



# PREMIER INVESTMENTS LIMITED

ABN 64 006 727 966

## Appendix 4E – Preliminary Final Report

The information is given under ASX Listing Rule 4.3A

### Reporting periods

Current Reporting Period: 1 August 2021 to 30 July 2022 (52 weeks)  
Previous Corresponding Period: 26 July 2020 to 31 July 2021 (53 weeks)

### Results for announcement to the market

	2022 \$'000	2021 \$'000	% change
Revenue from Ordinary Activities	1,501,487	1,444,596	+3.94%
Profit from ordinary activities after tax attributable to members	285,174	271,840	+4.91%
Net profit for the period attributable to members	285,174	271,840	+4.91%
<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>	
Final Dividend	54.0 cents	54.0 cents	
Special Dividend	25.0 cents	25.0 cents	
Interim Dividend	46.0 cents	46.0 cents	
Record date for determining entitlements to the final and special dividend:	11 January 2023		
<b>The Directors have also announced an on-market share buyback of up to \$50 million. Refer to the Notification of Buyback announcement for further information.</b>			
Brief explanation of the figures reported above to enable the figures to be understood:			
The information presented above is based upon the accompanying consolidated financial statements for the 52 weeks ended 30 July 2022 (FY21: 53 weeks ended 31 July 2021). Refer to the attached consolidated financial statements and accompanying investor presentation for further information.			

## Dividends

Date the final dividend is payable	25 January 2023
Record date to determine entitlements to the final dividend	11 January 2023

### a) Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
<b>Final Dividend</b>			
Current period ( <i>final and special</i> )	79.0 cents	79.0 cents	Nil
Previous corresponding period	46.0 cents	46.0 cents	Nil

	Current Reporting Period	Previous Corresponding Period
<b>Total Dividend (interim <i>plus</i> final and special)</b>		
Ordinary securities	125.0 cents	80.0 cents

### b) Final dividend on all securities

	Current Reporting Period \$'000	Previous Corresponding Period \$'000
Ordinary securities	125,604	73,137
Preference securities	-	-
<b>Total</b>	<b>125,604</b>	<b>73,137</b>

### c) Dividend reinvestment plans in operation

The last date(s) for receipt of election notices for the dividend plans	Not Applicable
<b>Any other disclosures in relation to dividends:</b>	
The dividend reinvestment plan does not apply to the final dividend.	

## Net tangible assets

	Current Reporting Period	Previous Corresponding Period
Net tangible assets per ordinary security	\$5.35 <sup>1</sup>	\$4.44 <sup>1</sup>

## Associates and joint venture entities

Name of Associate Entity	Current Reporting Period		Previous Corresponding Period	
	Ownership Interest in Associate (%)	Share of Net Profit After Tax \$'000	Ownership Interest in Associate (%)	Share of Net Profit After Tax \$'000
Breville Group Limited <i>(Company incorporated in Australia)</i>	25.62%	\$27,085	26.27%	\$23,897

## Other Information

### Foreign Entities – accounting standards:

All entities comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### Commentary:

This report should be read in conjunction with the attached financial statements for the 52 weeks ended 30 July 2022. The attached financial statements do not contain a full set of disclosures as required by IFRS.

The attached financial statements are in the process of being audited.

  
.....  
**MARINDA MEYER**  
**COMPANY SECRETARY**  
**29 September 2022**

<sup>1</sup> Calculated as net assets, less intangible assets as per the accompanying balance sheet, divided by ordinary securities on issue at the end of the period. Includes right-of-use assets and lease liabilities recognised under AASB 16 Leases, as disclosed in the accompanying consolidated financial statements.

# PREMIER INVESTMENTS LIMITED

A.C.N. 006 727 966

## APPENDIX 4E

### FINANCIAL STATEMENTS

FOR THE PERIOD 01 AUGUST 2021 TO 30 JULY 2022

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# STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021

	NOTES	CONSOLIDATED	
		2022 \$'000	2021 \$'000
Revenue from contracts with customers	4	1,497,520	1,443,174
Other revenue	4	3,967	1,422
Total revenue		1,501,487	1,444,596
Other income	4	15,389	14,063
Total revenue and other income		1,516,876	1,458,659
Changes in inventories		(527,721)	(515,271)
Employee expenses		(350,664)	(334,818)
Lease rental (expenses) benefits	5	(21,239)	7,544
Depreciation and impairment of non-current assets	5	(166,176)	(178,258)
Advertising and direct marketing		(22,233)	(18,510)
Finance costs	5	(8,862)	(11,574)
Other expenses		(54,403)	(52,086)
Total expenses		(1,151,298)	(1,102,973)
Share of profit of associate	20	27,085	23,897
Profit from continuing operations before income tax		392,663	379,583
Income tax expense	6	(107,489)	(107,743)
<b>Net profit for the period attributable to owners</b>		<b>285,174</b>	<b>271,840</b>
<b>Other comprehensive income (loss)</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net (loss) gain on cash flow hedges	24	(6,166)	12,568
Foreign currency translation	24	(3,092)	802
Net movement in other comprehensive income (loss) of associates	24	8,895	(3,782)
Income tax on items of other comprehensive loss (income)	6	1,850	(3,772)
<b>Other comprehensive income which may be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>1,487</b>	<b>5,816</b>
<b>Items not to be reclassified subsequently to profit or loss</b>			
Net fair value (loss) gain on listed equity investment	24	(2,673)	28,820
Income tax on items of other comprehensive loss (income)	6	802	(8,646)
<b>Other comprehensive (loss) income not to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>(1,871)</b>	<b>20,174</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS</b>		<b>284,790</b>	<b>297,830</b>
<b>Earnings per share from continuing operations attributable to the ordinary equity holders of the parent:</b>			
- basic, profit for the year (cents per share)	7	179.40	171.15
- diluted, profit for the year (cents per share)	7	178.16	170.39

The accompanying notes form an integral part of this Statement of Comprehensive Income.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JULY 2022 AND 31 JULY 2021

		CONSOLIDATED	
	NOTES	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	21	471,273	523,356
Trade and other receivables	9	11,026	9,490
Inventories	10	224,392	208,760
Other financial instruments		87	7,073
Other current assets	11	10,299	10,326
Total current assets		717,077	759,005
Non-current assets			
Property, plant and equipment	17	125,313	137,798
Right-of-use assets	12	195,558	167,087
Intangible assets	18	827,227	827,004
Deferred tax assets	6	51,426	55,494
Listed equity investment at fair value	19	75,932	63,462
Investment in associate	20	312,201	271,372
Total non-current assets		1,587,657	1,522,217
TOTAL ASSETS		2,304,734	2,281,222
LIABILITIES			
Current liabilities			
Trade and other payables	13	143,454	164,269
Income tax payable		31,974	58,218
Interest-bearing liabilities	22	-	69,000
Lease liabilities	14	158,290	159,050
Provisions	15	44,505	45,610
Other financial instruments		-	815
Other current liabilities	16	16,129	15,120
Total current liabilities		394,352	512,082
Non-current liabilities			
Interest-bearing liabilities	22	69,000	77,834
Deferred tax liabilities	6	71,908	68,319
Lease liabilities	14	80,991	78,435
Provisions	15	10,964	11,421
Other non-current liabilities	16	-	226
Total non-current liabilities		232,863	236,235
TOTAL LIABILITIES		627,215	748,317
NET ASSETS		1,677,519	1,532,905
EQUITY			
Contributed equity	23	608,615	608,615
Reserves	24	(4,287)	(10,001)
Retained earnings		1,073,191	934,291
TOTAL EQUITY		1,677,519	1,532,905

The accompanying notes form an integral part of this Statement of Financial Position.

# STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021

		CONSOLIDATED	
	NOTES	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,661,826	1,620,975
Payments to suppliers and employees (inclusive of GST)		(1,172,536)	(1,115,786)
Interest received		732	1,313
Borrowing costs paid		(3,193)	(4,632)
Interest on lease liabilities		(5,605)	(6,676)
Income taxes paid		(125,747)	(111,674)
NET CASH FLOWS FROM OPERATING ACTIVITIES	21(b)	355,477	383,520
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from listed equity investment		2,449	-
Dividends received from investment in associate		10,402	12,227
Payment for trademarks		(223)	(116)
Purchase of investments		(15,143)	(16,510)
Payment for property, plant and equipment		(8,651)	(2,917)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(11,166)	(7,316)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid		(146,274)	(165,171)
Payment of lease liabilities		(169,573)	(137,180)
Repayment of borrowings		(77,834)	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(393,681)	(302,351)
NET (DECREASE) INCREASE IN CASH HELD			
		(49,370)	73,853
Cash at the beginning of the financial year		523,356	448,832
Net foreign exchange difference		(2,713)	671
CASH AT THE END OF THE FINANCIAL YEAR	21(a)	471,273	523,356

The accompanying notes form an integral part of this Statement of Cash Flows.

# STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021

	CONSOLIDATED							
	CONTRIBUTED EQUITY	CAPITAL PROFITS RESERVE	PERFORMANCE RIGHTS RESERVE	CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	RETAINED PROFITS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>At 1 August 2021</i>	608,615	464	21,215	4,377	2,801	(38,858)	934,291	1,532,905
Net profit for the period	-	-	-	-	-	-	285,174	285,174
Other comprehensive income (loss)	-	-	-	(4,316)	5,803	(1,871)	-	(384)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(4,316)</b>	<b>5,803</b>	<b>(1,871)</b>	<b>285,174</b>	<b>284,790</b>
<b>Transactions with owners in their capacity as owners:</b>								
Performance rights issued	-	-	6,098	-	-	-	-	6,098
Dividends paid and payable	-	-	-	-	-	-	(146,274)	(146,274)
<b>Balance as at 30 July 2022</b>	<b>608,615</b>	<b>464</b>	<b>27,313</b>	<b>61</b>	<b>8,604</b>	<b>(40,729)</b>	<b>1,073,191</b>	<b>1,677,519</b>
<i>At 26 July 2020 (Original)</i>	608,615	464	19,359	(4,419)	5,781	(59,032)	776,680	1,347,448
Adjustment due to accounting policy change by associate (Note 20)	-	-	-	-	-	-	(3,024)	(3,024)
<i>At 26 July 2020 (Adjusted)</i>	608,615	464	19,359	(4,419)	5,781	(59,032)	773,656	1,344,424
Net profit for the period	-	-	-	-	-	-	271,840	271,840
Other comprehensive income (loss)	-	-	-	8,796	(2,980)	20,174	-	25,990
<b>Total comprehensive income for the period</b>	-	-	-	<b>8,796</b>	<b>(2,980)</b>	<b>20,174</b>	<b>271,840</b>	<b>297,830</b>
<b>Transactions with owners in their capacity as owners:</b>								
Performance rights issued	-	-	1,856	-	-	-	-	1,856
Dividends paid and payable	-	-	-	-	-	-	(111,205)	(111,205)
<b>Balance as at 31 July 2021</b>	<b>608,615</b>	<b>464</b>	<b>21,215</b>	<b>4,377</b>	<b>2,801</b>	<b>(38,858)</b>	<b>934,291</b>	<b>1,532,905</b>

The accompanying notes form an integral part of this Statement of Changes in Equity



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021

## 1 GENERAL INFORMATION

The financial report contains the consolidated financial statements of the consolidated entity, comprising Premier Investments Limited (the 'parent entity') and its wholly owned subsidiaries ('the Group') for the 52 weeks ended 30 July 2022.

Premier Investments Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The notes to the financial statements have been organised into the following sections:

- (i) Other significant group accounting policies: Summarises the basis of financial statement preparation and other accounting policies adopted in the preparation of these consolidated financial statements. Specific accounting policies are disclosed in the note to which they relate.
- (ii) Group performance: Contains the notes that focus on the results and performance of the Group.
- (iii) Operating assets and liabilities: Provides information on the Group's assets and liabilities used to generate the Group's performance.
- (iv) Capital invested: Provides information on the capital invested which allows the Group to generate its performance.
- (v) Capital structure and risk management: Provides information on the Group's capital structure and summarises the Group's Risk Management policies.
- (vi) Group structure: Contains information in relation to the Group's structure and related parties.
- (vii) Other disclosures: Summarises other disclosures which are required in order to comply with Australian Accounting Standards and other authoritative pronouncements.

## 2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES

The consolidated financial report is prepared for the 52 weeks from 1 August 2021 to 30 July 2022.

Below is a summary of significant group accounting policies applicable to the Group which have not been disclosed elsewhere. The notes to the financial statements, which contain detailed accounting policy notes, should be read in conjunction with the below Group accounting policies.

### (a) BASIS OF FINANCIAL REPORT PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for other financial instruments and listed equity investments at fair value, which have been measured at fair value as explained in the relevant accounting policies throughout the notes.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated, as the Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016.

### (b) COMPARATIVE AMOUNTS

The current reporting period, 1 August 2021 to 30 July 2022, represents 52 weeks and the comparative reporting period is from 26 July 2020 to 31 July 2021 which represents 53 weeks. From time to time, management may change prior year comparatives to reflect classifications applied in the current year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## 2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

### *(c) BASIS OF CONSOLIDATION*

The consolidated financial statements are those of the consolidated entity, comprising Premier Investments Limited and its wholly owned subsidiaries as at the end of each financial year. A list of the Group's subsidiaries is included in note 25.

Subsidiaries are entities that are controlled by the Group. Control is achieved when the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries held by Premier Investments Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment losses. Dividends received from subsidiaries are recorded as a component of other revenue in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

### *(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS*

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified certain critical accounting policies for which significant judgements, estimates and assumptions are required. These key judgements, estimates and assumptions have been disclosed as part of the relevant note to the financial statements. Actual results may differ from those estimated under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

### *(e) OFFSETTING OF FINANCIAL INSTRUMENTS*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### *(f) CURRENT VERSUS NON-CURRENT CLASSIFICATION*

The Group presents assets and liabilities in the statement of financial position based on current versus non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold in the normal operating cycle, or primarily held for the purpose of trading, or is expected to be realised within twelve months after the reporting period, or;
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## 2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

### *(f) CURRENT VERSUS NON-CURRENT CLASSIFICATION (continued)*

All other assets are classified as non-current. A liability is current when it is:

- Expected to be settled in the normal operating cycle, or primarily held for the purpose of trading, or is due to be settled within twelve months after the reporting period, or;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current.

### *(g) FOREIGN CURRENCY TRANSLATION*

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'). Both the functional and presentation currency of the parent entity and its Australian subsidiaries is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All exchange differences are taken to profit or loss in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

As at the reporting date the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of the parent entity at the rate of exchange ruling at the reporting date and the statements of comprehensive income are translated at the weighted average exchange rates for the period. Exchange variations resulting from the translations are recognised in the foreign currency translation reserve in equity.

### *(h) GOODS AND SERVICES TAX (GST), INCLUDING OTHER VALUE-ADDED TAXES*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## 2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

### (i) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

#### *Changes in accounting policies, disclosures, standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except for new and amended Australian Accounting Standards and AASB Interpretations relevant to the Group and its operations that are effective for the current annual reporting period. There are no new and amended Accounting Standards and Interpretations that had a material impact on the consolidated financial report of the Group.

#### *Accounting Standards and Interpretations issued but not yet effective*

Recently issued or amended Australian Accounting Standards and Interpretations that have been identified as those which may be relevant to the Group in future reporting periods, but are not yet effective, have not been early adopted by the Group for the reporting period ended 30 July 2022. The Group does not anticipate that the below amended standards and interpretations will have a material impact on the Group:

- Amendments to AASB 101: *Classification of Liabilities as Current or Non-current*,
- Reference to the Conceptual Framework – *Amendments to AASB 3*;
- Property, Plant and Equipment: Proceeds before Intended Use – *Amendments to AASB 116*; and
- Onerous Contracts – Costs of Fulfilling a Contract – *Amendments to AASB 137*
- Definition of Accounting Estimates – *Amendments to AASB 108*
- Disclosure of Material Accounting Policies – *Amendments to AASB 101*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

### 3 OPERATING SEGMENTS

#### Identification of operating segments

The Group determines and presents operating segments based on the information that is internally provided and used by the chief operating decision maker in assessing the performance of the Group and in determining the allocation of resources.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating segments are identified by management based on the nature of the business conducted, and for which discrete financial information is available and reported to the chief operating decision maker on at least a monthly basis.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets, head office expenses and income tax assets and liabilities.

#### Reportable Segments

##### *Retail*

The retail segment represents the financial performance of a number of speciality retail fashion chains.

##### *Investment*

The investment segment represents investments in securities for both long and short term gains, dividend income and interest.

#### Accounting policies

The key accounting policies used by the Group in reporting segments internally are the same as those contained in these financial statements.

