

17 August 2023

Appendix 4E and Annual Report

Super Retail Group Limited (ASX: SUL) attaches its Appendix 4E and Annual Report for the financial year ended 1 July 2023 for release to the market.

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

APPENDIX 4E PRELIMINARY FINAL REPORT

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

Statutory Results

Current Reporting Period:

From 3 July 2022 to 1 July 2023 (52 weeks)

Previous Corresponding Reporting Period:

From 27 June 2021 to 2 July 2022 (53 weeks)

Results for Announcement to the Market

| | Statutory Results \$m | Comparison to 2022 Statutory Results \$m |
|---|--------------------------|--|
| Revenue from ordinary activities | 3,802.6 | Up 7.1% from \$3,550.9 |
| Profit from ordinary activities after tax attributable to members | 263.0 | Up 9.0% from \$241.2 |
| Net profit for the period attributable to members | 263.0 | Up 9.0% from \$241.2 |

Dividends – ordinary shares

| | Amount Per Share | Franked Amount Per Share |
|---|------------------|--------------------------|
| Interim dividend – Current Period | 34.0¢ | 34.0¢ |
| Final dividend – Current Period ⁽¹⁾ | 44.0¢ | 44.0¢ |
| Special dividend – Current Period ⁽¹⁾ | 25.0¢ | 25.0¢ |
| Record date for determining entitlements to the dividends | 8 September 2023 | |
| Date the final dividend and special dividend are payable | 18 October 2023 | |

(1) Determined on 17 August 2023, not yet provided for as at 1 July 2023.

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

This report is based on the consolidated financial statements which have been audited. The audit report, which was unqualified, is included within the Company's Annual Report for the financial year ended 1 July 2023 (**Annual Report**) which accompanies this Appendix 4E.

For further commentary on the results for the year, please refer to the Company's Results Announcement for the financial year ended 1 July 2023 and the Annual Report.

Key highlights include:

- Group sales up 7 per cent to \$3.8 billion (up 9 per cent adjusted for 53rd week in FY22)¹
- Group like-for-like sales growth of 8 per cent²
- Group gross margin of 46.2 per cent
- Segment PBT up 12 per cent to \$391 million³
- Segment PBT margin up 50 bps to 10.3 per cent³
- Statutory NPAT up 9 per cent to \$263 million and normalised NPAT up 12 per cent to \$274 million⁴
- Statutory EPS of 117 cents and normalised EPS of 121 cents

1. FY23 is a 52-week period compared to FY22 which was a 53-week period. Sales and earnings growth numbers in this announcement compare 52-weeks of trading with 53-weeks of trading unless otherwise indicated.

2. Like-for-like sales growth numbers in this announcement compare 52 weeks of trading with 52 weeks of trading.

3. PBT is profit before tax.

4. NPAT is net profit after tax.

5. Active club member is a club member who purchased in the last 12 months.

APPENDIX 4E PRELIMINARY FINAL REPORT

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

- Fully franked final ordinary dividend of 44 cents per share and fully franked special dividend of 25 cents per share
- Strong cashflow generation – EBITDA cash conversion of 88 per cent
- Growing loyalty base – active club members up 12 per cent to 10.3 million⁵
- Highly engaged team – engagement scores of 80 and 81 in the period
- Expanded store network – 24 new stores opened and successfully launched BCF superstore format in Townsville and Kawana
- Conservative balance sheet - no drawn bank debt and \$192 million cash balance

This document should be read in conjunction with the Annual Report and any public announcements made in the period by the Company in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

Dividends or distribution reinvestment plans

The Company's Dividend Reinvestment Plan (DRP) remains active. The DRP is optional and offers eligible shareholders the opportunity to acquire fully paid ordinary shares in the Company rather than receiving dividends in cash. It is expected that the shares allocated under the DRP will be purchased on market and allocated on the dividend payment date. The DRP shares will rank *pari passu* with other fully paid ordinary shares on issue. The allocation price will be the arithmetic average of the weighted average market price of all Super Retail Group Limited ordinary shares sold in the ordinary course of trading on the ASX on each of the 10 consecutive trading days during the period from 13 September 2023 to 26 September 2023 (inclusive). A shareholder can elect to participate in or terminate their involvement in the DRP at any time.

Election notices for participation in the DRP in relation to the final dividend and special dividend must be received by the registry by 5.00pm (AEDT) on 11 September 2023 to be effective for the dividends. The Directors have determined that no discount will apply to the allocation price for the dividends. Shares to be allocated under the DRP will be transferred to participants on 18 October 2023.

Foreign Entities

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

Details of associates and joint venture entities

| Name of entity | Legal ownership interest as at | |
|---|--------------------------------|-------------|
| | 1 July 2023 | 2 July 2022 |
| Autoguru Australia Pty Ltd ⁽¹⁾ | Nil | 38.29% |
| Autocrew Australia Pty Ltd ⁽²⁾ | Nil | 50.00% |

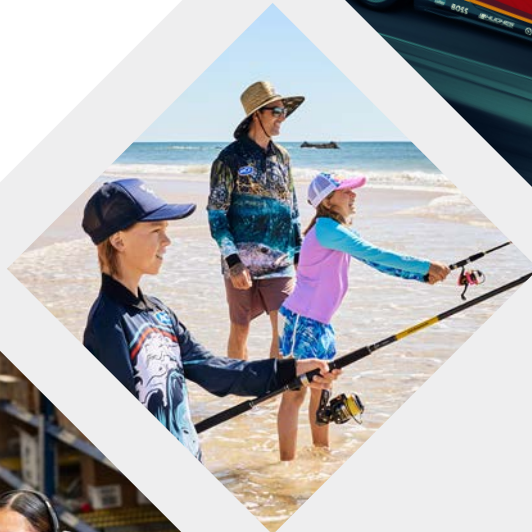
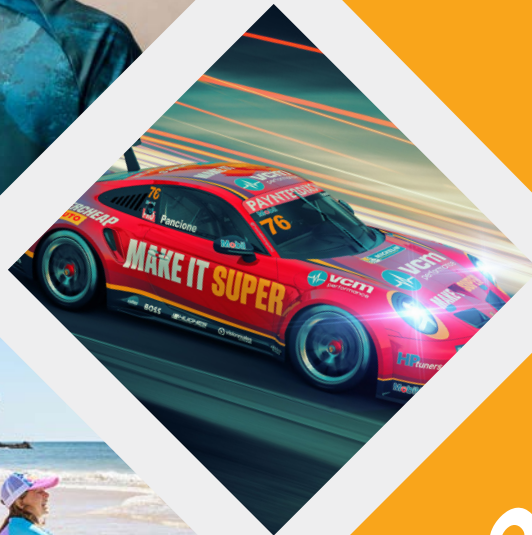
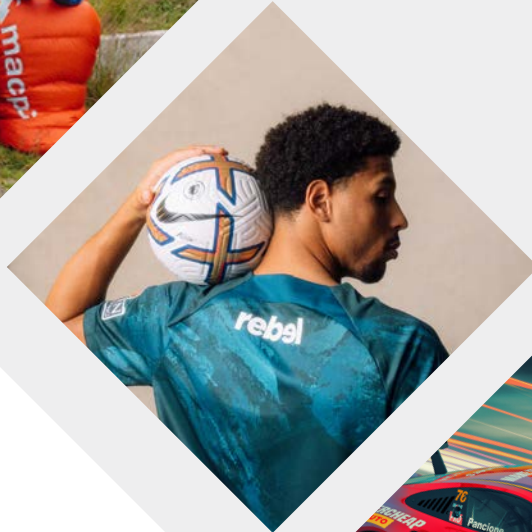
(1) The Group completed the sale of all its shares in this entity on 30 December 2022.

(2) This entity was deregistered on 14 August 2022.

Control gained or lost over entities during the period

(a) Names of entities where control was gained in the period
There were no entities over which control was gained during the period.


(b) Names of entities where control was lost in the period
Infinite Retail NZ Limited ceased being a Group entity upon its deregistration on 21 December 2022. There were no other entities over which the Group lost control during the period.



2023 Annual Report

Inspiring you to
live your passion


Acknowledgement of Country



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

We also operate in Aotearoa New Zealand, and we acknowledge ngā iwi Māori as Tangata Whenau (First People) of Aotearoa.

Super Retail Group is committed to upholding the Treaty of Waitangi principles, developing relationships with, and supporting local iwi.



*Manaaki whenua,
Manaaki tāngata,
Haere whakamua.*

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

Māori proverb


Important notice

This report contains forward-looking statements. While these forward-looking statements reflect Super Retail Group's expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. These statements involve known and unknown risks and uncertainties, which may cause actual results to differ materially from those expressed in the statements contained in this report. There are inherent limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenarios do not constitute definitive outcomes or probabilities, and scenario analysis relies on assumptions that may or may not be, or prove to be, correct and may or may not eventuate. Scenarios may also be impacted by additional factors to the assumptions disclosed. Super Retail Group makes no representation, assurance or guarantee as to the accuracy or likelihood or fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statement. Except as required by applicable laws or regulations,

neither Super Retail Group nor any other person undertakes to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance. Super Retail Group cautions against reliance on any forward-looking statements or guidance.

There are references to 'IFRS' and 'non-IFRS' financial information in this report. Non-IFRS financial measures are financial measures other than those defined or specified under any relevant accounting standard and may not be directly comparable with other companies' information. Non-IFRS financial measures are used to enhance the comparability of information between reporting periods. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, IFRS financial information and measures. Non-IFRS financial measures are not subject to audit or review.

Contents



| | |
|------------|--|
| 3 | Chair's message |
| 5 | CEO's message |
| 9 | About us |
| 11 | FY23 performance highlights |
| 13 | Our strategy |
| 15 | Our communities |
| 17 | FY23 ESG highlights |
| 19 | Review of operations and FY23 performance |
| 19 | Group |
| 23 | Supercheap Auto |
| 27 | rebel |
| 31 | BCF |
| 35 | Macpac |
| 39 | Risk |
| 44 | Climate |
| 47 | Our team |
| 49 | Board of Directors |
| 51 | Executive Leadership Team |
| 53 | Directors' Report |
| 60 | Remuneration Report |
| 92 | Financial Statements |
| 153 | Shareholder information |
| 156 | Glossary |
| 157 | Corporate Directory |



Chair's message

Dear Shareholders

I'm pleased to report another strong year for Super Retail Group.

Capitalising on the strength of our four core brands, our growing connection with customers and the expertise and passion of our team members, Super Retail Group confirmed its status as one of the nation's leading retail businesses.

Despite a testing 2023 financial year, the Group showed its resilience, navigating the tougher conditions confronting the retail sector to post record sales and higher profits.

A challenging external environment - headlined by cost-of-living pressures on the back of 10 successive interest rate increases during the year to manage escalating inflation - reinforced the importance of the Group's strategy, adaptability and sound financial position.

The Group's commitment to our omni-retail strategy and strengthening the business by investing in our store network, team members and relationship with our customers helped drive a strong financial performance during the reporting period.

The Group reported a record sales outcome for FY23, up nine per cent for the year adjusted for the additional week of trading in FY22. Operating in what have proven to be resilient segments in a fragmented retail sector, we reinforced the market-leading position of our four core brands. I want to acknowledge each and every one of our 15,000-plus team members for their dedication and commitment in achieving this outcome.

An important contributor to the robust revenue growth was the performance of our store network, with new stores, refurbishments and innovative formats seeing the Group ideally positioned to take advantage of momentum from the return of traditional shopping patterns after the pandemic.

In line with our strategy, we remain relentless in our efforts to nurture closer relationships with our loyal customers. As flagged last year, we are investing significantly in personalisation and loyalty over the next 12 months, including the relaunch of the rebel loyalty

program. With 10 million-plus active members, we are excited about the potential for further growth from engaging our customer loyalty base.

Super Retail Group continued to work hard to improve the health, safety and wellbeing of our people. Although the Group recorded progress in some areas, the Board and leadership team recognise there is more work to do. Our commitment to addressing critical risks remains at the forefront of our health and safety agenda. We are focused on ongoing improvements through active leadership and ownership of our commitments from all levels of the business.

With a robust operational and financial performance backed up by strong and improving team member engagement, it is appropriate to acknowledge the leadership of the Group Managing Director and Chief Executive Officer Anthony Heraghty and his experienced management team. The business has benefited from the successful execution of a well-considered strategy to further strengthen the business.

Capital management

The Board has determined to pay a fully franked final ordinary dividend of 44 cents per share, which is at the upper end of the Group's dividend payout policy. In addition to the final ordinary dividend, shareholders will receive a fully franked special dividend of 25 cents per share. Together with the interim ordinary dividend of 34 cents per share, this represents an aggregate dividend payment to shareholders in FY23 of 103 cents per share.

Board and governance

In taking this opportunity to thank all Directors for their sound counsel and support during the year, it is fitting to acknowledge company founder Reg Rowe. During the year, Super Retail Group marked a milestone in our corporate history, with Reg's retirement from the Board. Shareholders are deeply familiar with his contribution to this company, not just to its retailing and financial success but its strong values and focus on the customer. Along with his late wife Hazel, Reg started Super Retail Group more than half a century ago and has shaped the culture of the business. Today Reg is rightfully recognised as a legend of Australian retailing.

Since 1972, Reg has served in various leadership roles, including as Managing Director, Chair and Non-Executive Director of the company and remains the largest shareholder in the Group. Reg is a committed long-term shareholder and has promised to remain a familiar face to team members across our network of stores.

The 2024 financial year marks Super Retail Group's 20th year as a company listed on the Australian Securities Exchange.

As Reg's vision for the business evolved into what is unarguably one of Australia's most impressive corporate growth stories, the benefit

of public ownership has allowed tens of thousands of shareholders to share in its success.

In April, we welcomed Mark O'Hare as Reg's replacement on the Board. Mark, who will stand for formal election at the Annual General Meeting on 25 October 2023, is the chairman of the advisory group of Reg's private investment vehicle. As an experienced corporate adviser with a strong understanding of the business, Mark has enthusiastically embraced his Board duties and responsibilities.

As shareholders would expect, we continue to evaluate our governance arrangements and the mix of expertise and experience among Directors to ensure the Board remains well equipped to govern and support Anthony and the leadership team. This remains an ongoing priority.

After reviewing the Board standing committees and their respective charters and responsibilities, Directors resolved to establish a Board Risk and Sustainability Committee from September 2023. At that time the Audit and Risk Committee will become the Board Audit Committee. The changes reflect the growing significance in the Board's responsibilities of sustainability considerations and the increasing audit-related workload in relation to sustainability and climate.

The Board has maintained its focus on providing ethical and sustainable stewardship of our operations through greater transparency and adopting more responsible choices for our communities. Having strengthened our sustainability framework around our commitment to our people, community, responsible sourcing, the circular economy and limiting the impact of climate change, the Group continued to report progress towards our goals in FY23. We recognise however that we have more to do and are committed

to improving every day to help meet our targets and build a more sustainable business.

Looking ahead

Given global economic uncertainty and the ongoing cost-of-living pressures, we can expect the 2024 financial year to present challenging conditions for the retail sector.

As we look to the future, the Board remains focused on positioning Super Retail Group for shareholder returns over the long term and creating a positive impact on the communities in which we operate.

