5,924,838	2.62
7.	Re-Grow Futures Pty Ltd	3,167,000	1.40
8.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,748,217	0.77
9.	SCCASP Holdings Pty Ltd <H & R Super Fund A/C>	1,232,804	0.55
10.	Santos L Helper Pty Ltd <The Van Paassen Family A/C>	904,246	0.40
11.	Mr Kenneth Joseph Hall <Hall Park A/C>	777,143	0.34
12.	Ms Tracey Leanne Rowe	727,029	0.32
13.	Ms Tanya Joeann Southam	648,346	0.29
14.	Ms Jodi Maria Thomas	625,298	0.28
15.	Ms Janene Julie Young	611,876	0.27
16.	Pacific Custodians Pty Limited <SCA MSP EXEMPT TST A/C>	555,251	0.25
17.	HSBC Custody Nominees (Australia) Limited – A/C 2	435,676	0.19
18.	Mr Robert Edward Thorn	426,665	0.19
19.	BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd <DRP A/C>	424,073	0.19
20.	HSBC Custody Nominees (Australia) Limited <<NT-COMNWLTH SUPER CORP A/C>	401,707	0.18
Total for Top 20		181,798,993	80.50
Total number of ordinary shares		225,826,500	100.00

SHAREHOLDER INFORMATION (continued)

For the period ended 2 July 2022

Substantial shareholders

The number of voting shares held by substantial shareholders and their associates, as disclosed in substantial holding notices given to the Company in accordance with the Corporations Act, is set out below:

Name	Number of ordinary shares in notice	% of ordinary shares in notice	Date notice received
SCA FT Pty Ltd	56,954,670	28.99	2 August 2013
Challenger Limited	12,186,174	5.40	7 April 2022

Unquoted securities

There are 2,058,479 unlisted performance rights on issue under the Company's employee incentive plans, held by 98 holders.

Distribution of holders of performance rights

The following table shows the distribution of the Company's holders of performance rights and number of holders and performance rights.

Holding	Number of holders	Performance rights	
		Number of performance rights	% of performance rights on issue
1-1,000	3	1,979	0.1%
1,001 – 5,000	39	120,874	5.9%
5,001 -10,000	17	133,122	6.5%
10,001 – 100,000	34	882,470	42.8%
100,001 and over	5	920,034	44.7%
Total	98	2,058,479	100.00

Voting rights

At general meetings of the Company, each member holding ordinary shares may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. The voting rights attached to ordinary shares are as follows:

- on a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote;
- on a poll, every member present in person or by proxy, attorney or corporate representative has one vote for each fully paid ordinary share held by the member; and
- every member who duly lodges a valid direct vote in respect of a resolution has one vote for each fully paid ordinary share held by the member.

Performance rights do not carry any voting rights.

On-market share acquisitions

During FY22, 423,474 ordinary shares in the Company were purchased on-market at an average price of \$12.01 per share for the purposes of satisfying employee entitlements under the Company's employee incentive plans.

On-market buy back

There is no current on-market buy-back of the Company's shares.

Voluntary escrow

There are no securities or securities subject to voluntary escrow in the Company.

SHAREHOLDER INFORMATION (continued)

For the period ended 2 July 2022

Shareholder calendar⁽¹⁾

Event	Date
Full-year results announcement	17 August 2022
Ex-dividend date for final dividend	6 September 2022
Record date for final dividend	7 September 2022
DRP election date for final dividend	8 September 2022
Payment date for final dividend	17 October 2022
Annual General Meeting	27 October 2022
Interim results announcement	22 February 2023
Ex-dividend date for interim dividend	8 March 2023
Record date for interim dividend	9 March 2023
DRP election date for interim dividend	10 March 2023
Payment date for interim dividend	14 April 2023

(1) Dates are subject to change. Changes will be notified to the ASX as required.

2022 Annual General Meeting

The Company's 2022 AGM will be held at 11.30am (AEST) on Thursday, 27 October 2022. Details of the meeting will be sent to shareholders separately.

Dividend details

The Company generally pays a dividend on its fully paid ordinary shares twice a year following the interim and final results announcements. The proposed dates for FY23 are in the calendar above.

The Company's Dividend Reinvestment Plan (**DRP**) remains active. The **DRP** is optional and offers eligible shareholders the opportunity to acquire fully paid ordinary shares in the Company rather than receiving dividends in cash. A shareholder can elect to participate in or terminate their involvement in the **DRP** at any time.

Shareholder enquiries

Shareholders who wish to enquire about their shareholding in the Company may contact the Company's share registry at:

Link Market Services Limited
 Locked Bag A14
 South Sydney NSW 1235 Australia
 Telephone: 1800 170 502 (within Australia)
 +61 1800 170 502 (outside Australia)
 Facsimile: +61 2 9287 0303
 Email: registrars@linkmarketservices.com.au
 Website: www.linkmarketservices.com.au

Shareholders can access their current holding details as well as their transaction history, view dividend statements and payments made, download statements and documents, change their address, update their communication preferences and banking details, and check their tax details online via portfolio login on Link Market Services' Investor Centre at www.linkmarketservices.com.au.

Glossary

Defined term	Definition
\$	Australian dollars, unless indicated otherwise
AASB	Australian Accounting Standards Board
AGM	Annual General Meeting
Annual Report	the Company's FY22 Annual Report
ARC	Audit and Risk Committee
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange or ASX Limited ABN 98 008 624 691 and the market operated by ASX Limited
Board	the Board of Directors of the Company
CFO	Chief Financial Officer
Committee or Board Committee	a committee of the Board
Company or Super Retail Group	Super Retail Group Limited ABN 81 108 676 204
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	the directors of the Company
DRP	Dividend Reinvestment Plan
EIP	the Super Retail Group Employee Equity Incentive Plan
EPS	earnings per share
ESG	Environmental, Social and Governance
Executive KMP	Key Management Personnel of the Company other than Non-Executive Directors
FBT	Fringe Benefits Tax
FY22	the financial year ended 2 July 2022, being the 53 week period from 27 June 2021 to 2 July 2022 (and inclusive of those two dates)

Defined term	Definition
Group	the Company and its consolidated subsidiaries
Group MD and CEO	Group Managing Director and Chief Executive Officer
HRRC	Human Resources and Remuneration Committee
KMP	Key Management Personnel
KPI	Key Performance Indicator
LTI	Long-Term Incentive
LTI plan	the Company's Long-Term Incentive plan, as described in Section 6 of the Remuneration Report
MTBP	Medium-Term Business Plan
NPBT	net profit before tax
NPS	Net Promoter Score
PBT	profit before tax
PwC	PricewaterhouseCoopers
ROC	return on capital
Scope 1 and 2 emissions	GHG Protocol Corporate Standard classifies a company's Greenhouse Gas emissions into 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy.
STI	Short-Term Incentive
STI scheme	the Company's Short-Term Incentive scheme, as described in Section 6 of the Remuneration Report
TCFD	Financial Stability Board's Task Force on Climate-related Financial Disclosures

Corporate Directory

SUPER RETAIL GROUP LIMITED
ABN 81 108 676 204

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Facsimile: +61 7 3205 8522

Company Secretary

Rebecca Farrell

Share Registry

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SYDNEY NSW 2000 Australia

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+61 1800 170 502 (outside Australia)
Facsimile: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au

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Auditors

PricewaterhouseCoopers

Notes

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