##### *Income tax expense*

Income tax expense is calculated based on the segment operating net profit using the Group's effective income tax rate.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to the segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

##### *Segment capital expenditure*

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The table on the following page presents revenue and profit information for operating segments for the periods ended 30 July 2022 and 31 July 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

### 3 OPERATING SEGMENTS (CONTINUED)

#### (A) OPERATING SEGMENTS

	RETAIL		INVESTMENT		ELIMINATION		CONSOLIDATED	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>REVENUE AND OTHER INCOME</i>								
Revenue from contracts with customers	1,497,520	1,443,174	-	-	-	-	1,497,520	1,443,174
Interest revenue	321	392	1,000	756	-	-	1,321	1,148
Other revenue	160	240	295,986	165,034	(293,500)	(165,000)	2,646	274
Other income	138	4,946	15,251	9,117	-	-	15,389	14,063
Total revenue and other income	1,498,139	1,448,752	312,237	174,907	(293,500)	(165,000)	1,516,876	1,458,659
<b>Total revenue per the statement of comprehensive income</b>							<b>1,516,876</b>	<b>1,458,659</b>
<i>RESULTS</i>								
Depreciation	19,431	24,452	1,505	1,505	-	-	20,936	25,957
Depreciation – right-of-use asset	147,817	155,552	-	-	(2,577)	(3,251)	145,240	152,301
Interest expense	7,169	8,757	1,878	2,931	(185)	(114)	8,862	11,574
Share of profit of associate	-	-	27,085	23,897	-	-	27,085	23,897
<b>Profit before income tax expense</b>	<b>353,192</b>	<b>352,112</b>	<b>332,885</b>	<b>192,497</b>	<b>(293,414)</b>	<b>(165,026)</b>	<b>392,663</b>	<b>379,583</b>
Income tax expense							(107,489)	(107,743)
<b>Net profit after tax per the statement of comprehensive income</b>							<b>285,174</b>	<b>271,840</b>

	RETAIL		INVESTMENT		ELIMINATION		CONSOLIDATED	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>ASSETS AND LIABILITIES</i>								
Segment assets	841,300	1,006,557	1,583,413	1,420,029	(119,979)	(145,364)	2,304,734	2,281,222
Segment liabilities	500,476	622,906	163,881	187,845	(37,142)	(62,434)	627,215	748,317
Capital expenditure	8,797	8,579	-	-	-	-	8,797	8,579

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

### 3 OPERATING SEGMENTS (CONTINUED)

#### (B) GEOGRAPHIC AREAS OF OPERATION

	AUSTRALIA	NEW ZEALAND	ASIA	EUROPE	ELIMINATION	CONSOLIDATED
	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000
<i>REVENUE AND OTHER INCOME</i>						
Revenue from contracts with customers	1,196,623	147,379	49,954	103,564	-	1,497,520
Other revenue and income	37,989	4	139	30	(18,806)	19,356
<b>Total revenue and other income</b>	<b>1,234,612</b>	<b>147,383</b>	<b>50,093</b>	<b>103,594</b>	<b>(18,806)</b>	<b>1,516,876</b>
Segment non-current assets	1,478,405	26,180	15,102	28,270	39,700	1,587,657
Capital expenditure	7,733	862	159	43	-	8,797

	AUSTRALIA	NEW ZEALAND	ASIA	EUROPE	ELIMINATION	CONSOLIDATED
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
<i>REVENUE AND OTHER INCOME</i>						
Revenue from contracts with customers	1,171,833	160,179	34,152	77,010	-	1,443,174
Other revenue and income	18,170	3	3,962	4,622	(11,272)	15,485
<b>Total revenue and other income</b>	<b>1,190,003</b>	<b>160,182</b>	<b>38,114</b>	<b>81,632</b>	<b>(11,272)</b>	<b>1,458,659</b>
Segment non-current assets	1,403,407	30,990	13,483	34,512	39,815	1,522,217
Capital expenditure	7,594	878	25	82	-	8,579

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 4 REVENUE AND OTHER INCOME

#### REVENUE

Revenue from contracts with customers	1,497,520	1,443,174
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(Disaggregated revenue from contracts with customers is presented in note 3B, *Operating Segments*)

#### OTHER REVENUE

Dividends received from listed equity investment	2,449	-
Sundry revenue	197	274
Interest received	1,321	1,148
<b>TOTAL OTHER REVENUE</b>	<b>3,967</b>	<b>1,422</b>
<b>TOTAL REVENUE</b>	<b>1,501,487</b>	<b>1,444,596</b>

#### OTHER INCOME

Gain on investment in associate resulting from share issue	15,251	9,117
United Kingdom COVID-19 lockdown grants	-	4,622
Other	138	324
<b>TOTAL OTHER INCOME</b>	<b>15,389</b>	<b>14,063</b>
<b>TOTAL REVENUE AND OTHER INCOME</b>	<b>1,516,876</b>	<b>1,458,659</b>

#### REVENUE RECOGNITION ACCOUNTING POLICY

Revenue recognition occurs at the point in time when control of the goods is transferred to the customer, generally at the point of sale or on delivery of the goods.

The Group estimates the value of expected customer returns that will arise as a result of the Group's returns policy, which entitles the customer to a refund of returned unused products within the specified timeframe for the respective brands. At the same time, the Group recognises a right of return asset, being the former carrying amount of the inventory, less any expected costs to recover the goods the Group expects to be returned by customers as a result of the returns policy.

The Group operates certain loyalty programmes, which allow customers to accumulate points when products are purchased, and which can be redeemed for free or discounted product once a minimum number of points have been accumulated. Loyalty points give rise to a separate performance obligation providing a material right to the customer, therefore a portion of the transaction price is allocated to the loyalty programme based on the relative stand-alone selling prices.

The Group recognises a contract liability upon the sale of gift cards and recognises revenue when the customer redeems the gift card, and the Group fulfils its performance obligation. The Group also recognises revenue on the portion of unredeemed gift cards for which redemption is unlikely, known as gift card breakage. Gift card breakage is estimated and recognised as revenue in proportion to the pattern of rights exercised by customers. On expiry of the gift card, any unused funds are recognised in full as breakage.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

		CONSOLIDATED	
		2022 \$'000	2021 \$'000
	NOTES		
5 EXPENSES			
LEASE RENTAL EXPENSES (BENEFITS)			
Variable lease expenses		11,723	7,501
Other lease expenses		23,519	15,986
COVID-19 related rent concessions		(10,538)	(19,521)
Other Australia and New Zealand holdover rent concessions		(3,465)	(9,960)
Other		-	(1,550)
NET LEASE RENTAL EXPENSES (BENEFITS)		21,239	(7,544)
DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS			
Depreciation of property, plant and equipment	17	20,936	25,957
Depreciation of right-of-use assets	12	145,240	152,301
TOTAL DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS		166,176	178,258
FINANCE COSTS			
Interest on lease liabilities	14	5,605	6,676
Interest on bank loans and overdraft		3,257	4,898
TOTAL FINANCE COSTS		8,862	11,574
OTHER EXPENSES INCLUDE:			
Net loss on disposal of property, plant and equipment		201	5

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 6 INCOME TAX

The major components of income tax expense are:

#### (a) INCOME TAX RECOGNISED IN PROFIT OR LOSS

CURRENT INCOME TAX		
Current income tax charge	97,603	106,275
Adjustment in respect of current income tax of previous years	(1,757)	475
DEFERRED INCOME TAX		
Relating to origination and reversal of temporary differences	11,643	993
<b>INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF COMPREHENSIVE INCOME</b>	<b>107,489</b>	<b>107,743</b>

#### (b) STATEMENT OF CHANGES IN EQUITY

Deferred income tax related to items credited directly to equity:		
Net deferred income tax on movements on cash-flow hedges	(1,850)	3,772
Net deferred income tax on unrealised (loss) gain on listed equity investment at fair value	(802)	8,646
<b>INCOME TAX (BENEFIT) EXPENSE REPORTED IN EQUITY</b>	<b>(2,652)</b>	<b>12,418</b>

#### (c) RECONCILIATION BETWEEN TAX EXPENSE AND THE ACCOUNTING PROFIT BEFORE TAX MULTIPLIED BY THE GROUP'S APPLICABLE AUSTRALIAN INCOME TAX RATE

Accounting profit before income tax	392,663	379,583
At the Parent Entity's statutory income tax rate of 30% (2021: 30%)	117,799	113,875
Adjustment in respect of current income tax of previous years	(1,757)	475
Expenditure not allowable for income tax purposes	1,852	697
Effect of different rates of tax on overseas income	(3,306)	(1,345)
Income not assessable for tax purposes	(4,927)	(5,791)
Impact of future changes in tax rates	(2,115)	-
Other	(57)	(168)
<b>AGGREGATE INCOME TAX EXPENSE</b>	<b>107,489</b>	<b>107,743</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 6 INCOME TAX (CONTINUED)

#### (d) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

*DEFERRED TAX RELATES TO THE FOLLOWING:*

Foreign currency balances	195	192
Potential capital gains tax on financial investments	(50,227)	(42,516)
Deferred gains and losses on financial instruments	(26)	(1,877)
Inventory provisions	571	1,748
Lease arrangements	5,648	8,153
Employee provisions	10,415	9,400
Property, plant and equipment	4,393	3,546
Other provisions	4,455	2,769
Other	4,094	5,760
<b>NET DEFERRED TAX LIABILITIES</b>	<b>(20,482)</b>	<b>(12,825)</b>

REFLECTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:

Deferred tax assets	51,426	55,494
Deferred tax liabilities	(71,908)	(68,319)
<b>NET DEFERRED TAX LIABILITIES</b>	<b>(20,482)</b>	<b>(12,825)</b>

#### *INCOME TAX ACCOUNTING POLICY*

Income tax expense comprises current tax (amounts payable or receivable within 12 months) and deferred tax (amounts payable or receivable after 12 months). Tax expense is recognised in profit or loss, unless it relates to items that have been recognised in equity as part of other comprehensive income or directly in equity. In this instance, the related tax expense is also recognised in other comprehensive income or directly in equity.

##### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities based on the current and prior period taxable income. The tax rates and tax laws used to calculate tax amounts are those that are enacted or substantially enacted by the reporting date.

##### *Deferred income tax*

Deferred income tax is recognised on temporary differences at the reporting date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes based on the expected manner of recovery of the carrying value of an asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

### 6 INCOME TAX (CONTINUED)

#### *INCOME TAX ACCOUNTING POLICY (CONTINUED)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred income tax liabilities are recognised for all temporary differences except:

- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination or the initial recognition of a lease and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss: and
- When the taxable temporary difference is associated with investments in subsidiaries, associates and interest in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, except for the following:

- When the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination or the initial recognition of a lease and, at the time of the transaction affects neither the accounting profit nor taxable profit;
- When the deductible temporary difference is associated with investments in subsidiaries, associates and interest in joint ventures, in which case the deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available to utilise the deferred tax asset.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax assets and tax liabilities are offset only if a legally enforceable right exists to set off and the tax assets and tax liabilities relate to the same taxable entity and the same taxation authority.

#### *Tax consolidation*

Premier Investments Limited and its wholly owned Australian controlled entities have implemented a tax consolidation group. The head entity, Premier Investments Limited and the controlled entities continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach to determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At reporting date the possibility of default is remote.

In addition to its own current and deferred tax amounts, Premier Investments 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.

#### *KEY ACCOUNTING ESTIMATES AND JUDGEMENTS*

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

### 6 INCOME TAX (CONTINUED)

#### KEY ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to profit or loss in the statement of comprehensive income.

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 7 EARNINGS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

Net profit for the period	285,174	271,840
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NUMBER OF SHARES '000	NUMBER OF SHARES '000
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Weighted average number of ordinary shares used in calculating:

- basic earnings per share	158,958	158,829
- diluted earnings per share	160,070	159,538

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

#### EARNINGS PER SHARE ACCOUNTING POLICY

Basic earnings per share are calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for costs of servicing equity, the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses, and other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP PERFORMANCE

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 8 A) DIVIDENDS

#### *DIVIDENDS APPROVED AND/ OR PAID*

Approved and paid during the year:

*Interim franked dividends:*

2022: 46 cents per share	73,137	-
2021: 34 cents per share	-	54,014

Approved and paid during the year:

*Final franked dividends:*

2021: 46 cents per share (2020: 36 cents)	73,137	57,191
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<b>TOTAL FOR THE YEAR</b>	<b>146,274</b>	<b>111,205</b>
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*Note:* The 2020 interim dividend of \$53,966,000 was paid on 30 September 2020, in the 2021 financial year.

#### *DIVIDENDS APPROVED AND NOT RECOGNISED AS A LIABILITY:*

Final franked dividend for 2022:

54 cents per share (2021: 46 cents)	85,856	73,137
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Special franked dividend for 2022:

25 cents per share	39,748	-
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The Directors of Premier Investments Limited approved a final dividend in respect of the 2022 financial year. The total amount of the final dividend is \$85,856,000 (2021: \$73,137,000) which represents a fully franked dividend of 54 cents per share (2021: 46 cents per share). In addition, the Directors of Premier Investments Limited approved a special dividend in respect of the 2022 financial year. The total amount of the special dividend is \$39,748,000 (2021: \$nil) which represents a fully franked dividend of 25 cents per share (2021: nil cents per share).

CONSOLIDATED	
2022 \$'000	2021 \$'000

### B) FRANKING CREDIT BALANCE

The amount of franking credits available for the subsequent financial year are:

franking account balance as at the end of the financial year at 30% (2021: 30%)	289,705	231,271
franking credits that will arise from the payment of income tax payable as at the end of the financial year	29,631	56,181
franking debits that will be used on the payment of dividends subsequent to the end of the financial year	(53,830)	(31,319)
<b>TOTAL FRANKING CREDIT BALANCE</b>	<b>265,506</b>	<b>256,133</b>

The tax rate at which paid dividends have been franked is 30% (2021: 30%). Dividends proposed will be franked at the rate of 30% (2021: 30%).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## OPERATING ASSETS AND LIABILITIES

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 9 TRADE AND OTHER RECEIVABLES (CURRENT)

Sundry debtors	11,026	9,490
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>	<b>11,026</b>	<b>9,490</b>

#### (a) *Impairment losses*

Receivables are non-interest-bearing and are generally on 30 to 60 day terms. An allowance for credit losses is recognised based on the expected credit loss from the time the financial asset is initially recognised. Bad debts are written off when identified. No material allowance for credit losses has been recognised by the Group during the financial year ended 30 July 2022 (2021: \$nil). During the year, no material bad debt expense (2021: \$nil) was recognised. It is expected that sundry debtor balances will be received when due.

#### (b) *Fair value*

Due to the short-term nature of these receivables, their carrying value is considered to approximate their fair value.

#### TRADE AND OTHER RECEIVABLES ACCOUNTING POLICY

Trade and other receivables are classified as non-derivative financial assets and are recognised initially at their transaction value. After initial measurement, these assets are measured at amortised cost, less any allowance for any expected credit losses.

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 10 INVENTORIES

Finished goods	224,392	208,760
<b>TOTAL INVENTORIES AT COST</b>	<b>224,392</b>	<b>208,760</b>

#### INVENTORIES ACCOUNTING POLICY

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Finished goods and work-in-progress - purchase cost plus a proportion of the purchasing department, freight, handling and warehouse costs incurred to deliver the goods to the point of sale.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## OPERATING ASSETS AND LIABILITIES

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>11 OTHER ASSETS (CURRENT)</b>		
Deposits and prepayments	10,299	10,326
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>10,299</b>	<b>10,326</b>
<b>12 RIGHT-OF-USE ASSETS</b>		
Opening balance	167,087	231,790
Additions / Remeasurements	176,314	86,621
Depreciation expense	(145,240)	(152,301)
Exchange differences	(2,603)	977
<b>TOTAL RIGHT-OF-USE ASSETS</b>	<b>195,558</b>	<b>167,087</b>

### RIGHT-OF-USE ASSETS ACCOUNTING POLICY

The Group recognises right-of-use assets at the commencement date of the lease, being the date that the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

#### Impairment of right-of-use assets

The carrying values of the right-of-use assets are reviewed for impairment annually. If an indication of impairment exists, and where the carrying value of the asset exceeds the estimated recoverable amount, the assets or cash-generating units (CGU) are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value-in-use. Value-in-use refers to an asset's value based on the expected future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the CGU.

The recoverable amount was estimated on an individual store basis, as this has been identified as the CGU of the Group's retail segment.

No impairment loss was recognised in relation to the Group's right-of-use assets during the current financial year (2021: \$nil).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## OPERATING ASSETS AND LIABILITIES

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 13 TRADE AND OTHER PAYABLES (CURRENT)

Trade creditors	64,873	76,231
Other creditors and accruals	78,581	88,038
<b>TOTAL CURRENT TRADE AND OTHER PAYABLES</b>	<b>143,454</b>	<b>164,269</b>

#### (a) *Fair values*

Due to the short-term nature of these payables, their carrying values approximate their fair values.

#### *TRADE AND OTHER PAYABLES ACCOUNTING POLICY*

Trade and other payables are recognised and carried at original invoice cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Group.