Whilst retaining the strength of the balance sheet, we are continuing to invest in the business to enhance our competitive position and generate long-term value for our shareholders. Investments during FY24 spanning store openings and refurbishments, loyalty programs, and data analytics will help us maximise the opportunities presented by our relationships with our loyal club customers that together represent one of the largest active club memberships in Australia and New Zealand.

Against this backdrop, the strength of our brands, our experienced leadership team and customer value proposition instils me with confidence in the prospects for Super Retail Group over the medium and long term.

Thank you to all our customers, shareholders, partners and team members for your ongoing support.



Sally Pitkin AO
Chair



CEO's message

Dear Shareholders

Despite a challenging macroeconomic environment, I am pleased to report another year of record sales for Super Retail Group as our four core brands strengthened their market position and our active club member base surpassed 10 million customers.

Sales increased by seven per cent to \$3.8 billion in the 2023 financial year driven by the ongoing investment in our store network and the success of the rebel rCX and BCF superstore formats, and the ongoing growth of our club membership to a record 10.3 million active customers.

The Super Retail Group team was also instrumental in delivering a record sales year as we experienced a significant rebound in customer visits to our stores following the end of the COVID-19 pandemic. Our dedicated and passionate team members continue to help our loyal customers live their passion every day and on behalf of the executive team I would like to thank them for their efforts over the past 12 months.

With consumer spending moderating following multiple interest rate rises in both Australia and New Zealand to curb inflation, and a surge in the cost of living in both countries, sales growth moderated in the second half of FY23.

Despite this, key performance measures improved on the prior year including:

- Like-for-like sales up eight per cent
- Earnings before interest and tax up 10 per cent to \$438 million
- Normalised profit before tax up 12 per cent to \$391 million
- Statutory net profit after tax up nine per cent to \$263 million
- Normalised net profit after tax up 12 per cent to \$274 million
- Statutory Earnings Per Share (EPS) of 117 cents and normalised EPS of 121 cents.

Reflecting a post-pandemic channel shift to in-store customer visits, online sales declined to \$445 million. Online remains a significant channel, representing 12 per cent of total Group sales, with Click & Collect accounting for about half of those sales.

The Board has determined to pay a fully franked final ordinary dividend of 44 cents per share, which is at the upper end of the company's target payout range, and a fully franked special dividend of 25 cents per share. Together with the interim dividend of 34 cents per share, this represents aggregate annual FY23 dividends to shareholders of 103 cents per share.

Reg Rowe

During the year, we marked a momentous change in the history of the Group, with the retirement of company founder Reg Rowe from the Board. Reg started Super Retail Group with his late wife Hazel from their kitchen table more than 50 years ago and has been part of the fabric of the Group ever since.

He has served as Managing Director, Chair and Non-Executive Director of the company over his journey with the business and remains the biggest shareholder in the Group.

During my tenure, as a Non-Executive Director Reg has helped to provide a common-sense ballast to our decision-making and his insights on retailing are as sharp as they were when he started the business. While Reg concluded his Board tenure with the company during the year he intends to remain connected to the business – with regular store visits and catch-ups with team members.

On behalf of the entire Super Retail Group family, I would like to thank Reg for his service to the company and his dedication to the business.

Large and loyal customer base

Our growing, active customer base remains a key driver of our strong financial performance. Active club membership increased by 12 per cent as we added more than one million participants in FY23, breaking through the 10 million club members mark for the first time.

Our active club members are our highest spending and most loyal customers, comprising 73 per cent of total sales for the year, and represent some of our most satisfied consumers. Club member Net Promoter Scores have steadily increased from 60 in FY19 to 67 in FY23.

We are leveraging our significant club member data to increasingly personalise our communications with these customers, enhancing their shopping experience and generating additional value for the Group.

In the first half of the new financial year, we will re-energise our rebel loyalty program with new member propositions and branding and will also commence a personalisation pilot with Supercheap Auto club

members to better target active customers with products and deals that are tailored to their needs.

Corporate strategy

An engaged and active customer base is a key plank of our corporate strategy, which is focused on delivering organic growth in our four core brands and excellence in execution across our store network and online retailing.

At an investor day during the year, we set out the key elements of Super Retail Group's investment proposition:

- A unique portfolio of powerful brands in attractive leisure and lifestyle categories
- A large and growing customer loyalty base
- An engaged and passionate team
- A national network of stores in Australia and New Zealand, which gives us extensive customer reach
- An efficient omni-retail model
- A highly cash generative business
- A conglomerate model creating operating synergies.

Our strategic investments during the pandemic have helped us emerge as a better business after the pandemic. We have invested over \$380 million over the past four years in our four core brands, enhancing the Group's omni-capability, improving customer loyalty and updating the store network to capitalise on the growth in our leisure and lifestyle categories.

With a robust balance sheet and ongoing sales and customer growth, our decision to invest has set up the business for continued success despite the macroeconomic environment remaining challenging

in the period ahead. Given the uncertainty, the Group intends to maintain a conservative debt position over the next 12 months. We had no drawn bank debt and a \$192 million cash balance at the end of FY23.

During FY23, the Group has prudently managed its inventory levels and our supply chain has continued to normalise after the disruption of COVID-19.

While the cost of doing business was impacted by growing inflationary pressures, the Group successfully implemented cost saving initiatives in sourcing and workforce management to help manage its cost base.

Four core brands

Our four core brands continued to lead their categories and grow market share with record sales in FY23. During the year we opened 24 new stores.

Supercheap Auto capitalised on record active club members and an extensive refurbishment program that saw 37 stores upgraded to our next generation format, and recorded its best NPS score at the end of the year.

Supercheap Auto undertook a record 769,000 in-store fitments as we continued to assist our customers with basic car care services and added more than 550,000 active club members through the year.

Australia's favourite sports store rebel opened four new stores in regional areas and its 15th rCX store during the year as the popularity of the new format continued to attract strong customer interest. Our three best performing rCX stores each achieved sales in excess of \$20 million.

During the year we successfully launched the BCF superstore format in Townsville and Kawana in Queensland. In a great result for the

business, the Townsville superstore is on track to achieve \$20 million in sales in its first year.

BCF recorded ten per cent sales growth in the fishing category as Australia's love affair with recreational angling continued to grow and the business strengthened ties with leading brands and key partners.

There are now 89 stores in the Macpac network across Australia and New Zealand, with six new stores opening during the year. Macpac products are also now stocked in 200 rebel and BCF stores across Australia, which has helped grow brand awareness and sales.

In FY23, Macpac achieved record full year sales in excess of \$200 million on the back of 20 per cent-plus growth in customer transactions.

We have a strong pipeline of 24 additional stores in FY24 as our network continues to be the backbone of our omni strategy.

Passionate and engaged team

I am delighted to report that our team members – the heart and soul of our business – continue to be highly engaged with the business. We recorded engagement scores of 81 and 80, both above the Achievers® benchmark for team members.

An engaged and effective team is critical to sales growth and customer satisfaction, so these scores in our two team member surveys during the year were particularly pleasing.

We have devoted considerable time and resources to improving our workforce planning and rostering systems so that our team members can focus on serving customers and less time on paperwork. Our new systems make it easier for our team members to do their jobs and get the right number of team members in stores at the right time.

We are proud to be recognised as one of the three retailers awarded the WGEA Employer of Choice for Gender Equality citation, reflecting our unwavering commitment to gender equality. Embracing diversity is vital for the success of our business and reflects our dedication towards a more equal future.

Sustainability

We are making solid progress on our sustainability agenda, which is focused on supporting our people and limiting the impact of our operations and products on the environment.

We were again included in the S&P Global Sustainability Yearbook 2023 and performed in the top quartile in the Retail industry in the S&P Global Corporate Sustainability Assessment.

As a Group, we have set a decarbonisation target of zero Scope 1 and Scope 2 greenhouse gas emissions by 2030, which includes the emissions generated by our operations and from the energy we use.

We reduced both emission types against our FY17 base year by 26 per cent through initiatives including the LED lighting upgrades in our stores, offices and distribution centres, expanding behind-the-meter solar programs and an energy efficiency program for new and refurbished stores.

With an increasing focus on climate-related disclosures, we are pleased this year to disclose our increasing alignment to the Task Force on Climate-related Financial Disclosures recommendations for the first time. These recommendations cover governance, strategy, risk management, metrics and targets.

Over the next 12 months, we also plan to develop our inaugural Reflect Reconciliation Action Plan to help guide the business as we seek to advance the cause of reconciliation and deliver meaningful initiatives

for our Aboriginal and Torres Strait Islander team members and stakeholders.

The year ahead

With cost-of-living pressures continuing to impact both Australia and New Zealand, the outlook for the next 12 months remains challenging.

We remain confident in our ability to execute the Group's strategy and to perform through the peaks and troughs of the economic cycle, but we recognise the potential for rising interest rates and increased cost of living pressures to impact consumer demand.

As a Group we are confident we are well positioned to manage the economic turbulence ahead through an excellent value proposition for our loyal and growing customer base.

Our ongoing investment in our store network, further refurbishments and enhancements to customer loyalty programs will support Group revenue in FY24. While inflation has slightly moderated in recent times, it remains high and will flow through to wages, rent, energy and other costs and ultimately will result in a higher cost of doing business.

We have strong brands in resilient categories such as auto and sports and a strong balance sheet that will enable us to support the organic growth of the business. I am confident we will continue to inspire our customers to live their passion and deliver value for our shareholders in the year ahead.



Anthony Heraghty
Group Managing Director and
Chief Executive Officer

CONGRATULATIONS REG

For Super Retail Group, the retirement of company founder Reg Rowe from the Board during the financial year marked a momentous chapter in the evolution of the business.

With his late wife Hazel, Reg founded Super Retail Group's original business in 1972 and served as Managing Director until 1996.

He was Chairman from 1996 to 2004 and a Non-Executive Director since the Company's listing on the Australian Securities Exchange in 2004.

Given Reg has held formal roles with the business for more than 50 years, his retirement from the Board was significant. However, Reg intends to remain a Super Retail Group

shareholder and will continue to be a familiar face to our team members through his regular visits to our stores and offices.

Everyone at Super Retail Group congratulates Reg on his achievement in building one of Australia's most successful retail businesses and wishes him all the best for the next phase of his life.



4 April 2023

Hi Team,

Today I'm writing to let you know that I have decided to retire from the Board of Super Retail Group.

While I'll continue to be around the business, after 50 years in formal roles with the company, it's time to take more of a back seat. You'll probably still see me in stores making sure you've got enough stock and signage, and I'll continue to be a committed long-term shareholder, I just won't be at the Board table from today.

This wasn't an easy call to make but deep down I know it's the right decision. I'm sure everyone would agree that 50 years is a good innings.

It's been an amazing ride. When Hazel and I were packing and posting boxes at our dinner table 50 years ago, we never thought our small mail-order business would become one of Australia and New Zealand's most successful retail companies. But here we are, a billion-dollar business with more than 700 stores. Wow.

I'm also very confident that we're in safe hands for continued success over the long term. Sally and the Board have the right strategy in place to grow the business and deliver for shareholders. Anthony is an outstanding Chief Executive and he has assembled a highly capable executive team. I am certain the Board will continue to provide Anthony and his team with the guidance and support necessary for the company to keep kicking goals.


On days like today when I stop to reflect on what Super Retail Group has become, I'm truly humbled. It's a wonderful Australian story, built on hard work, an incredibly dedicated team and a passion to deliver for our customers. I am so proud that the customer-first approach we had when we first started the business remains at the core of the way we work.

I would like to thank the three Chairs who have stewarded the company so well since I handed over the reins – Dick, Robert and Sally. I also want to thank the CEOs I have worked alongside – Bob, Peter and Anthony – who have grown the business over three decades. But most importantly, I would like to thank you, the dedicated team members of Super Retail Group who have been with me side-by-side as we have built this great company. I personally know many of you who've been with us for decades, sharing in our success. Thank you so much.

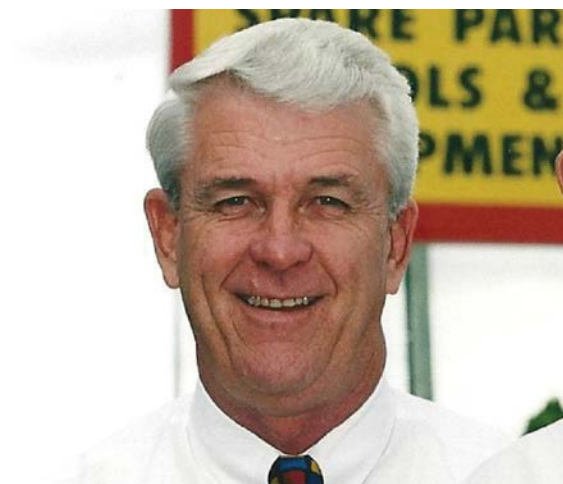
As I sign off for the final time as a Board member, I can assure you I will continue to be a part of the business. I'll always be popping in to stores to fill up my shed or plan my next trip.

Thank you again for everything. It's been magic.


 Reg





Reg Rowe, 1993

In November 2022, the Large Format Retail Association recognised Reg as the inaugural winner of the Lifetime Achievement Award

ABOUT US

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

Our powerful brands have leading positions in growing high involvement lifestyle categories of auto, sports, and outdoor leisure. We provide our customers and highly engaged ten million active loyalty club members with the option to experience our brands whenever and however they choose – whether that's through our network of 736 stores or via Click & Collect or home delivery.

15,599
TEAM MEMBERS

736
STORES

4
SUPPORT
OFFICES

7
DISTRIBUTION
CENTRES

3
COUNTRIES OF
OPERATION



SUPERCHEAP
AUTO

Supercheap Auto is Australia and New Zealand's favourite specialty automotive parts and accessories retail business. With 331 stores, we provide a wide range of service parts, tools, and accessories, as well as products for the garage, travel, touring and outdoors.

rebel

rebel is Australia's leading sporting goods retailer with 159 stores across Australia. Through rich digital and in-store experiences, customers from all walks of life can harness the transformative power of sport. With a broad range of quality product and expert knowledge, rebel inspires all Australians to achieve their sporting dreams and passions.

BCF

BCF is a leading outdoor retailer with 157 stores across Australia.

With expert knowledge and service, we provide everything you need for your next boating, camping, or fishing adventure, all under the one roof.

macpac

Macpac is New Zealand's original, technical outdoor brand, delivering quality gear, made responsibly, and trusted to last. Tested and proven in the ultimate outdoor test lab – New Zealand – our gear is designed to equip outdoor enthusiasts to adventure better. Launched in 1973, Macpac has 89 stores across Australia and New Zealand and is committed to delivering a great customer experience with expert advice.

Our vision, mission and values

VISION

INSPIRING YOU TO
LIVE YOUR PASSION

MISSION

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

VALUES

Passion IS OUR SECRET SAUCE 

BETTER
EVERY DAY 

We SPEAK UP 

STRONGER
 Together

PLAY
THE LONG GAME 

About this report

This Annual Report is a summary of the operations, activities and performance of Super Retail Group Limited (ABN 81 108 676 204) (the **Company** or **Super Retail Group**) and its subsidiaries (the **Group**) for the financial year ended 1 July 2023. The financial year for FY23 represents a 52-week period.

In this Annual Report, references to 'we', 'us', 'our' and 'Group' refer to the Company and its subsidiaries. References in this report to 'the year', 'the period' or 'the reporting period' are to the financial year ended 1 July 2023 (FY23), and comparisons of FY23 performance are by reference to the financial year ended 2 July 2022, unless otherwise stated.

All dollar figures are expressed in Australian dollars, unless otherwise stated.

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

Corporate governance

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

Our FY23 Corporate Governance Statement discloses how we have complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) for the reporting period. This statement has been lodged with ASX and is available in the Corporate Governance section of our website at <https://www.superretailgroup.com.au/investors-and-media/corporate-governance/>.

Sustainability

Our FY23 Sustainability Report provides stakeholders with information regarding our approach to environmental, social and governance (ESG)-related risks and progress against our sustainability goals.

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

The FY23 Sustainability Report is available on the Company's website at <https://www.superretailgroup.com.au>.

FY23 PERFORMANCE HIGHLIGHTS

\$3.8b
Group sales

7%

SALES GROWTH

\$438m

NORMALISED EBIT

\$391m

NORMALISED PBT

\$274m

NORMALISED NET
PROFIT AFTER TAX

\$263m

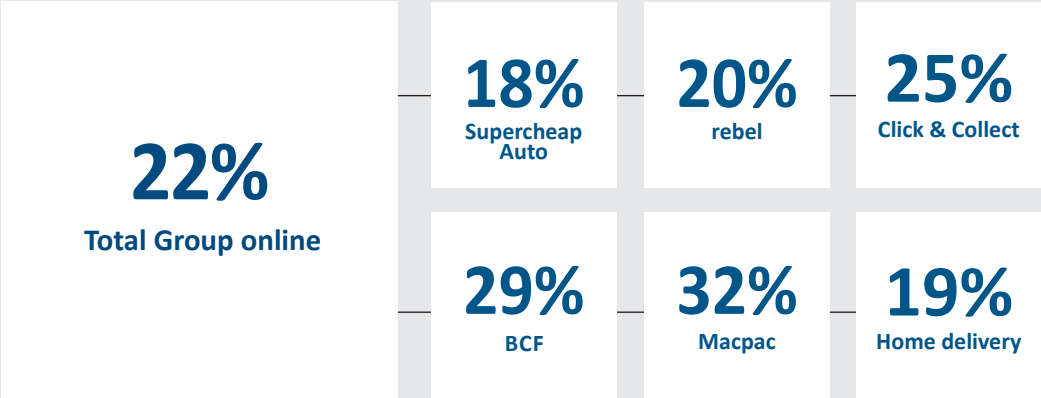
STATUTORY NET
PROFIT AFTER TAX

103¢

DIVIDENDS PER
SHARE, FULLY
FRANKED

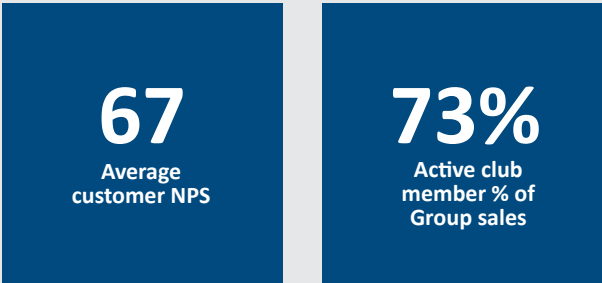
CUSTOMER LOYALTY AND OMNI-RETAIL EXECUTION

Online sales growth
(4-YR CAGR to FY23)

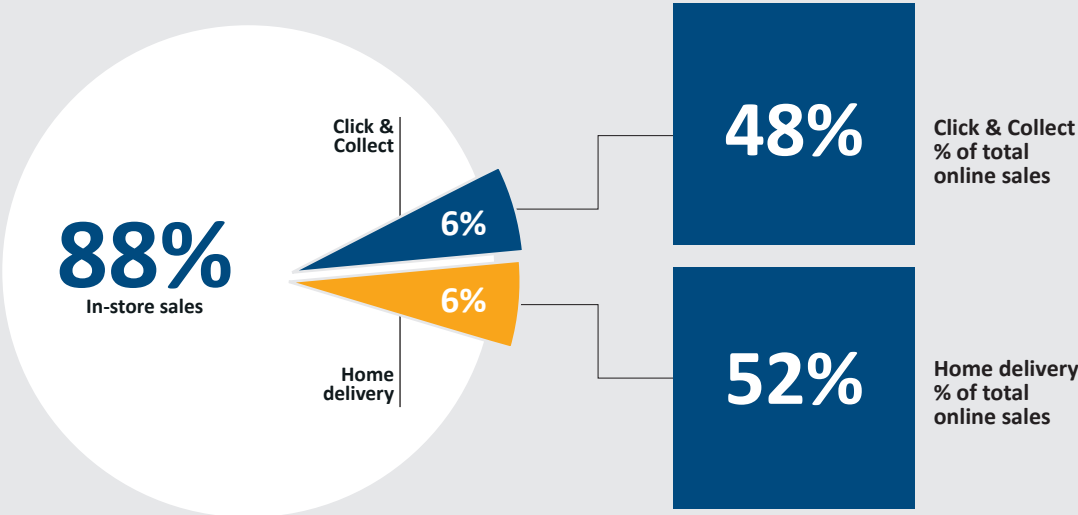


Customer loyalty (FY23)

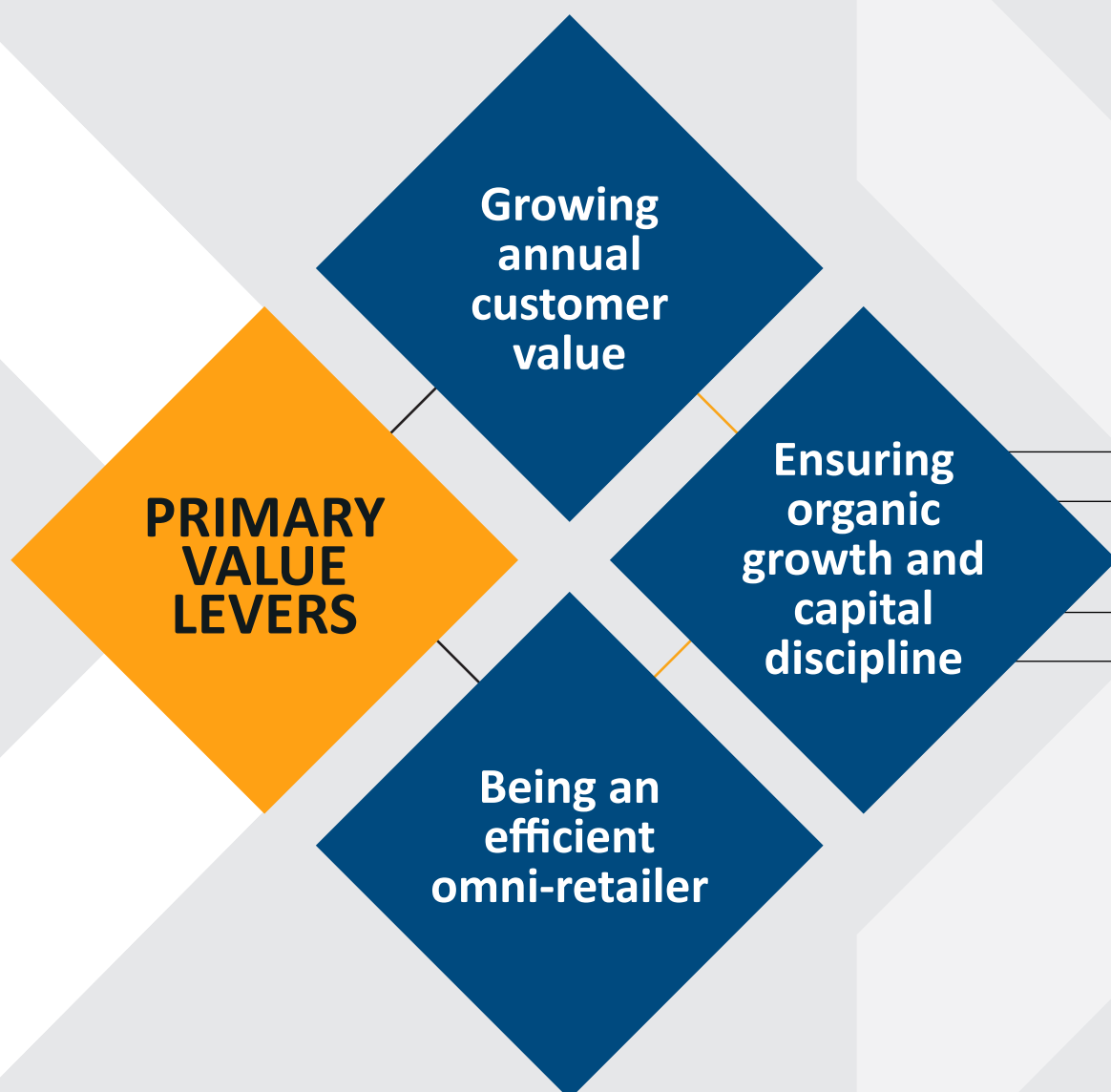
10.3m
Active club members



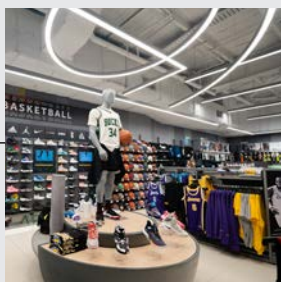
Sales by channel (FY23)



OUR STRATEGY



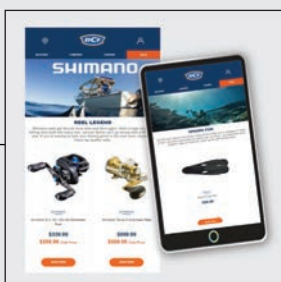
Five strategic drivers



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

Progress (since 2019):

- Opened 66 new stores
- Over 70 store refurbishments
- Successfully introduced multiple new store formats:
 - rebel rCX flagship stores
 - Supercheap Auto next generation
 - BCF superstore and small formats
- Rolling out rebel and BCF regional store expansion
- Introduced Macpac product into BCF and rebel stores
- Extended range by leveraging key brands
- Solidified relationships with global trade partners



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

Progress (since 2019):

- Grown active club membership to more than 10m members
- Club member sales have grown faster than total sales
- Completed customer value propositions for all brands
- Developed data science capability
- Commenced a personalisation trial in BCF which continues
- On track to launch new rebel loyalty program in H1 FY24
- Successfully completed loyalty test-and-learns in Supercheap Auto and rebel
- Improved pricing and promotional execution through analytical insights



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

Progress (since 2019):

- Consolidated distribution centres
- Implemented a single warehouse management system
- Established order management system to orchestrate online orders and improve customer experience
- Opened online high fulfilment stores to improve splits and on-time delivery
- Implemented international freight system with new partners
- Continuously enhancing our proactive safety approach and driving Total Recordable Injury Frequency Rate (TRIFR) improvement



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

Progress (since 2019):

- Implemented workforce planning solution to underpin right rostering and enable optimisation of our workforce
- Established quantitative pricing capability to improve pricing, markdown and clearance outcomes
- Re-platformed gift cards
- Fully migrated IT services to public cloud
- Closed or exited non-core businesses (Rays, Infinite Retail, AutoGuru, AutoCrew)
- Centralised operating capability in marketing, loyalty, planning, digital and technology



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

Progress (since 2019):

- Leveraged our store network to grow Click & Collect sales faster than home delivery
- Elevated the look and feel of our brand websites
- Utilised AI to provide online product recommendations
- Harmonised online and in-store gross margin contribution – agnostic as to which channels customers choose to shop
- Developed team expertise both in-store and online through training and education

OUR COMMUNITIES



Supercheap Auto's charitable partners

The Supercheap Auto team not only inspires customers to live their passion but supports the community through charity fundraising, partnerships and education and awareness programs in conjunction with leading Australian and New Zealand charities and community organisations.

During FY23, Supercheap Auto donated \$50,000 to each of its Australian charity partners, Beyond Blue, HeartKids and the Australian Road Safety Foundation. Across the Supercheap Auto store network in Australia, customers and team members donated \$326,000, with the business matching customer donations for each charity to contribute a total of \$114,000. The Australian stores that raised the most amount of money for any of the three charities, also contributed another \$10,000 to the organisations, on behalf of Supercheap Auto.

As a multi-year partner of Beyond Blue, Supercheap Auto also made a significant contribution to Beyond Blue's 24/7 support service, and at selected stores, facilitates customer donations for the mental health organisation.

Supercheap Auto is also a major partner of HeartKids Limited, an Australian charity that aims to raise awareness, funding, and support for children, teenagers and adults living with congenital heart disease nationally. Supercheap Auto directly supports HeartKids and provides donation opportunities for customers at selected stores.

In New Zealand, Supercheap Auto has had an association with HeartKids for more than a decade, with customers and team members helping raise NZD\$228,000, with a matched donation by Supercheap Auto New Zealand of NZD\$50,000. Customers make in-store donations for HeartKids New Zealand, with selected stores also participating in additional activities to raise awareness for kids, teens, adults, and families affected by childhood heart conditions.

Enabling customers to be safe on the roads is also a priority for Supercheap Auto. During the year, Supercheap Auto made a significant donation to long-term partner, the Australian Road Safety Foundation, and also facilitated customer donations in selected stores. All donations made by customers and team members go directly to the Foundation to further develop its road safety awareness programs, driver education, advocacy, and community engagement campaigns.



Lifeline and the positive impact of sport on mental health

In the financial year, rebel continued its support of Lifeline with a highly successful campaign to raise awareness of the benefits of physical activity for mental health and wellbeing.

The partnership, originally launched in 2021, harnesses the powerful, positive impact of physical activity on mental health and suicide prevention.

Studies have also found that participation in physical activity is linked to higher self-esteem, better social skills, fewer depressive symptoms, and higher confidence. The social nature of team sport is associated with better mental health outcomes, through connection and collaboration with others.

Since 2021, rebel has donated \$1.2 million to Lifeline and this year the business became a Principal Partner of the mental health support service, joining three other major Australian companies.

rebel sponsors the 'Be Active' fundraising portal on Lifeline Australia's website, which allows the public to fundraise through



challenger events and sports. In October each year, the business also runs a major fundraising event, which promotes the benefits of sport for mental health.

Insights from Super Retail Group's engagement surveys and feedback on the Group's internal communications platform, Workplace, shows that rebel team members are proud of the partnership and the important contribution it is making to the mental health and wellbeing of many Australians.

OzFish - better habitat, better fishing

BCF is committed to supporting and increasing fish populations and five years ago partnered with OzFish Unlimited, a not-for-profit organisation dedicated to the protection and restoration of Australian waterways. BCF and OzFish work together to improve the health of fish and wildlife resources for generations to come. The partnership has restored habitats, helping to create healthy rivers, lakes, and oceans, with programs that have increased wildlife populations for many native species.

Fish habitats have experienced more than 200 years of habitat destruction, jeopardising the future of recreational fishing. Many of these vital habitats are not just threatened but are

considered functionally extinct. Reduced or at-risk habitat results in fewer fish surviving, thriving, and breeding and that impacts every fishing trip.

BCF's annual Small Change 4 Big Change donation drive weekend was another record-breaking event, raising \$81,000 for OzFish. During FY23, in-store donations by customers raised \$634,000 in total.