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 14 LEASE LIABILITIES

Opening balance	237,485	303,889
Additions / Remeasurements	182,869	87,569
Interest expense	5,605	6,676
Payments	(169,573)	(137,180)
COVID-19 related rent concessions	(10,538)	(19,521)
Other Australia and New Zealand holdover rent concessions	(3,465)	(4,527)
Other	-	(1,550)
Exchange rate differences	(3,102)	2,129
<b>TOTAL LEASE LIABILITIES</b>	<b>239,281</b>	<b>237,485</b>

#### *COMPRISING OF:*

Current lease liability	158,290	159,050
Non-current lease liability	80,991	78,435
<b>TOTAL LEASE LIABILITIES</b>	<b>239,281</b>	<b>237,485</b>

#### *LEASE LIABILITIES ACCOUNTING POLICY*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date, and amount expected to be paid under residual value guarantees. The variable lease payments which are not included in the measurement of the lease liability are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## OPERATING ASSETS AND LIABILITIES

### 14 LEASE LIABILITIES (CONTINUED)

#### *LEASE LIABILITIES ACCOUNTING POLICY (CONTINUED)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the rate implicit in the lease cannot be readily determined, using inputs such as government bond rates for the lease period and the Group's expected borrowing margin. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, a change in the assessment to purchase the underlying asset, or a change in the amounts expected to be payable under a residual value guarantee.

The Group applies the low-value assets recognition exemption to leases of certain office equipment that are considered of low value. Lease payments on low-value assets are recognised as a lease expense on a straight-line basis over the lease term.

#### *Significant judgement in determining the lease term*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Where a lease enters holdover, the Group estimates the expected lease term based on reasonably certain information available as at balance date. Any adjustments required due to changes in estimates or entering into a new lease agreement are recognised in the period in which the adjustments are made.

#### *Significant judgement in determining the incremental borrowing rate*

The Group has applied judgement to determine the incremental borrowing rate, which affects the amount of lease liabilities and right-of-use assets recognised. The Group assesses and applies the incremental borrowing rate on a lease by lease basis at the relevant lease commencement date, based on the term of the lease. The incremental borrowing rate is determined using inputs including the Group's expected lending facility margin and applicable government bond rates at the time of entering into the lease, which reflects the expected lease term.

#### *COVID-19 related rent concessions*

The Group has adopted the practical expedient issued by the Australian Accounting Standards Board whereby it has not accounted for rent concessions which are a direct consequence of the COVID-19 pandemic as lease modifications. Instead, the Group recognised these concessions in the statement of comprehensive income for the year ended 30 July 2022 and 31 July 2021 as a variable amount as and when incurred.

The practical expedient may be applied where the following conditions apply:

- The changed lease payments were substantially the same or less than the payments prior to the rent concession;
- The reductions only affect payments which fall due before 30 June 2022; and
- There has been no substantive change in the terms and conditions of the lease.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## OPERATING ASSETS AND LIABILITIES

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 15 PROVISIONS

#### CURRENT

Employee entitlements – Annual Leave	19,063	16,359
Employee entitlements – Long Service Leave	11,151	10,363
Provision for make-good in relation to leased premises	11,576	12,490
Refund liability	2,088	2,088
Other provisions	627	4,310
<b>TOTAL CURRENT PROVISIONS</b>	<b>44,505</b>	<b>45,610</b>

#### NON-CURRENT

Employee entitlements – Long Service Leave	2,378	2,469
Provision for make-good in relation to leased premises	4,541	4,595
Other provisions	4,045	4,357
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>10,964</b>	<b>11,421</b>

#### MOVEMENT IN PROVISIONS

<i>Provision for make-good in relation to leased premises</i>		
Opening balance	17,085	17,855
Charged to profit or loss	812	-
Utilised during the period	(1,780)	(770)
<b>CLOSING BALANCE (CURRENT AND NON-CURRENT)</b>	<b>16,117</b>	<b>17,085</b>

#### PROVISIONS ACCOUNTING POLICIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time-value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the risks specific to the liability and the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### EMPLOYEE ENTITLEMENTS ACCOUNTING POLICIES

##### Current annual leave

The provisions for employee entitlements to wages, salaries and annual leave (which are expected to be settled wholly within 12 months of the reporting date) represent the amount which the Group has a present obligation to pay, resulting from employees' services provided up to the reporting date. The provisions have been calculated at nominal amounts based on current wage and salary rates, and include related on-costs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## OPERATING ASSETS AND LIABILITIES

### 15 PROVISIONS (CONTINUED)

#### *EMPLOYEE ENTITLEMENTS ACCOUNTING POLICIES (CONTINUED)*

##### *Long service leave and non-current annual leave*

The liability for long service leave and non-current annual leave (which are not expected to be settled wholly within 12 months of the reporting date) is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Related on-costs have also been included in the liability.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match as closely as possible the estimated cash outflow.

##### *Retirement benefit obligations*

All employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, disability or death. The Group operates a defined contribution plan. Contributions to the plan are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is made available.

#### *PROVISION FOR MAKE-GOOD IN RELATION TO STORE PLANT AND EQUIPMENT ACCOUNTING POLICY*

A provision has been recognised in relation to make-good costs arising from contractual obligations in lease agreements, in regions where the Group has such a present obligation. The provision recognised represents the present value of the estimated expenditure required to remove these store plant and equipment.

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 16 OTHER LIABILITIES

#### *CURRENT*

Deferred income	16,129	15,120
<b>TOTAL CURRENT</b>	<b>16,129</b>	<b>15,120</b>

#### *NON-CURRENT*

Deferred income	-	226
<b>TOTAL NON-CURRENT</b>	<b>-</b>	<b>226</b>

#### *DEFERRED INCOME ACCOUNTING POLICY*

Unredeemed gift cards are expected to be largely redeemed within a year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL INVESTED

### 17 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED				
	LAND \$'000	BUILDINGS \$'000	PLANT AND EQUIPMENT \$'000	CAPITAL WORKS IN PROGRESS \$'000	TOTAL \$'000
<b>AT 30 JULY 2022</b>					
Cost	21,953	59,577	453,571	8,024	543,125
Accumulated depreciation and impairment	-	(8,875)	(408,937)	-	(417,812)
<b>NET CARRYING AMOUNT</b>	<b>21,953</b>	<b>50,702</b>	<b>44,634</b>	<b>8,024</b>	<b>125,313</b>
<i>RECONCILIATIONS:</i>					
Carrying amount at beginning of the financial year	21,953	52,207	58,885	4,753	137,798
Additions	-	-	2,462	6,335	8,797
Transfers between classes	-	-	2,890	(2,890)	-
Depreciation	-	(1,505)	(19,431)	-	(20,936)
Disposals	-	-	(201)	-	(201)
Exchange differences	-	-	(145)	-	(145)
<b>Carrying amount at end of the financial year</b>	<b>21,953</b>	<b>50,702</b>	<b>44,460</b>	<b>8,198</b>	<b>125,313</b>
<b>AT 31 JULY 2021</b>					
Cost	21,953	59,577	463,737	4,753	550,020
Accumulated depreciation and impairment	-	(7,370)	(404,852)	-	(412,222)
<b>NET CARRYING AMOUNT</b>	<b>21,953</b>	<b>52,207</b>	<b>58,885</b>	<b>4,753</b>	<b>137,798</b>
<i>RECONCILIATIONS:</i>					
Carrying amount at beginning of the financial year	21,953	48,855	72,866	11,460	155,134
Additions	-	-	3,285	5,294	8,579
Transfers between classes	-	4,857	7,074	(11,931)	-
Depreciation	-	(1,505)	(24,452)	-	(25,957)
Disposals	-	-	(5)	-	(5)
Exchange differences	-	-	117	(70)	47
<b>Carrying amount at end of the financial year</b>	<b>21,953</b>	<b>52,207</b>	<b>58,885</b>	<b>4,753</b>	<b>137,798</b>

#### LAND AND BUILDINGS

The land and buildings with a combined carrying amount of \$72,655,000 (2021: \$74,160,000) have been pledged to secure certain interest-bearing borrowings of the Group (refer to note 22).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL INVESTED

### 17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### *PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY*

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a systematic basis over the estimated useful life of the asset as follows:

- Buildings 40 years
- Store plant and equipment 3 to 10 years
- Other plant and equipment 2 to 20 years

Freehold land is not depreciated.

#### *KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS*

##### *Estimation of useful lives of assets*

The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary and are accounted for as a change in accounting estimate, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Depreciation methods used reflect the pattern in which the asset's future economic benefits are expected to be consumed and are reviewed at least at each financial year-end. Adjustments to depreciation methods are made when considered necessary and are accounted for as a change in accounting estimate, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

##### *Impairment testing of Property, Plant and Equipment and key accounting estimates and assumptions*

The carrying values of property, plant and equipment are reviewed for impairment annually. If an indication of impairment exists, and where the carrying value of the asset exceeds the estimated recoverable amount, the assets or cash-generating units (CGU) are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value-in-use. Value-in-use refers to an asset's value based on the estimated future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the CGU. These value-in-use calculations use cash flow projections based on financial estimates covering a period of up to five years, discounting using a post-tax discount rate of 10.5% (2021: 10.5%).

If an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. The recoverable amount was estimated for certain items of plant and equipment on an individual store basis, as this has been identified as the CGU of the Group's retail segment.