In October 2022, BCF launched an online donations tool to raise further funds for OzFish and their mission to improve fishing outcomes around the country. As well as supporting OzFish through donations, many BCF team members are dedicated OzFish volunteers contributing valuable hours to projects including shellfish reef restoration in Moreton Bay and removal of invasive flora and litter from local waterways.

Fund for Good - Te Ahu Pātiki

The Macpac Fund for Good actively involves its team members and customers in strengthening local communities by providing financial and gear grants (apparel and equipment). The fund supports non-profit organisations that focus on issues such as the preservation and restoration of native plants and animals, adventure-based education and outdoor therapy, as well as Indigenous community initiatives.

In August 2022, Macpac announced its support for the Te Ahu Pātiki Charitable Trust, through a three-year Fund for Good grant. The Trust safeguards Te Ahu Pātiki, 500-hectares of land on Te Pātaka-o-Rākaihautū Banks Peninsula, located close to Macpac's support office in Ōtautahi Christchurch. This newly established public conservation park includes the highest peaks in the wider Christchurch area, Te Ahu Pātiki Mt Herbert and Mt Bradley.

The Trust's mission is to preserve biodiversity and support enduring public access to these summits. The Fund for Good grant will support predator control, fencing, track maintenance, and other projects that enable the land to return to native forest over the coming decades, as well as securing access for recreational use for future generations.

Images

Lifeline and rebel's partnership.

Supercheap Auto's "Be a Hero for HeartKids" campaign.

'Small change 4 Big Change' campaign for OzFish weekend.

BCF team member, volunteering for OzFish creating oyster shell habitats.

The summits of Te Ahu Pātiki Mt Herbert and Mt Bradley across the harbour. Image credit: Sam Barrow

FY23 ESG HIGHLIGHTS



Achievements



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

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

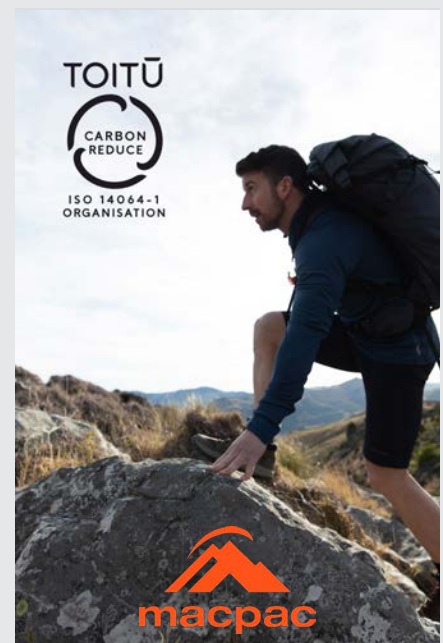
Dow Jones Sustainability Index score of 57, placing the Group in the top quartile within the DJSI retail sector



'AA' rating from the MSCI



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



Macpac achieved Toitū carbonreduce certification

People

81 and 80

Engagement survey scores for September 2022 and February 2023 above Achievers* benchmark

11.0

Total Recordable Injury Frequency Rate (TRIFR)

A 3.5% per cent increase from prior year (10.7)**

>3,300

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

38%

Female representation at senior leadership level

43%

Female representation at Board level

38%

Female representation at executive leadership level

3 years

Partnership established between BCF and Clontarf Foundation and Stars Foundation, to help young First Nations people

\$578,000

rebel donated to Lifeline and helped customers raise a further \$60,355, as part of our commitment to mental health support

\$350,000

Supercheap Auto donated to Beyond Blue, HeartKids Australia, HeartKids New Zealand and the Australian Road Safety Foundation

NZD \$50,000

Macpac and Supercheap Auto NZ donation to Red Cross NZ Disaster Fund to support North Island flood victims. Macpac helped customers raise a further NZD\$5,512

*Achievers is a global expert in employee recognition and engagement

**This is attributed mainly to higher team member turnover due in part to the competitive labour market and increased volumes, and therefore, manual handling of product

Planet

26%

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

11%

Reduction in greenhouse gas emissions (Scopes 1 and 2) from FY22

58%

Diversion rate across our stores, support offices, and distribution centres

1,494,200L

Recycled litres of oil through Supercheap Auto

125,027

Recycled car batteries through Supercheap Auto

81,643

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

>1.6m

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

3%

Percentage reduction of total electricity use to 78,357 MWh

100 stores

Received new LED lighting (13% of our Group fleet)

\$166,000

Grants and gear provided through Macpac Fund for Good

\$350,000

Contributed to OzFish and helped customers raise a further \$634,000 through BCF for OzFish's restoration projects

BEST PARTNERSHIP

OzFish and BCF were awarded the Best Partnership Award at the 10th World Recreational Fishing Conference for this continued collaboration

REVIEW OF OPERATIONS AND FY23 PERFORMANCE

Year in review



Background

The intention is to provide the user of the financial information with meaningful comparatives for analysis. When reviewing the financial results of the Group, the following factors require consideration:

- FY23 comprised a 52-week trading period as compared to 53-weeks for FY22. An unaudited non-IFRS comparative ("Adjusted") has been provided, which adjusts FY22 down to 52 weeks and compares against the FY23 result;
- This annual report references like-for-like sales growth, which compares sales for weeks 1 to 52 in FY23 with sales for weeks 2 to 53 in FY22 for stores that were open for more than one year;
- COVID-19 lockdowns affected the first half of FY22; and
- An unaudited non-IFRS reconciliation of statutory profit after tax to normalised net profit after tax ("Normalised") has been provided.

Overview

Super Retail Group delivered another year of record sales in the period, up 7 per cent on FY22 (up 9 per cent Adjusted) as we continued the successful execution of the Group strategy. We grew our core brands with new store openings and refurbishments; we leveraged our closeness to our customers with strong growth in our club memberships to 10.3 million active members; and we maintained strong investment in our online sales capabilities and leveraged our store networks to support digital sales. Following a strong first half performance cycling a COVID-19 impacted first half in FY22, sales growth moderated in the second half as higher interest rates and increased cost of living expenses began to impact consumer spending.

Pleasingly, despite growing inflationary pressure, the Group delivered a normalised profit before tax margin of 10.3 per cent, higher than FY22, with Normalised profit before tax (PBT) of \$390.6 million. This was up \$41.0 million or 11.7 per cent on FY22, with the following key drivers:

- Some easing in global supply chain disruption saw normalisation of offshore freight rates. Domestic supply chain conditions however remained challenging due to high labour costs, limited availability of transport and constraints on pallet supply.
- While cost of doing business was impacted by growing inflationary pressure on wages, electricity and rent, particularly in the second half, the Group successfully implemented cost saving initiatives in sourcing and workforce management to help manage its cost base.
- The Group expanded its store network, with 24 new stores opened during the period.

- The Board has determined to pay a special dividend of 25 cents per share in addition to a final ordinary dividend of 44 cents per share, both fully franked.

Omni-retail strategy and cycling the impact of COVID-19

The strength of the omni-retail strategy allows the Group to leverage the convenience and accessibility of a national store network to provide customers with the flexibility to purchase in-store or online. This was evident in the first half of the year as the business experienced a strong recovery in store traffic and a shift from online sales back to in-store sales. Second-half sales growth moderated as the business cycled a more normal trading period in FY22. Sales growth was achieved in all brands for the year.

Group costs

Group and Unallocated costs of \$34.6 million decreased by \$3.9 million compared with FY22. Consistent with Group strategy, significant expenses

Super Retail
Group

STORES

736

NORMALISED
PROFIT BEFORE
TAX (PBT)

\$391m

IN-STORE % OF
TOTAL SALES

88%

CLICK & COLLECT
% OF TOTAL SALES

6%

HOME DELIVERY
% OF TOTAL SALES

6%

Group results

| \$m | FY23 (52 weeks) | FY22 (53 weeks) | Change | Adjusted change ⁽¹⁾ |
|---|--------------------|--------------------|--------|-----------------------------------|
| Revenue from continuing operations | 3,802.6 | 3,550.9 | 7.1% | 9.1% |
| Statutory profit for the period after tax | 263.0 | 241.2 | 9.0% | 10.7% |
| Segment earnings before interest and taxes (EBIT) | 438.0 | 396.6 | 10.4% | 12.0% |
| % to sales | 11.5% | 11.2% | | |
| Segment normalised profit before taxes (PBT) | 390.6 | 349.6 | 11.7% | 13.4% |
| % to sales | 10.3% | 9.8% | | |
| Normalised net profit after tax (NPAT) | 273.5 | 244.1 | 12.0% | 13.7% |
| Operating cash flow | 716.4 | 340.4 | 110.5% | 83.8% |
| Earnings per share (EPS) – basic (cents) | 116.5 | 106.8 | 9.1% | n/a |
| Dividends per share (cents) | 103.0 | 70.0 | 47.1% | n/a |

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY23.

SALES (\$m)

\$3,803m

FY23 \$3,803m
FY22² \$3,551m
FY21 \$3,453m
FY20 \$2,825m
FY19 \$2,710m

ACTIVE CLUB MEMBERS (m)

10.3m

FY23 10.3m
FY22² 9.2m
FY21 8.0m
FY20 6.6m
FY19 6.1m

ACTIVE CLUB MEMBERS
% OF TOTAL SALES

73%

FY23 73%
FY22² 70%
FY21 63%
FY20 59%
FY19 57%

NORMALISED PBT MARGIN (%)

10.3%

FY23 10.3%
FY22² 9.8%
FY21 12.6%
FY20 7.4%
FY19³ 7.6%

ONLINE SALES (\$m)

\$445m

FY23 \$445m
FY22² \$601m
FY21 \$416m
FY20 \$291m
FY19 \$201m

(2) FY22 was a 53-week period.

(3) Pre AASB16.

were incurred on customer loyalty. Increased loyalty costs represent the investment in the lead-up to the relaunch of brand loyalty programs, beginning with rebel in the first half of FY24.

An adjustment of \$1.8 million for Autoguru Australia Pty Ltd reflected the proceeds received from the sale of all the Group's shares in Autoguru Australia Pty Ltd following the write down of the Group's investment in that business in the second half of FY22. Interest received in the period totalled \$3.7 million, due to the strong cash position and the higher interest rate environment.

Cash flow

The Group finished the year in a net cash position of \$192.3 million compared with \$13.4 million in FY22. The increase in net cash was due to strong operating cash flows of \$716.4 million, up \$376.0 million on FY22. Cash conversion represented 88 per cent of EBITDA adjusted for tax.

Cash outflows from investing decreased by \$16.2 million to \$108.5 million, with a further \$19.4 million of capital expenditure incurred in June 2023 but paid for in FY24. Capital expenditure included new store openings and investment in alternative store formats including rebel rCX stores and BCF superstores, which are expected to be important drivers of future growth.

Balance sheet

Total inventory was \$788.6 million, an improvement of \$11.0 million on FY22. A reduction in inventory units was partially offset by inflationary impacts on inventory values. Total inventory as a percentage of sales

equated to 21 per cent, consistent with pre-COVID-19 levels. Trade and other payables were \$38.7 million higher than FY22, due to underlying trade creditor movements as the timing and volume of inventory movements moderated. The net working capital position moderated to \$326.3 million, down \$55.7 million compared with FY22.

The Group had no drawn bank debt at the end of the year.

Debt management and financing

During the reporting period, the Group refinanced its bank debt funding facility, extending tenor and reducing the value of the overall facility to \$550 million. The combination of the net cash position and committed debt facilities provides substantial liquidity capacity for the Group.

Capital management and dividends

Having regard to the Group's strong balance sheet position, in addition to payment of a final dividend, the Board considered it appropriate to reward shareholders by way of a special dividend. The Board has determined to pay a fully franked final dividend of 44 cents per share and a fully franked special dividend of 25 cents per share. Together with the interim dividend of 34 cents per share, this represents aggregate annual FY23 dividends to shareholders of 103 cents per share.

The final dividend and the special dividend will be paid on 18 October 2023. These dividends have not been provided for in the consolidated

financial statements and will be recognised in the FY24 financial statements.

The amount of the final dividend, together with the interim dividend, represents an ordinary dividend payout ratio of 64 per cent of the full year underlying NPAT.

The Group is continuing to target a long-term bank debt gearing position of between zero and 0.5 times net debt / EBITDA position (pre AASB-16).

Outlook

The Group is preparing for a more challenging macro environment to affect consumer spending in FY24.

Inflation and higher interest rates are putting pressure on household budgets and household savings are being depleted, despite continuing low unemployment. Increased cost of living pressures are expected to reduce discretionary spending and sharpen customer focus on value.

Super Retail Group has a sound track record of resilient performance throughout the economic cycle. The strength of the brands, our customer value proposition and the low average ticket price mean the Group is well positioned for a more value conscious retail customer.

The Group remains focused on our strategy for long-term value creation through organic growth; increasing the market share of our four core brands by investing in new stores and alternative store formats; and leveraging our active club membership base through enhanced loyalty offers and more personalised communication with our customers.

NORMALISED NET PROFIT AFTER TAX

| | 2023 \$m | 2022 \$m |
|--|--------------|--------------|
| Statutory profit for the period after tax | 263.0 | 241.2 |
| - Wages underpayment and remediation costs | 1.7 | 2.7 |
| - FWO proceedings | 8.8 | - |
| - Losses from associates accounted for using the equity method | - | 0.4 |
| - Reversals of provisions previously excluded from normalised NPAT | - | (0.2) |
| Total of items not included in NPAT | 10.5 | 2.9 |
| Normalised net profit after tax | 273.5 | 244.1 |

CASH FLOW

| | 2023 \$m | 2022 \$m |
|--------------------------------------|---------------------|---------------------|
| Net cash inflow from operations | 716.4 | 340.4 |
| Net cash (outflow) from investing | (108.5) | (124.7) |
| Net cash (outflow) from financing | (429.1) | (444.8) |
| Net increase / (decrease) in cash | 178.8 | (229.1) |
| Cash at the beginning of the period | 13.4 | 242.3 |
| Effects of exchange rates on cash | 0.1 | 0.2 |
| Cash at the end of the period | 192.3 | 13.4 |

BALANCE SHEET

| | 2023 \$m | 2022 \$m |
|---------------------------------|---------------------|---------------------|
| - Trade and other receivables | 58.1 | 53.6 |
| - Inventories | 788.6 | 799.6 |
| - Trade and other payables | (490.1) | (451.4) |
| - Current tax (liabilities) | (30.3) | (19.8) |
| Total working capital | 326.3 | 382.0 |
| - Cash and cash equivalents | 192.3 | 13.4 |
| - Borrowings | - | - |
| - Lease liabilities | (1,035.0) | (1,010.7) |
| Net debt | (842.7) | (997.3) |
| - Property, plant and equipment | 270.4 | 235.7 |
| - Right-of-use assets | 944.4 | 923.7 |
| - Intangible assets | 846.4 | 866.0 |
| - Derivatives | 2.7 | 11.9 |
| - Provisions | (147.0) | (138.3) |
| - Deferred taxes | (32.9) | 5.3 |
| Net assets | 1,367.6 | 1,289.0 |

DIVIDENDS PAID DURING FY23

| | Cents per share | Total amount \$m | Payment date |
|---------------------------------------|------------------------|-----------------------------|---------------------|
| FY22 final dividend (fully franked) | 43.0 | 97.1 | 17 October 2022 |
| FY23 interim dividend (fully franked) | 34.0 | 76.8 | 14 April 2023 |

SUPERCHEAP AUTO PERFORMANCE

Year in review



Our business

Supercheap Auto is Australia and New Zealand's largest retail specialty automotive parts and accessories business, part of the growing auto category. It sells a wide range of auto products, tools and accessories, including products for travel, touring, outdoors, the garage and the shed.

Established in 1972, Supercheap Auto now has 331 retail stores operating across Australia and New Zealand.

Key drivers of growth in the auto category include a steady increase in the number of registered vehicles in Australia and New Zealand and the growing popularity of four-wheel drive and sports utility vehicles, domestic road trips and outdoor adventure.

Financial performance

Supercheap Auto delivered a record year of sales in the period.

Total sales increased by 8 per cent (or 10 per cent Adjusted) to \$1,448 million, driven by new store openings and like-for-like sales growth of 10 per cent. The increase in like-for-like sales reflected higher transaction volumes and a higher average transaction value. A key driver was the Group's ongoing investment in the refurbishment of the Supercheap Auto store network, including the upgrade of 37 Supercheap Auto stores to the next generation format.

Auto maintenance was the strongest performing category, reflecting a growing shift to do-it-yourself

as customers increasingly service and maintain their own vehicles in response to higher cost of living pressures.

Segment PBT margin improved by 100 bps, with lower operating expenses offsetting a decline in gross margin as industry-wide promotional activity continued to normalise.

Supercheap Auto delivered online sales of \$115 million, representing 8 per cent of total sales. This was a decline of 35 per cent compared to FY22, reflecting an ongoing channel shift from online to in-store sales as customers reverted to pre-pandemic shopping behaviour. Click & Collect represented 74 per cent of online sales.

Stores and store network

In the period, Supercheap Auto opened three stores and closed one, resulting in 331 stores at period end. Supercheap Auto is planning to have a total of 362 stores by the end of FY26.

Supercheap Auto's comprehensive refurbishment and new store program is aiming to reach over 200 next generation stores by the end of FY26. These stores will include increased dedicated floorspace for growth categories including tools and four-wheel drive; designated service zones for "do it for me" fitment services; improved visibility of Click & Collect; and better signage and lighting. Modernised branding in

the next generation stores has been designed to enable Supercheap Auto to appeal to a more diverse range of customers including new entrants to the category. The Group has been delighted with the results of the new store program and the uplift in sales which has followed the conversion of existing Supercheap Auto stores to the next generation format.

Supercheap Auto invested a total of \$24 million of capital expenditure in its store network in this period.

Customer

Supercheap Auto is a category leader in the retail auto space, with 90 per cent brand awareness. More than 49 per cent of customers recognise Supercheap Auto as their preferred brand in the auto category.

We have more than 3.7 million active club members in our club loyalty program following the addition of more than 550,000 new members in this period. These members represent 64 per cent of Supercheap Auto's total sales.

Supercheap Auto made several enhancements to its club loyalty program in the period, including a program relaunch with new modernised branding, simpler benefits messaging, removal of the club membership fee and successful campaigns focused on member acquisition.

Supercheap Auto achieved a customer NPS score of 67 in the period, up from 65 in FY22.



STORES
331

IN-STORE %
OF TOTAL SALES

92%

CLICK & COLLECT
% OF TOTAL SALES

6%

HOME DELIVERY
% OF TOTAL SALES

2%

BRAND
AWARENESS

90%

Stellar Market Research
Australia FY23

AVERAGE ACTIVE
CLUB MEMBER NPS

67

ACTIVE CLUB
MEMBER GROWTH

18%

Supercheap Auto

| \$m | FY23 (52 weeks) | FY22 (53 weeks) | Change | Adjusted change ⁽¹⁾ |
|--------------|--------------------|--------------------|--------|-----------------------------------|
| Sales | 1,447.9 | 1,339.8 | 8.1% | 10.1% |
| Segment EBIT | 219.4 | 190.6 | 15.1% | 17.6% |
| Segment PBT | 204.0 | 176.1 | 15.8% | 18.5% |
| PBT margin | 14.1% | 13.1% | 100bps | 100bps |

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY23.

SALES (\$m)

\$1,448m



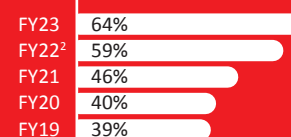
ACTIVE CLUB MEMBERS (m)

3.7m



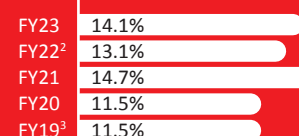
ACTIVE CLUB MEMBERS % OF TOTAL SALES

64%



SEGMENT PBT MARGIN (%)

14.1%



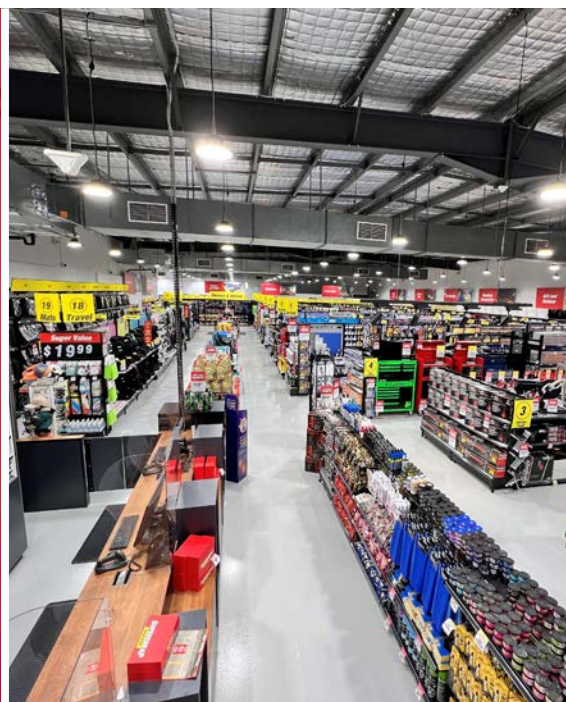
ONLINE SALES (\$m)

\$115m



(2) FY22 was a 53-week period

(3) Pre AASB16



Strategy and outlook

Strategic priorities and key opportunities for growth

While growing cost of living pressures are expected to impact consumer spending in FY24, the Group expects demand in the auto category will remain resilient as customers increasingly adopt a do-it-yourself approach to servicing and maintaining their vehicles.

FY24 sales are also expected to benefit from eight planned new store openings and the ongoing refurbishment of the store network.

In response to changing auto and demographic trends, Supercheap Auto is offering a range of products and services that cater for a more diversified customer base and a changing mix of cars on Australian and New Zealand roads.

Supercheap Auto remains focused on delivering customers an excellent omni experience across the retail store, online and fitment service offerings.

Key near-term growth opportunities include:

- Growing core auto product categories exposed to a growing and ageing car parc⁽¹⁾;

- Developing emerging product categories arising from the adoption of electric vehicles;
- Extending our core auto offering into adjacent categories;
- Focusing on widening brand appeal to grow our addressable market and customer base; and
- Increased demand for “do it for me” fitment services (including bulbs, wiper blades and batteries).

Transition to electric vehicles

A key area of strategic planning for Supercheap Auto is preparing to adapt to the increased uptake of electric vehicles in Australia and New Zealand. Electric vehicles currently comprise only one per cent of the Australian car parc, however this is expected to increase dramatically in coming years, and Supercheap Auto is focussing on opportunities to leverage demand for new products arising out of increased EV sales.

Approximately 70 per cent of Supercheap Auto’s revenue comes from categories which are independent of vehicle engine type. While demand for some of the products Supercheap Auto currently sells will be impacted by electric vehicle take up, Supercheap Auto believes there is a significant opportunity to benefit from the

transition to electric vehicles by capturing share in emerging profit pools such as charging cables, service parts and accessories.

Separately, the continued growth of the Australian and New Zealand car parc remains a tailwind for the auto category. There are now more than 25 million registered vehicles in Australia and New Zealand and the average age of a vehicle in Australia has increased to more than 10 years. Supercheap Auto remains well-positioned to deliver growth in its core auto categories as a result of this growing and ageing car parc.

Even with the predicted uplift in electric vehicle penetration, we still expect the number of internal combustion engine vehicles in Australia over five years old to be a significant driver of demand. This will continue to support do-it-yourself service and maintenance categories as customers spend more on maintaining older vehicles.

(1) car parc means the number of registered vehicles

Supercheap Auto fitment services (including bulbs, wiper blades and batteries).

Supercheap Auto Redcliffe



Supercheap Auto boosts participation of young women in motor sport

Supercheap Auto is passionate about increasing female participation in the automotive and motorsport sectors and is proud to partner with Motorsport Australia to support the FIA Girls On Track program.

Part of Supercheap Auto's grassroots-driven partnership with Motorsport Australia, the Girls On Track program is a global, not-for-profit initiative sponsored by the FIA, the governing body for world motorsport. Supercheap Auto supports the Inspire program for girls aged 8-15 and the Pathways program for young women aged 15-22.

The Inspire program is designed to encourage an interest in STEM subjects and industries amongst schoolgirls. Motorsport activities and workshops help the girls gain exposure to the various career pathways in the sport. The Pathways program is aimed at young women who are passionate about the sport and want to learn more about the various roles in the industry. Pathways events are an opportunity to hear from women currently involved in the sport and connect them with others in the industry.

Girls on Track events offer a positive first experience of the motorsport world to inspire and provide pathways for the next generation of girls and young women as well

as future STEM leaders, covering all careers from engineering to journalism. The objective is to help defy stereotypes by instilling confidence in young women about what they can achieve to grow the number of females involved in motorsport over the longer term.

From team owners, to engineers, to physiotherapists and officials, the ambassadors have a deep knowledge about the sport and their areas of expertise, and act as role models to support the younger generation into the industry.

Supercheap Auto supported 15 events all over Australia during the year, with more than 1,500 participants involved in workshops and Q&A sessions to learn about motorsport and the automotive industry; networking events with key industry leaders; race team garage tours; meet-and-greets with racing teams; pitstop practice; fitness drills and one-on-one time with the program mentors. Supercheap Auto also provides the tools used by the students in the hands-on activities.

The program is already delivering results, with FIA Girls On Track participants moving into roles within motorsport, including engineering, mechanic, logistics, event management and media.

REBEL PERFORMANCE

Year in review



Our business

rebel is Australia's leading sporting goods and apparel retailer.

Since acquisition by Super Retail Group in 2011, rebel now has 159 retail stores across Australia. It has longstanding partnerships with some of the world's leading global sports brands including Nike, adidas, Under Armour, Puma, ASICS and New Balance thanks to its pre-eminent position in the Australian sports retail market.

The brand's aspiration is to inspire all Australians to live their sporting dreams and passion.

As a retailer in the growing sports category, rebel's key structural growth drivers include personal fitness, health and wellbeing trends, increased personal leisure time resulting from flexible workplace arrangements, and growing female participation in sport.

Financial performance

rebel delivered a record year of sales in this period.

Total sales increased by 8 per cent (or 10 per cent Adjusted) to \$1,309 million, driven by like-for-like sales growth of 9 per cent, reflecting higher transaction volumes.

A key driver was rebel's investment in its new rebel customer experience (rCX) flagship stores and the

cascading of "homes of sport" zones for football and basketball into its next tier stores. The three top performing rCX stores each achieved annual sales in excess of \$20 million in the period.

Basketball and football were the strongest performing categories, reflecting the successful roll out of the "homes of sport" format, the positive impact of the FIFA World Cup on football sales and a rebound in participation in grassroots sport.

Segment PBT margin declined by 40 bps, reflecting lower operating expenses offset by an 80 bps decline in gross margin due to a shift in category mix.

Online sales of \$198 million represented 15 per cent of total sales. Online sales declined by 26 per cent in the period compared to FY22, reflecting an ongoing channel shift from online to in-store sales as customers reverted to pre-pandemic shopping behaviour. Click & Collect represented 33 per cent of online sales.

Stores and store network

In the period, rebel opened a total of four new stores, resulting in 159 stores at the end of the period. rebel is aiming to have 165 stores by the end of FY26.

Additionally, a comprehensive refurbishment and store upgrade program is underway at rebel, with an aim of reaching 27 rCX stores and 20 rCX Elevate stores by the end of FY26.

rCX stores are large format stores of more than 2,000 sqm which showcase an expanded range of products across high-involvement sports, with additional emphasis on the display of products in "must win" running, gym & fitness, football, basketball and kids categories. These stores incorporate experience zones - including indoor basketball and football pitches and Sony gaming consoles - to provide our customers with a differentiated in-store experience. The format has received strong support from some of the world's leading global sports brands and has enabled rebel to gain access to high-end and marquee products (e.g. Nike Airmax 270, adidas originals) and to extended ranges and exclusive products. rCX Elevate stores are a smaller (~2,000 sqm) store format with a single experience zone.

The Group is delighted with the performance of the new rCX format stores, which are currently delivering higher sales than the remainder of the store network.



STORES

159

IN-STORE %
OF TOTAL SALES

85%

CLICK & COLLECT
% OF TOTAL SALES

5%

HOME DELIVERY
% OF TOTAL SALES

10%

BRAND
AWARENESS

92%

Stellar Market Research
Australia FY23AVERAGE ACTIVE
CLUB MEMBER NPS

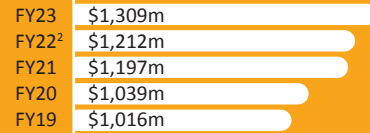
65

ACTIVE CLUB
MEMBER GROWTH

13%

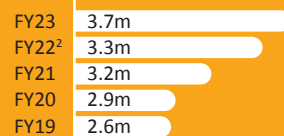
SALES (\$m)

\$1,309m

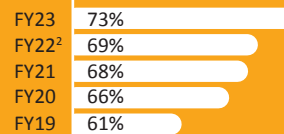


ACTIVE CLUB MEMBERS (m)

3.7m

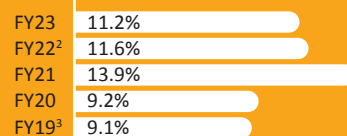
ACTIVE CLUB MEMBERS
% OF TOTAL SALES

73%



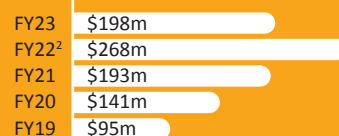
SEGMENT PBT MARGIN (%)

11.2%



ONLINE SALES (\$m)

\$198m



rebel

| \$m | FY23 (52 weeks) | FY22 (53 weeks) | Change | Adjusted change ⁽¹⁾ |
|--------------|--------------------|--------------------|---------|-----------------------------------|
| Sales | 1,309.1 | 1,212.0 | 8.0% | 10.0% |
| Segment EBIT | 161.8 | 155.6 | 4.0% | 5.1% |
| Segment PBT | 146.0 | 141.0 | 3.5% | 4.7% |
| PBT margin | 11.2% | 11.6% | (40bps) | (60bps) |

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY23.

(2) FY22 was a 53-week period

(3) FY19 pre AASB16



Following the opening of four rCX stores in the period at Erina, Joondalup, Knox and Warringah, rebel now has a total of 15 rCX stores and six rCX Elevate stores.