No impairment loss was recognised during the current financial year (2021: \$nil).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL INVESTED

### 18 INTANGIBLES

#### RECONCILIATION OF CARRYING AMOUNTS AT THE BEGINNING AND END OF THE PERIOD

	CONSOLIDATED			
	GOODWILL \$'000	BRAND NAMES \$'000	TRADEMARKS \$'000	TOTAL \$'000
<b>YEAR ENDED 30 JULY 2022</b>				
<i>As at 1 August 2021 net of accumulated amortisation and impairment</i>	477,085	346,179	3,740	827,004
Trademark registrations	-	-	223	223
<b>As at 30 July 2022 net of accumulated amortisation and impairment</b>	<b>477,085</b>	<b>346,179</b>	<b>3,963</b>	<b>827,227</b>
<i>AS AT 30 JULY 2022</i>				
Cost (gross carrying amount)	477,085	376,179	3,963	857,227
Accumulated amortisation and impairment	-	(30,000)	-	(30,000)
<b>NET CARRYING AMOUNT</b>	<b>477,085</b>	<b>346,179</b>	<b>3,963</b>	<b>827,227</b>
<b>YEAR ENDED 31 JULY 2021</b>				
<i>As at 26 July 2020 net of accumulated amortisation and impairment</i>	477,085	346,179	3,624	826,888
Trademark registrations	-	-	116	116
<b>As at 31 July 2021 net of accumulated amortisation and impairment</b>	<b>477,085</b>	<b>346,179</b>	<b>3,740</b>	<b>827,004</b>
<i>AS AT 31 JULY 2021</i>				
Cost (gross carrying amount)	477,085	376,179	3,740	857,004
Accumulated amortisation and impairment	-	(30,000)	-	(30,000)
<b>NET CARRYING AMOUNT</b>	<b>477,085</b>	<b>346,179</b>	<b>3,740</b>	<b>827,004</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL INVESTED

### 18 INTANGIBLES (CONTINUED)

#### *GOODWILL ACCOUNTING POLICY*

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates.

Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

#### *OTHER INTANGIBLE ASSETS (excluding goodwill) ACCOUNTING POLICY*

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired in a business combination are initially recognised at fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

A summary of the key accounting policies applied to the Group's intangible assets are as follows:

	<b>Brands</b>	<b>Trademarks &amp; Licences</b>
<b>Useful life assessment?</b>	Indefinite	Indefinite
<b>Method used?</b>	Not amortised or revalued	Not amortised or revalued
<b>Internally generated or acquired?</b>	Acquired	Acquired
<b>Impairment test/recoverable amount testing</b>	Annually or more frequently if there are indicators of impairment	Annually or more frequently if there are indicators of impairment

Brand names, trademarks and licences are assessed as having an indefinite useful life, as this reflects management's intention to continue to operate these to generate net cash inflows into the foreseeable future. These assets are not amortised but are subject to impairment testing.

Intangible assets are tested for impairment where an indicator of impairment exists, or in the case of indefinite life intangibles, impairment is tested annually and where an indicator of impairment exists.

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of the asset's value-in-use and fair value less costs of disposal. Value-in-use refers to an asset's value based on the expected future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the asset.

If an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL INVESTED

### 18 INTANGIBLES (CONTINUED)

#### *SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS*

The recoverable amounts of CGUs are determined based on the higher of value-in-use calculations or fair value less costs of disposal. These calculations depend on management estimates and assumptions. In particular, significant estimates and judgements are made in relation to the key assumptions used in forecasting future cash flows and the expected growth rates used in these cash flow projections, as well as the discount rates applied to these cash flows. Management assesses these assumptions each reporting period and considers the potential impact of changes to these assumptions.

#### *IMPAIRMENT TESTING OF GOODWILL*

The key factors contributing to the goodwill relate to the synergies existing within the acquired business and also synergies expected to be achieved as a result of combining Just Group Limited with the rest of the Group. Accordingly, goodwill is assessed at a retail segment level, which is also an operating segment for the Group.

The recoverable amount of the CGU has been determined based upon a range of value-in-use calculations, using estimated cash flow scenarios for a period of five years plus a terminal value. The value-in-use calculations have been determined based on scenarios of cash flows using financial estimates for the 2023 financial year (FY23) and are projected for a further four years (FY24 – FY27) based on estimated growth rates. As part of the annual impairment test for goodwill, management assesses the reasonableness of profit margin assumptions by reviewing historical cash flow projections as well as future growth objectives.

The cash flow projections for FY23 are based on financial estimates approved by senior management and the Board. These financial estimates are projected for a further four years based on average annual estimated growth rates for FY24 to FY27 of 2.5% (2021: 0.875%). Cash flow estimates beyond the five year period have been extrapolated using a growth rate ranging from 1.8% to 2.2% (2021: 2% to 2.5%), which reflects the long-term growth expectations beyond the five year period.

The post-tax discount rate applied to these cash flow projections is 9.7% (2021: 9.4%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital and adjusted for risks specific to the CGU.

In determining the possible scenarios of cash flows, management considered the reasonably possible changes in estimated sales growth, estimated EBITDA and discount rates applied to the CGU to which goodwill relates. These reasonably possible adverse change in key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

#### *IMPAIRMENT TESTING OF BRAND NAMES*

Brand names acquired through business combinations have been allocated to the following CGU groups (\$'000) as no individual brand name is considered significant:

- Casual wear - \$158,975
- Women's wear - \$137,744
- Non Apparel - \$49,460

The recoverable amounts of brand names acquired in a business combination have been determined on an individual brand basis based upon value-in-use calculations. The value-in-use calculations have been determined based upon the relief from royalty method using cash flow estimates for a period of five years plus a terminal value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL INVESTED

### 18 INTANGIBLES (CONTINUED)

#### *IMPAIRMENT TESTING OF BRAND NAMES (CONTINUED)*

The recoverable amount of brand names has been determined based upon a range of value-in-use calculations, using estimated cash flow scenarios for a period of five years plus a terminal value. The value-in-use calculations have been determined based on scenarios of cash flows using financial estimates for the 2023 financial year (FY23) and are projected for a further four years (FY24 – FY27) based on estimated growth rates.

The cash flow projections for FY23 are based on financial estimates approved by senior management and the Board. These financial estimates are projected for a further four years based on average annual estimated growth rates for FY24 to FY27. These extrapolated growth rate ranges at which cash flows have been estimated for the individual brands within each of the CGU groups were 2.5% (2021: 0.875%).

Cash flow estimates beyond the five year period have been extrapolated using a growth rate ranging from 1.8% to 2.2% (2021: 2% to 2.5%), which reflects the long-term growth expectations beyond the five year period.

The post-tax discount rate applied to the cash flow projections for each of the three CGU groups is 8.5% (2021: 8.3%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and cost of capital and adjusted for risks specific to the CGU.

Royalty rates have been determined for each brand within the CGU groups by considering the brand's history and future expected performance. Factors such as the profitability of the brand, market share, brand recognition and general conditions in the industry have also been considered in determining an appropriate royalty rate for each brand. Consideration is also given to the industry norms relating to royalty rates by analysing market derived data for comparable brands and by considering the notional royalty payments as a percentage of the divisional earnings before interest and taxation generated by the division in which the brand names are used. Net royalty rates applied across the three CGU groups range between 3.5% and 8% (2021: 3.5% and 8%).

In addition to the range of cash flow scenarios, management has considered reasonably possible adverse changes in key assumptions applied to brands within the relevant CGU groups, each of which have been subjected to sensitivities. Key assumptions relate to estimated sales growth, net royalty rates and discount rates applied.

A brand within the Casual Wear CGU group with a carrying value of \$82.2 million, indicated sensitivity to possible adverse changes to the post-tax discount rate applied to the cash flow estimates, as well as indicating sensitivity to a possible adverse change in sales growth expectations. The sensitivities included reducing the average sales growth expectations for the 5-year period from FY23 to FY27 to 1.7% and separately increasing the post-tax discount rate applied to cash flow estimates to 9.0%. The individual reasonably possible adverse changes could result in a potential impairment of up to \$1 million. The potential impairment loss as a result of the reasonably possible adverse change to these key assumptions is not considered material to the overall recoverable amount of the CGU to which the brand relates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL INVESTED

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 19 LISTED EQUITY INVESTMENT AT FAIR VALUE

#### INVESTMENT

Investment in listed securities at fair value	75,932	63,462
<b>TOTAL INVESTMENTS</b>	<b>75,932</b>	<b>63,462</b>

#### FAIR VALUE LISTED EQUITY INVESTMENT ACCOUNTING POLICY

The listed equity investment comprises a non-derivative equity instrument not held for trading and relates to an equity investment in Myer Holdings Limited. The Group has made the irrevocable election to designate the listed equity investment as 'fair value through other comprehensive income', without subsequent reclassification of gains or losses nor impairment to profit or loss, as it is not held for trading, with only dividends recognised in profit or loss.