In addition to the rCX store roll out, in this period rebel commenced a regional store roll out by opening four new stores in Ballina, Dubbo, Nowra and Tamworth. The Group is pleased with the performance of these stores and sees further near-term opportunities for regional store openings.

rebel invested a total of \$23 million of capital expenditure in its store network in the period.

Customer

rebel is a category leader in the Australian sporting goods and apparel market, with 92 per cent brand awareness. More than 26 per cent of customers recognise rebel as their preferred brand in the sports category.

More than 3.7 million active club members participate in the rebel active loyalty program following the addition of more than 400,000 members in this period, and these customers represent 73 per cent of rebel's total sales.

The rebel active loyalty program is targeting a relaunch by the end of 2023, which will include a new member value proposition and updated branding. The new program

is designed to incentivise additional visitation and spending by rewarding our most loyal customers.

rebel achieved a customer NPS score of 65 in this period, up from 62 in FY22.

Strategy and outlook

While growing cost of living pressures are expected to impact consumer spending in FY24, the Group expects demand in the sports category will remain resilient given trends promoting the importance of personal fitness, health and wellbeing. The continued rebound in participation in grassroots sport following the disruption created by the COVID-19 pandemic is expected to support ongoing demand for sports apparel and equipment.

Australia is co-hosting the FIFA Women's World Cup, culminating in the final in late August 2023. As a proud partner of the CommBank Matildas, rebel believes this event will deliver an increase in sales in the football category as well as providing long-term benefits for female participation in sport.

FY24 sales are also expected to benefit from two planned new store openings and the conversion of a further four stores to the rCX format.

Ongoing investment in rCX stores is continuing to strengthen rebel's deep relationships with the global sports brands and differentiate rebel's

customer offering through both unique products and an enhanced in-store experience. Its national store footprint, leading market share and the quality and location of rebel's unique store formats makes rebel a natural choice for leading global sports brands to showcase their products.

Key near-term growth opportunities include:

- Extending rebel's national omni-retail footprint including rollout of flagship rCX stores, "homes of sport" and new regional stores;
- Leveraging and growing rebel's relationships with international and local trade partners;
- Expanding our market share in key growth categories including basketball, football, womens and kids;
- Leveraging the planned relaunch of rebel's loyalty program in H1 FY24; and
- Growing digital sales and online market share.

Mary Fowler, rebel ambassador and Australian national player

Mary Fowler speaking with team members in Penrith



Evolving the rebel store format and offering

The rebel store network continued to grow and evolve in FY23, extending our national omni-retail footprint with four additional rebel Customer Experience (rCX) stores and four new regional stores.

rebel now has 15 rCX flagship stores to showcase a comprehensive range across key global brands, with Warringah and Erina (New South Wales), Joondalup (Western Australia) and Knox (Victoria) added this financial year. The rCX format, designed in partnership with Nike and other key trade partners in 2019, continues to provide innovative displays and differentiated experiences for customers in the core categories of running, gym and fitness, football, basketball and kids. The format has strong support from global brand partners and key landlords.

The largest rCX to date opened in Joondalup in May 2023. Boasting 2,907 sqm of space, the store contains rebel's first outdoor and adventure concept area alongside other new layouts in the yoga and cricket categories, building on the successfully established Home of Football and Home of Basketball experiences in other rCX stores. These state-of-the-art retail experiences cater to all sporting needs in one place.

The most recent rCX store to open is Knox, with zones dedicated to virtual gaming, a front of store Energy Zone showcasing new products from global sporting and technology brands, and a full-size basketball court adjoining the store. The court operates in partnership with Westfield and local sporting organisation Knox Basketball.

The first phase of rebel's regional expansion strategy saw the rollout of four new stores in New South Wales – Ballina, Dubbo, Nowra and Tamworth – following the new Bunbury store in Western Australia in FY22. These stores offer the best of rebel in a regional format, bringing the Home of Football, Home of Basketball, and Health and Wellbeing concepts to locations where a similar retail experience is not currently available. Each store opening was supported by several professional sporting identities alongside rebel Rookie community sport sessions aimed at inspiring young children to get involved in playing football, AFL, and rugby league. This level of engagement helps build deep community connection with our customers.

Both network and rCX stores improved on last year's customer net promoter score, supporting the continued investment in the store experience and our aim to deliver on a well-defined customer value proposition.

New rebel regional store in Dubbo

BCF PERFORMANCE

Year in review



Our business

BCF is a leading outdoor retailer, with stores in every Australian state and territory.

BCF provides its customers with everything they need for their next boating, camping or fishing adventure, all under the one roof. BCF's goal is to provide Australians with an outdoor store that they trust to deliver range, quality, value and great service.

It has 157 retail stores across Australia, including two new large format superstores in Townsville and Kawana.

BCF operates in the growing outdoor leisure category, where increasing participation in outdoor activities including camping, caravanning, hiking and off-road adventure is driving growth.

Financial performance

Total sales increased by 1 per cent (or 3 per cent Adjusted) to \$840 million, driven by new store openings and the strong performance of partner brands including Yeti, Weber, Darche, Dometic and Lowrance.

Like-for-like sales were flat as higher transaction volumes were offset by a modest decline in average transaction value.

Fishing delivered the strongest category growth in the period while

camping sales were in line with the record performance in FY22.

Segment PBT margin decreased by 110 bps, reflecting lower operating expenses offset by a 180 bps decline in gross margin as BCF responded to increased promotional activity from key competitors.

BCF delivered online sales of \$94 million, representing 11 per cent of total sales. Online sales in the period declined by 20 per cent compared to FY22, reflecting an ongoing shift from online to in-store sales as customers reverted to pre-pandemic shopping behaviour. Click & Collect represented 60 per cent of online sales.

Stores and store network

In the period, BCF opened 11 new stores and closed one store, resulting in 157 stores at the end of the year. BCF is targeting to reach 170 stores by the end of FY26.

BCF is currently reshaping its store network and tailoring its in-store offering to ensure that it has the right stores in the right location with the right range. Key activities in the store network optimisation program include:

- Rolling out the new superstore format to grow share in key markets;

- Opening small format stores in new regional locations, expanding customer reach;
- Developing a tailored range for each region by format to increase sales per square metre;
- Amplifying the 4X4 range and expanding the apparel offering (including Macpac) to address seasonality in the business; and
- Relocating weaker performing stores to more optimal locations and on more favourable lease terms.

In November 2022 BCF opened its first new superstore in Townsville, a 5,000+ sqm store with an expanded range of more than 29,000 stock keeping units (SKUs). BCF's trade partners have embraced the opportunity to showcase their products in this large store format and the customer response to the breadth and depth of the product offering across categories including fishing, boating, four wheel drive, camping, caravan, barbeque, power and refrigeration has been overwhelmingly positive.

The Townsville BCF superstore is on track to deliver \$20 million in sales in its first 12 months since opening and is targeting a payback period of less than two years. Following the success at Townsville, BCF has now opened a



STORES
157

IN-STORE %
OF TOTAL SALES

89%

CLICK & COLLECT
% OF TOTAL SALES

7%

HOME DELIVERY
% OF TOTAL SALES

4%

BRAND
AWARENESS

75%

Stellar Market Research
Australia FY23

AVERAGE ACTIVE
CLUB MEMBER NPS

71

ACTIVE CLUB
MEMBER GROWTH

6%

BCF

| \$m | FY23 (52 weeks) | FY22 (53 weeks) | Change | Adjusted change ⁽¹⁾ |
|--------------|--------------------|--------------------|----------|-----------------------------------|
| Sales | 839.9 | 829.7 | 1.2% | 2.6% |
| Segment EBIT | 61.0 | 68.9 | (11.5%) | (12.1%) |
| Segment PBT | 51.0 | 59.6 | (14.4%) | (15.4%) |
| PBT margin | 6.1% | 7.2% | (110bps) | (130bps) |

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY23.

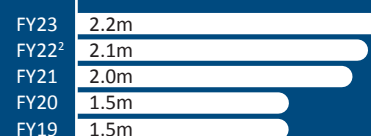
SALES (\$m)

\$840m



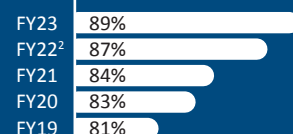
ACTIVE CLUB MEMBERS (m)

2.2m



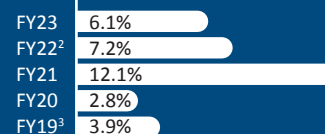
ACTIVE CLUB MEMBERS % OF TOTAL SALES

89%



SEGMENT PBT MARGIN (%)

6.1%



ONLINE SALES (\$m)

\$94m



(2) FY22 was a 53-week period
(3) Pre AASB16



second superstore on the Sunshine Coast at Kawana and aims to open eight superstores by the end of FY26.

BCF invested a total of \$15 million of capital expenditure in its store network in the period.

Customer

BCF is one of the leading participants in the Australian outdoor market, with 75 per cent brand awareness. More than 25 per cent of customers recognise BCF as their preferred brand in the outdoor leisure category.

BCF added 100,000 club members in the period and now has more than 2.2 million active club members who participate in its club loyalty program, representing 89 per cent of total sales.

BCF achieved a customer NPS score of 71 in the period, up from 66 in FY22.

Strategy and outlook

The outdoor category was a key beneficiary of the COVID-19 pandemic and sales in this category can be expected to continue to normalise as spending on services, entertainment and offshore travel

increases. In the near-term however, rising cost of living pressures in Australia are likely to support ongoing participation in low-cost domestic leisure activities such as camping and caravanning.

BCF's FY24 sales are expected to benefit from the planned opening of seven new stores and a full year contribution from the recently opened superstores in Townsville and Kawana.

Promotional intensity in the outdoor category is expected to remain high, with key competitors continuing to engage in regular discounting.

In response to this competitive market landscape, BCF is focused on developing a portfolio of private and strategic brands to differentiate its offering from its competitors' offerings and to provide customers with access to exclusive products. BCF has entered trade partnerships with a growing number of leading outdoor specialty brands including Yeti, Lowrance, Weber, Dometic, Darche, Samaki and Zempire. Sales from strategic and private brands now represent more than 50 per cent of BCF's total sales.

Key near-term growth opportunities include:

- Right-sizing stores in better locations across Australia;
- Growing share in key markets through an extended range in the new superstore format;
- Maximising sales density by addressing seasonality with an apparel offering (including Macpac);
- Focusing on new and exclusive product ranges tailored by region;
- Growing digital sales and online market share; and
- Maintaining a strong active club member base and increasing frequency of visit for active club members via loyalty and personalisation initiatives.

YETI display at the BCF Townsville superstore

Providing customers with exclusive products, expert knowledge and service, for their next outdoor adventure



A new breed of BCF store

As part of the strategy to be the number one outdoor store in Australia, BCF launched its first superstore in Townsville, Queensland, in November 2022, followed by a second superstore in Kawana on Queensland's Sunshine Coast in June 2023.

The new superstores are an entry point for people who love outdoor leisure, from those who want to make the most of their camping gear or caravan, to off-road enthusiasts and fishers who spend their leisure time on the water.

The superstore design is modular, with aspects of the new format easily replicated in other BCF stores across the network, depending on the customer demand and regional location. For example, the 'Tackle Store' and spearfishing fixtures, imagery and signage will be relevant for other key coastal markets.

The superstores also provide a customer service model that allows more time with the customer, to help them select the right product for their needs. The wide range of products offers customers the chance to touch, see and understand more about how each product will enhance their boating, camping and fishing experience. Also incorporated in the superstore design is a customer experience zone where

demonstrations and workshops are held, as well as rod repairs, reel servicing and a comprehensive fitment service.

The Townsville superstore grew from 2,500 sqm to 5,450 sqm and holds more than 29,000 SKUs. The store draws customers from across the Townsville community because of its relevant assortment of products for that region. The store also won Store Design/Concept of the Year at Inside Retail's Retailer Awards (2023). Since the Townsville superstore launch, the customer NPS for the store has increased nine points to 72 points.

The Kawana superstore is the largest BCF store in southeast Queensland at 3,360 sqm and the second largest BCF store in Australia. With expanded ranges across fishing, boating, spearfishing, power solutions, caravanning and 4WD, Kawana also features a boat and 4WD fitted out with gear for customers to see the products in use.

Both superstores also supply the wider BCF range to customers across Australia via online orders. Most of the products available in the Townsville and Kawana stores can be purchased via Click & Collect from other regional BCF stores, allowing more customers to enjoy the products and brands on offer.

Top: BCF Townsville superstore.
Internal images: BCF Kawana superstore

MACPAC PERFORMANCE

Year in review



Our business

Founded in Christchurch on the South Island of New Zealand in 1973, Macpac is an outdoor adventure brand which sells apparel and equipment designed for mountain climbers, campers, hikers and adventure travellers. Macpac products are made by adventurers for adventurers. We design functional, technical and robust products to help equip outdoor enthusiasts to adventure better.

Macpac was acquired by Super Retail Group in 2018 and now has 89 stores across Australia and New Zealand. It operates in the growing outdoor adventure category, whose key drivers of growth include international travel and the growing popularity of hiking, camping and adventuring in the great outdoors.

Financial performance

Macpac delivered a record year of sales in the period, driven by new store openings (particularly in Australia) and like-for-like sales growth. Total sales of \$216 million were up by 22 per cent (or 27 per cent Adjusted).

Like-for-like sales of 24 per cent reflected strong transaction growth and a higher average transaction value. In Australia, like-for-like sales increased by 26 per cent and in New Zealand they increased by 20 per cent.

Segment PBT margin improved by 280 bps, reflecting improved operating leverage and a 140 bps improvement in gross margin.

Online sales of \$39 million in the period fell 4 per cent compared to FY22, reflecting an ongoing channel shift from online to in-store sales as customers reverted to pre-pandemic shopping behaviour. Online sales made up 18 per cent of total sales and Click & Collect represented 16 per cent of online sales.

Stores and store network

Macpac has made further progress towards its target of more than 100 stores by the end of FY26. In the period, it opened six new stores and closed two, resulting in 89 stores at the end of the financial year.

Macpac's store network comprises two core formats:

- **Macpac Explorer:** 300 to 400 sqm stores located in key shopping centres which stock a full range of Macpac branded product and a rationalised offer of other brands; and
- **Macpac Adventurer Hub:** 600 to 800 sqm stores located in established outdoor precincts which stock a full range of Macpac branded product and an extended offer of other brands.

Macpac invested a total of \$6 million of capital expenditure in its store network in the period.

Customer

Macpac is well-recognised in its homeland of New Zealand where it has 89 per cent brand awareness. Brand awareness in Australia of 36 per cent continues to improve as the store network expands and has benefitted from the recent introduction of Macpac product in rebel and BCF stores.

Macpac added 100,000 members to its member program and now has more than 700,000 active club members who participate in its club program. These customers represent 74 per cent of Macpac total sales.

Macpac achieved a customer NPS score of 67 in the period, down from 69 in FY22.

Strategy and outlook

Demand for Macpac's outdoor adventure products is expected to benefit from an ongoing recovery in international tourism and travel following the COVID-19 pandemic, despite a challenging macro environment in Australia and New Zealand.