The fair value of equity investments in listed securities is determined by reference to quoted market bid prices at the close of business on the reporting date.

Subsequent to 30 July 2022, the Group acquired a further 2.99% investment in Myer Holdings Limited, taking the total investment to 22.87%.

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 20 INVESTMENT IN ASSOCIATE

#### Movements in carrying amounts

Carrying amount at the beginning of the financial year	271,372	257,391
Share of profit after income tax	27,085	23,897
Gain resulting from associate share issue	15,251	9,117
Share of other comprehensive income	8,895	(3,782)
Adjustment due to associate accounting policy change	-	(3,024)
Dividends received	(10,402)	(12,227)
<b>TOTAL INVESTMENT IN ASSOCIATE</b>	<b>312,201</b>	<b>271,372</b>

As at 30 July 2022, Premier Investments Limited holds 25.62% (2021: 26.27%) of Breville Group Limited ("BRG"), a company incorporated in Australia whose shares are quoted on the Australian Securities Exchange. The principal activities of BRG involves the innovation, development, marketing and distribution of small electrical appliances.

There were no impairment losses relating to the investment in associate and no capital commitments or other commitments relating to the associate. The Group's share of the profit after tax in its investment in associate for the year was \$27,084,695 (2021: \$23,897,294). As at 30 July 2022, the fair value of the Group's interest in BRG as determined based on the quoted market price was \$760,285,377 (2021: \$1,173,460,147).

During the 2021 financial year, BRG reconsidered its accounting treatment with regards to accounting for capitalised costs incurred in configuring or customising a supplier's application software in a cloud computing arrangement. The change in accounting policy led to a decrease in BRG's opening retained earnings. The Group share of this retained earnings adjustment due to a change in accounting policy was \$3,024,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL INVESTED

### 20 INVESTMENT IN ASSOCIATE (CONTINUED)

During the period, a gain of \$15,251,000 (31 July 2021: \$9,117,000) was recorded in other income resulting from an issue of shares by the associate, and the corresponding impact on the Group's method of equity accounting.

The financial year end date of BRG is 30 June. For the purpose of applying the equity method of accounting, the financial statements of BRG for the year ended 30 June 2022 have been used. The accounting policies applied by BRG in their financial statements materially conform to those used by the Group for like transactions and events in similar circumstances.

The following table illustrates summarised financial information relating to the Group's investment in BRG:

<i>EXTRACT OF BRG'S STATEMENT OF FINANCIAL POSITION</i>	<b>30 JUNE 2022 \$'000</b>	<b>30 JUNE 2021 \$'000</b>
Current assets	844,290	473,464
Non-current assets	334,862	297,176
<i>Total assets</i>	<b>1,179,152</b>	<b>770,640</b>
Current liabilities	(343,105)	(219,085)
Non-current liabilities	(221,630)	(45,070)
<i>Total liabilities</i>	<b>(564,735)</b>	<b>(264,155)</b>
<i>NET ASSETS</i>	<b>614,417</b>	<b>506,485</b>
<b>Group's share of BRG net assets</b>	<b>157,414</b>	<b>133,054</b>

<i>EXTRACT OF BRG'S STATEMENT OF COMPREHENSIVE INCOME</i>	<b>30 JUNE 2022 \$'000</b>	<b>30 JUNE 2021 \$'000</b>
Revenue	1,418,437	1,187,659
Profit after income tax	105,717	90,968
Other comprehensive income	33,651	(9,884)
<b>Group's share of BRG profit after income tax</b>	<b>27,085</b>	<b>23,897</b>

#### INVESTMENT IN ASSOCIATE ACCOUNTING POLICY

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group accounts for its investments in associate using the equity method of accounting in the consolidated financial statements. Under the equity method, the investment in the associate is initially recognised at cost. Thereafter, the carrying amount of the investment is adjusted to recognise the Group's share of profit after tax of the associate, which is recognised in profit or loss, and the Group's share of other comprehensive income, which is recognised in other comprehensive income in the statement of comprehensive income. Dividends received from the associate generally reduces the carrying amount of the investment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate. At each reporting period, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the impairment loss in profit or loss in the statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL STRUCTURE AND RISK MANAGEMENT

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 21 NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash at bank and in hand	204,005	385,815
Short-term deposits	267,268	137,541
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>471,273</b>	<b>523,356</b>

#### (b) RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATIONS

Net profit for the period after tax	285,174	271,840
<i>Adjustments for:</i>		
Depreciation	166,176	178,258
Share of profit of associate	(27,085)	(23,897)
Gain on investment in associate resulting from share issue	(15,251)	(9,117)
Dividends received from listed equity investment	(2,449)	-
Borrowing costs	56	174
Net loss on disposal of property, plant and equipment	201	5
Share-based payments expense	6,098	1,856
Movement in cash flow hedge reserve	(4,316)	8,796
Net exchange differences	(378)	132
<i>Changes in assets and liabilities:</i>		
(Increase) decrease in trade and other receivables	(1,536)	20,830
Decrease in other current assets	27	205
Increase in inventories	(15,632)	(52,170)
Decrease (increase) in other financial assets	6,986	(7,073)
Decrease in deferred tax assets	4,870	2,784
(Decrease) increase in provisions	(594)	8,901
Increase in deferred tax liabilities	3,589	2,892
Decrease in trade and other payables	(24,183)	(14,045)
Decrease in other financial liabilities	(815)	(5,509)
Increase in deferred income	783	6,612
Decrease in income tax payable	(26,244)	(7,954)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>355,477</b>	<b>383,520</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL STRUCTURE AND RISK MANAGEMENT

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 21 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

#### (c) FINANCE FACILITIES

Working capital and bank overdraft facility		
Used	-	-
Unused	-	9,800
	-	9,800
Finance facility		
Used	69,000	147,000
Unused	50,000	82,000
	119,000	229,000
Bank guarantee facility		
Used	-	-
Unused	-	200
	-	200
Interchangeable facility		
Used	4,413	4,268
Unused	8,587	8,732
	13,000	13,000
Total facilities		
Used	73,413	151,268
Unused	58,587	100,732
<b>TOTAL</b>	<b>132,000</b>	<b>252,000</b>

#### CASH AND CASH EQUIVALENTS ACCOUNTING POLICY

Cash and cash equivalents in the statement of financial position comprise cash on hand and in banks, money market investments readily convertible to cash within two working days and short-term deposits with an original maturity 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL STRUCTURE AND RISK MANAGEMENT

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 22 INTEREST-BEARING LIABILITIES

#### CURRENT

Bank loans ** secured	-	69,000
<b>TOTAL INTEREST-BEARING LIABILITIES</b>	<b>-</b>	<b>69,000</b>

#### NON-CURRENT

Bank loans* unsecured	-	77,834
Bank loans ** secured	69,000	-
<b>TOTAL INTEREST-BEARING LIABILITIES</b>	<b>69,000</b>	<b>77,834</b>

\* Bank loans are subject to a negative pledge and cross guarantee within the Just Group Ltd group. Premier Investments Limited is not a participant or guarantor of the Just Group Ltd financing facilities.

\*\* Premier Investments Limited obtained bank borrowings amounting to \$69 million. A \$19 million borrowing is secured by a mortgage over Land and Buildings, representing the National Distribution Centre in Truganina, Victoria. During the year ended 30 July 2022, this borrowing was refinanced and is repayable in full at the end of 5 years, being January 2027. Premier Investments Limited obtained a further \$50 million borrowing which is secured by a mortgage over Land and Buildings, representing an office building in Melbourne, Victoria. During the year ended 30 July 2022, this borrowing was refinanced and is repayable in full at the end of 5 years, being December 2026.

#### (a) Fair values

The carrying values of the Group's current and non-current interest-bearing liabilities approximate their fair values.

#### (b) Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

#### (c) Changes in interest-bearing liabilities arising from financing activities

	CONSOLIDATED			
	31 JULY 2021 \$'000	CASH FLOWS \$'000	OTHER \$'000	30 JULY 2022 \$'000
Non-current interest-bearing liabilities	146,834	(77,834)	-	69,000
<b>TOTAL INTEREST-BEARING LIABILITIES</b>	<b>146,834</b>	<b>(77,834)</b>	<b>-</b>	<b>69,000</b>

'Other' includes the effect of the amortisation of the capitalised borrowing costs, which are amortised over the life of the facility.

### INTEREST-BEARING LIABILITIES ACCOUNTING POLICY

Interest-bearing liabilities are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, such items are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Fees paid on the establishment of loan facilities are amortised over the life of the facility while on-going borrowing costs are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL STRUCTURE AND RISK MANAGEMENT

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 23 CONTRIBUTED EQUITY

Ordinary share capital	608,615	608,615
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NO. ('000)	\$'000
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#### (a) MOVEMENTS IN SHARES ON ISSUE

Ordinary shares on issue 1 August 2021	158,864	608,615
Ordinary shares issued during the year (i)	129	-
<b>Ordinary shares on issue at 30 July 2022</b>	<b>158,993</b>	<b>608,615</b>

Ordinary shares on issue 26 July 2020	158,724	608,615
Ordinary shares issued during the year (i)	140	-
<b>Ordinary shares on issue at 31 July 2021</b>	<b>158,864</b>	<b>608,615</b>

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

(i) A total of 129,077 ordinary shares (2021: 139,524) were issued in relation to the performance rights plan.

#### (b) CAPITAL MANAGEMENT

The Group's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The capital structure of the Group consists of debt which includes interest-bearing borrowings, cash and cash equivalents and equity attributable to the equity holders of Premier Investments Limited, comprising of contributed equity, reserves and retained earnings.

The Group operates primarily through its two business segments, investments and retail. The investments segment is managed and operated through the parent company. The retail segment operates through subsidiaries established in their respective markets and maintains a central borrowing facility through a subsidiary, to meet the retail segment's funding requirements and to enable the Group to find the optimal debt and equity balance.

The Group's capital structure is reviewed on a periodic basis in the context of prevailing market conditions, and appropriate steps are taken to ensure the Group's capital structure and capital management initiatives remain in line with the Board's objectives.

#### (c) EXTERNALLY IMPOSED CAPITAL REQUIREMENTS

Just Group Ltd, a subsidiary of Premier Investments Limited, is subject to a number of financial undertakings as part of its financing facility agreement. These undertakings have been satisfied during the period.

The Group is not subject to any capital requirements imposed by regulators or other prudential authorities.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL STRUCTURE AND RISK MANAGEMENT

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 24 RESERVES

RESERVES COMPRISE:

Capital profits reserve	464	464
Foreign currency translation reserve (a)	8,604	2,801
Cash flow hedge reserve (b)	61	4,377
Performance rights reserve (c)	27,313	21,215
Fair value reserve (d)	(40,729)	(38,858)
<b>TOTAL RESERVES</b>	<b>(4,287)</b>	<b>(10,001)</b>

#### (a) FOREIGN CURRENCY TRANSLATION RESERVE

*Nature and purpose of reserve*

Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

- *Movements in the reserve*

Opening balance	2,801	5,781
Foreign currency translation of overseas subsidiaries	(3,092)	802
Net movement in associate entity's reserves	8,895	(3,782)
<b>CLOSING BALANCE</b>	<b>8,604</b>	<b>2,801</b>

#### (b) CASH FLOW HEDGE RESERVE

*Nature and purpose of reserve*

Reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

- *Movements in the reserve*

Opening balance	4,377	(4,419)
Net gain (loss) on cash flow hedges	3,561	(3,258)
Transferred to statement of financial position/ profit or loss	(9,727)	15,826
Deferred income tax movement on cash flow hedges	1,850	(3,772)
<b>CLOSING BALANCE</b>	<b>61</b>	<b>4,377</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## CAPITAL STRUCTURE AND RISK MANAGEMENT

CONSOLIDATED	
2022 \$'000	2021 \$'000

### 24 RESERVES (CONTINUED)

#### (c) PERFORMANCE RIGHTS RESERVE

##### *Nature and purpose of reserve*

Reserve is used to record the cumulative amortised value of performance rights issued to key senior employees, net of the value of performance shares acquired under the performance rights plan.

##### - *Movements in the reserve*

Opening balance	21,215	19,359
Performance rights expense for the year	6,098	1,856
<b>CLOSING BALANCE</b>	<b>27,313</b>	<b>21,215</b>

#### (d) FAIR VALUE RESERVE

##### *Nature and purpose of reserve*

Reserve is used to record unrealised gains and losses on fair value revaluation of listed equity investment at fair value.

##### - *Movements in the reserve*

Opening balance	(38,858)	(59,032)
Unrealised (loss) gain on revaluation of listed investment	(2,673)	28,820
Net Deferred income tax movement on listed investment	802	(8,646)
<b>CLOSING BALANCE</b>	<b>(40,729)</b>	<b>(38,858)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

## GROUP STRUCTURE

### 25 SUBSIDIARIES

The consolidated financial statements include that of Premier Investments Limited (ultimate parent entity) and the subsidiaries listed in the following table. (\* Indicates not trading as at the date of this report)

	COUNTRY OF INCORPORATION	2022 INTEREST	2021 INTEREST
Kimtara Investments Pty Ltd	Australia	100%	100%
Premfin Pty Ltd	Australia	100%	100%
Springdeep Investments Pty Ltd	Australia	100%	100%
Prempref Pty Ltd	Australia	100%	100%
Metalgrove Pty Ltd	Australia	100%	100%
Just Group Limited	Australia	100%	100%
Just Jeans Group Pty Limited	Australia	100%	100%
Just Jeans Pty Limited	Australia	100%	100%
Jay Jays Trademark Pty Limited	Australia	100%	100%
Just-Shop Pty Limited	Australia	100%	100%
Peter Alexander Sleepwear Pty Limited	Australia	100%	100%
Old Blues Pty Limited	Australia	100%	100%
Kimbyr Investments Limited	New Zealand	100%	100%
Jacqui E Pty Limited	Australia	100%	100%
Jacqueline-Eve Fashions Pty Limited *	Australia	100%	100%
Jacqueline-Eve (Hobart) Pty Limited *	Australia	100%	100%
Jacqueline-Eve (Retail) Pty Limited *	Australia	100%	100%
Jacqueline-Eve (Leases) Pty Limited *	Australia	100%	100%
Sydleigh Pty Limited *	Australia	100%	100%
Old Favourites Blues Pty Limited *	Australia	100%	100%
Urban Brands Retail Pty Ltd *	Australia	100%	100%
Portmans Pty Limited	Australia	100%	100%
Dotti Pty Ltd	Australia	100%	100%
Smiggle Pty Limited	Australia	100%	100%
Just Group International Pty Limited *	Australia	100%	100%
Smiggle Group Holdings Pty Limited *	Australia	100%	100%
Smiggle International Pty Limited *	Australia	100%	100%
Smiggle Singapore Pte Ltd	Singapore	100%	100%
Just Group International HK Limited*	Hong Kong	100%	100%
Smiggle HK Limited	Hong Kong	100%	100%
Just Group USA Inc.*	USA	100%	100%
Peter Alexander USA Inc.*	USA	100%	100%
Smiggle USA Inc.*	USA	100%	100%
Just UK International Limited*	UK	100%	100%
Smiggle UK Limited	UK	100%	100%
Peter Alexander UK Limited*	UK	100%	100%
Smiggle Ireland Limited	Ireland	100%	100%
Smiggle Netherlands B.V.*	Netherlands	100%	100%
ETI Holdings Limited*	New Zealand	100%	100%
Roskill Hill Limited*	New Zealand	100%	100%
RSCA Pty Limited*	Australia	100%	100%
RSCB Pty Limited*	Australia	100%	100%
Just Group Singapore Private Ltd *	Singapore	100%	100%
Peter Alexander Singapore Private Ltd *	Singapore	100%	100%
Smiggle Stores Malaysia SDN BHD	Malaysia	100%	100%

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2022 AND THE 53 WEEKS ENDED 31 JULY 2021 (CONTINUED)

### OTHER DISCLOSURES

#### 26 EVENTS AFTER THE REPORTING DATE

The Directors of Premier Investments Limited approved a final dividend in respect of the 2022 financial year. The total amount of the final dividend is \$85,856,000 (2021: \$73,137,000) which represents a fully franked dividend of 54 cents per share (2021: 46 cents per share). In addition, the Directors of Premier Investments Limited approved a special dividend in respect of the 2022 financial year. The total amount of the special dividend is \$39,748,000 (2021: \$nil) which represents a fully franked dividend of 25 cents per share (2021: nil cents per share). The dividends have not been provided for in the 2022 financial statements.

The Directors of Premier Investments Limited approved an on-market share buyback of up to \$50 million. The on-market share buyback will be for a period of 12 months, from 18 October 2022 to 17 October 2023. The total number of shares to be purchased under the on-market share buyback will be dependent on business and market conditions and Premier may, at its discretion, vary the size of the on-market share buyback.

#### 27 CONTINGENT LIABILITIES

The Group has bank guarantees and outstanding letters of credit totalling \$4,413,392 (2021: \$4,267,668).