In the period Macpac sales benefitted from cold and wet weather conditions, particularly in the key



STORES

89

IN-STORE %
OF TOTAL SALES

82%

CLICK & COLLECT
% OF TOTAL SALES

3%

HOME DELIVERY
% OF TOTAL SALES

15%

BRAND
AWARENESS

89%

Stellar Market Research
Australia FY23AVERAGE ACTIVE
CLUB MEMBER NPS

67

ACTIVE CLUB
MEMBER GROWTH

28%

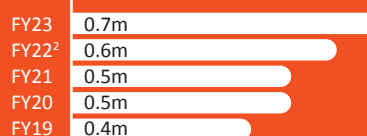
SALES (\$m)

\$216m

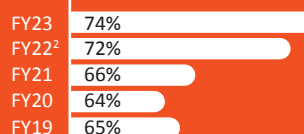


ACTIVE CLUB MEMBERS (m)

0.7m

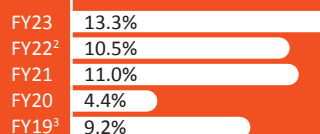
ACTIVE CLUB MEMBERS
% OF TOTAL SALES

74%



SEGMENT PBT MARGIN (%)

13.3%



ONLINE SALES (\$m)

\$39m



Macpac

| \$m | FY23 (52 weeks) | FY22 (53 weeks) | Change | Adjusted change ⁽¹⁾ |
|--------------|--------------------|--------------------|--------|-----------------------------------|
| Sales | 216.4 | 176.8 | 22.4% | 26.6% |
| Segment EBIT | 30.4 | 20.0 | 52.0% | 68.0% |
| Segment PBT | 28.7 | 18.6 | 54.3% | 72.9% |
| PBT margin | 13.3% | 10.5% | 280bps | 360bps |

(1) Adjusted change is an unaudited non-IFRS measure adjusting FY22 down to 52 weeks to provide a more meaningful comparative to FY23.

(2) FY22 was a 53-week period
(3) Pre AASB16



winter sales period. Current forecasts are pointing to milder weather conditions in Australia and New Zealand in FY24.

Macpac's FY24 sales are expected to benefit from the planned opening of seven new stores in Australia and New Zealand and a full year contribution from the six stores opened in the current period.

Macpac's strategic focus remains centred around technical excellence and delivering differentiated product with an unwavering commitment to quality.

Key near-term growth opportunities include:

- Continuing the store roll out program in Australia;
- Lifting brand awareness in Australia;
- Rationalising product range and decreasing Macpac's reliance on winter-related product with enhanced seasonal ranging;
- Growing digital sales and online market share; and
- Improving our in-store experience.

Environmental responsibility is important to Macpac, our customers and our team members. Preservation of the natural world is also integral to the outdoor adventure category in which we operate. A strategic focus for Macpac is to be a force for good and continue on its better business journey with a sustainability focus.

Weathering Anything in Macpac gear.

Macpac Penrith.

Comfortably handling rugged terrain, trusted to last in any environment.

REAL GOOD KIWI GEAR



50 years of adventure, a lifetime to go

Founded in a Christchurch garage by Bruce McIntyre in 1973, Macpac is New Zealand's original, technical, outdoor brand. Bruce's goal was to create products of the highest quality that would last and could comfortably handle New Zealand's rugged and unforgiving terrain. This innovative, adventurous spirit lives on in everything Macpac does today. The brand promise is much the same as it was at the start – Macpac creates quality outdoor gear, made responsibly, trusted to last in any environment.

This year, Macpac celebrated its 50th anniversary with team members from 89 stores across New Zealand and Australia, the Macpac support office team and an adventure community who take their outdoor fun seriously.

Celebrations included the launch of a new brand platform, Weather Anything, to build relevance with adventurers of all types. The multi-channel, award-winning campaign included television, outdoor, social, online and in-store advertising, balancing a solid platform with the aspirational story to which all outdoor enthusiasts can relate.

Continuing its evolution over the past five decades, the Macpac logo was also refreshed to the stacked design of today. The logo is inspired by the silhouette of New Zealand's highest mountain, Aoraki Mount Cook. The curve represents a Nor'west Arch, a high white cloud in a clear blue sky, particular to the east coast of the South Island of New Zealand. Papaya orange is Macpac's hero colour, favoured by mountaineers due to its high visibility in any weather, while also being the colour of optimism and energy.

The Macpac support office, where the concept for every Macpac product is designed, remains proudly located in Ōtautahi Christchurch. From here, our highly skilled manufacturing partners bring the Macpac design team's visions to life.

Macpac will continue to build on everything learned over the years, with a healthy dose of Kiwi ingenuity and the belief that when our customers put on "a Macpac", they have the confidence and spirit to take on anything – whatever their adventure.

Macpac's new brand platform, Weather Anything, showcases Macpac gear in a distinctive and memorable way.

Insert: Macpac founder
Bruce McIntyre

RISK

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

Super Retail Group continues to evolve its approach to risk management to ensure it is fit for purpose, meets the demands of the operating environment and the expectations of our customers, the communities we operate in, our team members and investors.

The Group actively manages a range of financial and non-financial business risks and uncertainties which can potentially have a material impact on the Group and its ability to achieve its stated objectives. While the Group's approach to risk management seeks to identify and manage material risks and emerging risks, not all relevant risks are within the control of the Group and additional risks not currently known or detailed below may also adversely affect our operations, performance or delivery of our strategy. Further details on the Company's approach to risk management are contained in the Company's FY23 Corporate Governance Statement.

| Risk | Risk context | Risk management |
|---|--|--|
| People | | |
| Health & Safety Exposure to hazards at a level that causes harm (arising from the Group's operations) | <p>With operations in three countries and more than 700 stores, there are certain hazards that have the potential to cause significant harm.</p> <p>While we are committed to the physical and psychological wellbeing, health and safety of our team members, customers, suppliers, visitors, and contractors across our operations, these risks remain.</p> | <ul style="list-style-type: none"> Investing in the ongoing maturity of the Group's Health & Safety program. Focus on critical risks with integration of control assessment through assurance activities. Focus on hazard elimination and risk reduction, supported by a robust health and safety management system. Enhancing health and safety compliance and leadership training. Implementation of Health and Safety by Design requirements for fixtures and fittings. Focus on Psychological Safety aligned to new Codes of Practice. Development of electronic induction, training record keeping and equipment maintenance in the Group Supply Chain. Implementing our planned preventative site and equipment maintenance program. |
| Employment law compliance Serious or systemic breach of employment law | <p>A variety of employment instruments across Australia, New Zealand and China create complexities, particularly with respect to the payment of employee entitlements, where errors could occur.</p> <p>Any breach has the potential to cause financial detriment to our team members, reputational damage to the Group and to erode the trust and confidence of our team, customers, shareholders and regulators. We may also be liable for fines or other penalties.</p> | <ul style="list-style-type: none"> Using information technology to reduce the chance of error. Maturing the Group's Employee Relations approach. Leveraging an Industrial Relations Framework including detective and preventive controls, supported by ongoing training on correct rostering practices. Conducting periodic external compliance reviews as part of our ongoing controls assurance program. |

| Risk | Risk context | Risk management |
|---|--|---|
| Conduct Inappropriate, unethical or unlawful conduct by the Group's Officers or Team Members | <p>With more than 15,000 team members, it is possible that not all team members will conduct themselves in a manner consistent with the Group's Code of Conduct or Values.</p> <p>Officer or Team Member wellbeing may also be impacted by disruption arising from events such as severe weather, geopolitical conflicts and/or cost of living pressures, which may influence conduct. As a result, it is possible that other team members or customers could be harmed, a significant issue or event could cause significant damage to one or all of the Group's brands, or that the Group incurs financial loss.</p> | <ul style="list-style-type: none"> – Maintaining a strong culture that engenders doing the right thing, guided by our Group Values and Code of Conduct. – Maturing our management of conduct risk. – Providing mechanisms for reporting wrongdoing and prompt action on misconduct, including a Whistleblower Policy, dedicated reporting line, Anti-Corrupt Practices Policy and brand and group Respect@Work councils. – Investing in online fraud protection tools and resources across our brands. – Establishing relevant forums to oversee and actively engage on strategies to create a harassment free workplace. – Improving analytics to assist in the early identification of conduct risk and issues. |
| Strategy | | |
| Competition and new entrants Large scale shift in competitive landscape | <p>The risk of rapidly increasing competition (both online and in offline markets), or a largescale shift in the competitive landscape for the Group's brands.</p> <p>Increased competition can arise as a result of new entrants to the market, increased investment by existing competitors and aggressive competitor pricing and/or marketing strategies.</p> <p>Accelerated movement towards Direct-to-Consumer sales channels by trade partners has the potential to alter competitive advantage and expose the Group to a loss of market share across our brands.</p> | <ul style="list-style-type: none"> – Investing in growing our active club loyalty membership base, personalising our services and retaining our loyal customers through loyalty platforms and structured customer relationship management activities. – Growing our four core brands and improving the customer experience in-store and online. – Improving brand awareness. – Optimising our store network. – Regularly monitoring key competitor market share. – Working closely with trade partners to maximise opportunities. |
| Strategy execution Critical shortfall in capability and/or capacity to execute the Group's strategy | <p>Execution of the Group's strategic agenda is highly dependent on developing capabilities for the future of retail, attracting and retaining talent, minimising technical debt and optimising the use of technology and our data assets.</p> <p>Retailers are faced with additional challenges to attract and retain talent. We need to compete for talent with other sectors that have experienced a contraction in labour supply, such as hospitality, and contend with damage to 'retail as a career' post-COVID-19.</p> <p>Inability to deliver the expected benefits and outcomes from the Group's strategy could impact our brands' ability to compete in a dynamic and evolving market.</p> | <ul style="list-style-type: none"> – Investing in portfolio management capability and program governance. – Investing in talent attraction and retention programs. – Embedding our vision, mission and values. – Leveraging our Digital and Technology operating model to maximise the use of technology and data. – Maintaining a clear separation of duties between strategy development, strategy execution and project/portfolio execution and assurance. – Delivering our people strategy while keeping our tactical initiatives responsive to the external environment. |

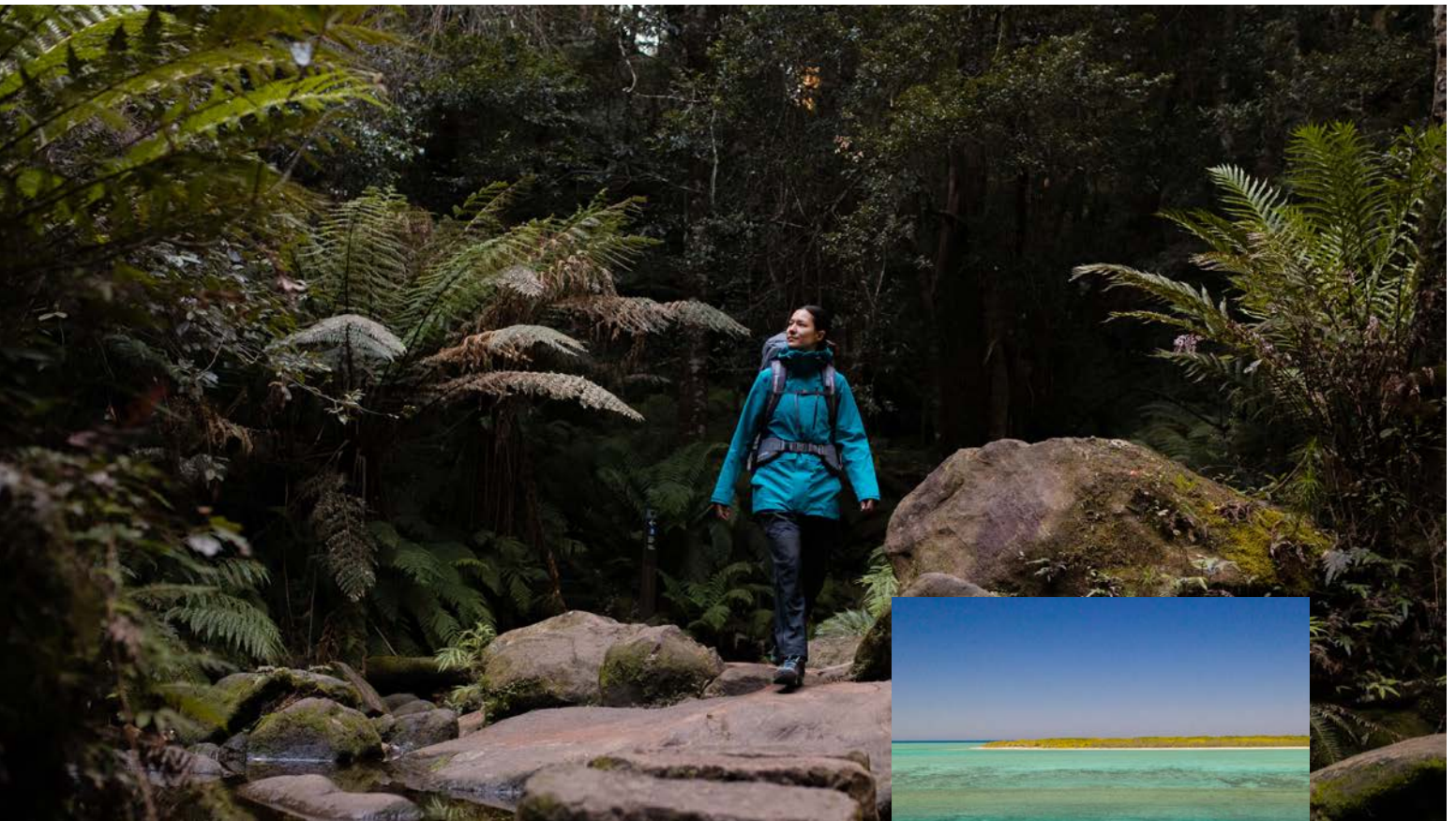
| Risk | Risk context | Risk management |
|---|---|--|
| Climate change transition Global transition to a low carbon economy ⁽¹⁾ | <p>As the world transitions to a low-carbon economy, legal, technological, market, brand and reputational issues could arise from emissions reduction activities (or a failure to take such activities) and expectations.</p> <p>Investors expect companies to deliver their climate change, environmental and social sustainability commitments.</p> <p>Consumer and regulatory concerns around greenwashing and transparency are growing as are market norms on sustainability.</p> <p>The transition is likely to bring legislative changes, technological advancements, shifts in consumer preferences, expectations and discretionary income.</p> | <ul style="list-style-type: none"> Investing in the capabilities and resourcing required to help us achieve our climate change transition goals. Progressing delivery of our 2030 Sustainability Framework, which includes emissions reduction goals, recycling and waste reduction programs, as well as support for environmental restoration programs. Benchmarking our practices against industry. Keeping abreast of the market norms on sustainability, investor expectations and evolving consumer expectations. Monitoring forthcoming regulatory and legislative changes. |
| Financial | | |
| Economic disruption Protracted economic downturn | <p>Geopolitical conflicts, ongoing COVID-19 pandemic impacts, rising commodity prices, rising interest rates, wage growth pressures and global inflation levels have added further uncertainty in an already complex macro-economic environment.</p> <p>There is a risk of further decline in the macro-economic environment, including economic conditions in which our major suppliers operate, the continued constraints within the Australian and New Zealand labour markets, and freight price increases, which may adversely impact the Group's trading and non-trading environment.</p> | <ul style="list-style-type: none"> Seeking to maintain a strong financial position backed by a well-executed omni-retail strategy and effective operating model. Actively monitoring external indicators, macro-economic conditions and understanding potential impact through scenario modelling. Managing financial risks within a disciplined policy framework. Having in place strategic planning processes, including adjusting or reprioritising strategic initiatives, if necessary. Controlling inventory investment through robust inventory management processes. |
| Information and technology | | |
| Cyber security, data management and privacy Unauthorised access to the Group's systems and data | <p>The privacy, integrity and security of customer and team member data and information and the reliability of IT systems is of utmost importance to the Group and is critical to day-to-day operations and strategic direction.</p> <p>It is critical that we seek to keep our commercially sensitive information safe and that we seek to protect our customers through digital channels and e-commerce.</p> <p>Any unauthorised access to systems and/or data can erode customer, team member, trade partner and shareholder trust in the Group and can have adverse regulatory and financial impacts.</p> <p>The interconnectedness and complexity of our information and technology, along with our heavy reliance on it, means we need to remain diligent to the increasing threat of cyber-attack.</p> | <ul style="list-style-type: none"> Maintaining an effective cyber security approach including ongoing training and awareness. Actively monitoring cyber threats and vulnerabilities. Maturing our cyber security practices, policies, controls and response framework. Investing in cyber processes and tools. |

(1) Further detail on our climate risks is provided on page 44.

| Risk | Risk context | Risk management |
|--|---|---|
| Operational | | |
| Responsible sourcing Unethical or dangerous working conditions in the Group's supply chain, including modern slavery | <p>Forced labour, debt bondage, deceptive recruitment and child labour have been associated with geographies, sectors and industries in which we operate.</p> <p>There is the potential for serious harm to people who work in our supply chain. Any failure to act as a responsible business through how we source our products can erode customer, team member, trade partner and shareholder trust in the Group and can have adverse regulatory and financial impacts.</p> | <ul style="list-style-type: none"> – Maintaining a Responsible Sourcing Program, Policy and Code which includes monitoring, verification, audit and remediation processes. – Maintaining new supplier due diligence processes. – Reviewing factory audit results provided by third parties and actively managing corrective action plans. – Monitoring service providers' due diligence processes, including self-assessment declarations, certifications, examinations and interviews. – Requiring relevant team members to complete responsible sourcing training programs. – Providing in our contracts, where relevant, that our trade partners must comply with our Responsible Sourcing Policy. |
| Product safety A product sold by the Group's brands is unsafe and/or non-compliant with required standards | <p>While we are committed to providing safe products for our customers and complying with requisite standards, there are risks to the Group relating to product safety. Product safety is a critical part of our trading operations. If compromised, it can result in serious illness or injury, detrimental regulatory impacts and significant reputational damage. There may also be financial impacts associated with product recalls and any regulatory impacts.</p> | <ul style="list-style-type: none"> – Enhancing product safety assurance activities. – Maintaining a comprehensive and robust product compliance program and management systems including training, testing and review. – Designing and sourcing quality products that minimise the likelihood of products being unsafe or non-compliant. – Actioning and managing product recall processes. – Standardising new line processes including risk-based product testing. – Conducting compliance checks for high-risk products. – Seeking trade partner guarantees, where possible. |
| Supply chain disruption Protracted supply chain disruption | <p>Global and domestic supply chain disruption is a highly dynamic risk with complex drivers, many outside our control or influence.</p> <p>Regular supply shocks can impact the ability to maintain service and product levels.</p> <p>Severe weather events can result in damage to supply lines.</p> <p>Shipping volatility including pallet and container shortages, port capacity issues, geopolitical tensions and conflicts, labour shortages and transport reliability issues each have potential to contribute to extended lead times and/or the unavailability of products to meet customer demand, which may impact customer loyalty and reduce revenue.</p> | <ul style="list-style-type: none"> – Building resilience and agility into our supply chain. – Modernising the technology supporting our supply chain, including upgrading our Warehouse Management System. – Maintaining inventory buffers to increase tolerance to disruption. – Maintaining freight and trade alliance membership and strategic partnerships. – Actively engaging multiple vendors on forecasting resources to manage constraints (e.g. casual labour). |
| Supply chain capacity Operations exceed the effective capacity of the supply chain | <p>Maintaining inventory buffers to minimise protracted supply chain risk increases the risk that stock levels or mix are misaligned to demand. Increasing resilience in our supply chain can also increase cost and add to complexity.</p> | <ul style="list-style-type: none"> – Improving governance of process and flow management. – Maintaining a high level of engagement on, and active oversight of, forward capacity requirements via our cross-functional Sales & Operations Planning forums. – Actively identifying, managing and exiting slow and obsolete inventory from our network. – Optimising the use of offsite storage. – Investing in a new automated distribution centre. |

| Risk | Risk context | Risk management |
|--|--|--|
| Climate change Physical impacts of climate change ⁽¹⁾ | <p>The climate is changing, affecting natural weather variability and leading to increased frequency and/or severity of weather events, such as extreme heatwaves, drought and intense rainfall causing flooding.</p> <p>The health and safety of our team and customers may be impacted.</p> <p>Our trade and operations may be disrupted and assets damaged, the cost of industrial special risk insurance and the cost and availability of raw materials could be impacted, product demand affected and customer purchasing power reduced.</p> | <ul style="list-style-type: none"> – Having in place emergency response and business continuity management plans and related exercise programs, which support business resilience. – Maintaining a robust health and safety management system. – Implementing our planned site inspection and preventative maintenance program. – Identifying sites susceptible to increased risk of natural hazards. – Complying with building codes and requirements. – Forecasting and monitoring weather-related influences on customer demand for key product categories. |
| Business disruption Trade is severely restricted or disrupted for an extended period | <p>Operational challenges may arise in connection with unexpected events, pandemics or epidemics, severe weather events and other natural hazards, and the ongoing threat of cyber-attack, including ransomware. Such events can cause sudden cessation of day-to-day operations.</p> | <ul style="list-style-type: none"> – Maintaining, monitoring and, where required, strengthening internal controls designed to reduce the potential impact of business disruption, including resilience, response and recovery controls such as business continuity plans. – Maintaining an effective cyber security approach including ongoing training and awareness. – Actively monitoring and aiming to prevent and protect against cyber threats. – Maturing our cyber security practices, policies, standards and controls. – Investing in cyber security processes and tools. – Building robust planning in the supply chain in concert with trade partners. – Having in place a property management and site maintenance services program. – Investing in maintaining technology systems. |
| Legal & regulatory compliance and change Material breach of law or regulation | <p>With operations in three jurisdictions, the Group is subject to a wide range of legal and regulatory requirements relating to employment, product quality and safety, health and safety, privacy and data, competition and consumer protection, anti-bribery and corruption and anti-money laundering (amongst others).</p> <p>Any material breach of law or regulation would impact our standing with our team members, shareholders, customers and trade partners, as well as regulators. It may also attract fines or other penalties.</p> <p>To maintain our “licence to operate” we must also remain compliant with changing and existing law and regulations requiring ongoing monitoring by the business.</p> <p>Adverse changes to existing law or regulation or regulator investigation or intervention may change or restrict the Group’s ability to operate the way it does today, or to implement its strategy.</p> | <ul style="list-style-type: none"> – Having in place health and safety policies, procedures, engineering controls, training, PPE and maintenance requirements. – Promoting a culture of accountability, compliance and transparency. – Maintaining comprehensive and tailored training and awareness programs, including team member compliance and code of conduct training programs that focus on key legislative and/or regulatory requirements. – Maintaining currency of employment agreements and disciplinary processes. |

(1) Further detail on our climate risks is provided on page 44.



CLIMATE

Super Retail Group recognises the importance of climate change and that it may present strategic and operational risks as well as opportunities for our business, including our four core brands. We are improving our understanding of climate risk and our overall alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

This is the first year we disclose our alignment to the TCFD recommendations in our Annual Report across the four key pillars of Governance; Strategy; Risk Management; and Metrics and targets. These foundations prepare the Group to respond to evolving guidance from standard setters such as the International Sustainability Standards Board (ISSB), including IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures issued in June 2023.

Governance

Board oversight

The Board is responsible for overseeing the Company's strategy and approach to managing sustainability issues, including climate-related risks and opportunities for the Group. The Board is assisted by the Audit and Risk Committee (ARC) in the discharge of its sustainability, risk, audit and corporate governance responsibilities.

In FY22, the Board endorsed the Company's new Sustainability Framework 2030, which includes climate-related goals and targets. The Board, assisted by the ARC, monitors the Group's progress towards

the goals and targets under the framework, including those related to climate change. Progress made during FY23 has been reported in our FY23 Sustainability Report, which is available on our website.

The Board receives annual training and deep dives on ESG and climate-related issues which, in FY23, included a session focused on TCFD financial reporting and disclosure matters. Climate-related risks and opportunities are also considered as part of the Board's biannual strategy sessions with the Executive Leadership Team (ELT).

During FY23, the Board approved the establishment of a new Board Committee – the Board Risk and Sustainability Committee (BRSC). The

new committee will commence from 1 September 2023, at which time the existing Audit and Risk Committee will become the Board Audit Committee. Once these changes take effect, it is expected that there will be close collaboration across these two Committees due to the role that both will play in ESG reporting, disclosure and assurance. Further details on the Company's corporate governance framework, including the new Board Committee structure that will take effect in FY24, are contained in the Company's FY23 Corporate Governance Statement.

Management's role

At a management level, the Group MD and CEO is responsible for the overall execution of the Group's

strategy, which includes sustainability as a key enabler of value. Climate is one of the five focus areas of the Sustainability Framework 2030 which sets out our goals, commitments and targets. The Group MD and CEO reports sustainability progress to the Board, including the progress toward the Group's climate-related goals and targets.

The Group MD and CEO has delegated specific responsibilities related to climate-related risks and opportunities to members of the ELT as follows:

- the General Manager, Health Safety and Sustainability has responsibility for reporting on climate-related risks and opportunities;
- the Chief Financial Officer (CFO) has responsibility for material climate transition and physical risks and direct responsibility for Scope 1 and 2 emissions management; and
- the Brand Managing Directors have accountability for managing climate-related risks and opportunities as they relate to the relevant brand strategy and operations.

Sustainability, including climate, is discussed in quarterly ELT meetings. Various working groups have been established across the business (including at a brand level) focused on the implementation and delivery of the Company's sustainability goals. Working groups meet regularly and matters that require decision or approval are escalated to the ELT as appropriate. The ELT and working groups receive advice and support from the Head of Sustainability and wider sustainability team.

Risk management

The Board sets the risk appetite for the Group, monitors material risks faced by the Company (both positive and negative), and reviews how these are managed. The Group's risks, including climate, are identified, assessed and managed in accordance with our Risk Management Policy and Risk and Compliance Management Framework (RCMF) for which the Board is accountable.

The Board is assisted by the ARC in its oversight of the RCMF. The ARC conducts an annual review and makes recommendations to the Board on the RCMF to satisfy itself that the framework continues to be sound and that the Group is operating with due regard to the Board-approved Risk Appetite Statement. From 1 September 2023, the BRSC will assume responsibility for this annual review.

Material risks are reported twice a year to the ARC and the ELT. Climate change transition and physical risks are identified as material risks. The ELT are individually responsible for the implementation of the RCMF in their brand or division. The ELT meets quarterly to collectively evaluate and prioritise material and Group-wide risks, including climate-related risks and opportunities, as well as to champion risk (positive and negative) as a key input into decision making. Further information is provided in the Risk section of this Annual Report.

Strategy

Identifying climate-related risks and opportunities has been an important part of the Group's material risk reporting, noting both the physical risks and transitional risks of climate change and the potential impacts on our businesses over time. In FY23, the Group extended its assessment of climate risk and completed a qualitative climate-related scenario analysis to evaluate the likelihood and consequence of climate-related risks and opportunities, in accordance with our RCMF, over different time horizons.

Three emissions scenarios (high – approximate warming range at 2100 >4°C, moderate – approximate warming range at 2100 of 2-3°C, and low – approximate warming range at 2100 of 1.5°C) underpinned by scientific data over three time horizons were used to consider potential impacts of both physical and transition risks and opportunities related to climate change. Three time horizons, short (2025), medium (2030) and long (2050), were selected to align to Super Retail Group's short-term planning cycle, mid-term ESG targets and allow for

longer term resilience planning. Qualitative analysis of climate scenarios is used to test the potential impacts of climate change on our business and to inform of potential risks and opportunities. Climate scenarios are hypothetical and are not intended to represent a full and definite description of the future, but rather highlight the key factors that could drive future developments. The qualitative process did not identify any new material climate risks.

The outcomes of the qualitative scenario analysis allow us to identify and target priority risks and opportunities for further quantitative analysis in FY24. Quantitative scenario analysis will expand our understanding of the potential impact of climate change on our business and the resilience of our strategy in the short, medium and long term. Our strategic responses to the priority risks and opportunities are guided by the outcomes of our climate analysis as well as our Sustainability Framework 2030, our emissions reduction plan, and the Group's strategy. Other risk management activities in relation to climate-related risks are set out in the Risk section of this Annual Report.

Physical risk

The climate scenario analysis provided qualitative insights into the priority risks and opportunities for the Group associated with physical impacts, both acute and chronic. Physical risks include increased severity and/or frequency of extreme weather events such as floods, storms and bushfires, an increase in extreme heat days or change in precipitation levels and the potential for water scarcity or other ecological crises.

Physical impacts on the Group are the highest in terms of both likelihood and consequence under the High Emissions scenario (approximate warming range at 2100 >4°C) and over the long-term (2050). Based on the outcomes of the FY23 qualitative assessment, the physical risks that merit further investigation includes the potential disruption to operations and trade.



The Group is responding to the physical impacts of climate change by improving the resiliency of critical assets (retail stores and distribution centres) by having regard to where they are located and adopting emerging technologies into these assets. The Group's leased property profile and inventory management approach assist with adaptation to the physical impacts of climate change.

Transition risk

Transition risks and opportunities were also qualitatively assessed through our scenario analysis to provide insight into the potential impacts on the Group arising from the transition to a low carbon economy. Transitional climate-related risk themes identified from our scenario analysis included changes in technology, changes in consumer preferences and spending behaviours and change to government policy (such as accelerated emissions reductions policy) and legal requirements.

Transition impacts will be most acutely felt in the medium-term (2030) where policy, market and consumer changes are predicted to heighten. Transition impacts are expected to be most likely under a Low Emissions scenario (approximate warming range at 2100 of 1.5°C). Based on the outcomes of the qualitative assessment, the climate-related impacts of transition risk that

merit further investigation include faster than expected growth in the electric vehicle (EV) market and unplanned energy price rises and grid instability.

As a Group, we are adapting to mitigate potential transitional impacts and see opportunities in having a business model with flexibility to respond to market changes, including changes in consumer demand and the regulatory environment. The Group has identified EV transition as both a risk and opportunity within Supercheap Auto. The brand is developing strategies to mitigate the medium-term risk exposure and capture the opportunity. One of the ways the Group mitigates the potential impacts associated with transition risk is through our emissions reduction plan which includes targets for zero carbon emissions for Scope 1 and Scope 2 by 2030.

Metrics and targets

Super Retail Group is committed to its Sustainability Framework 2030, including our emissions reduction plan, with a target of zero carbon emissions for Scope 1 and Scope 2 by 2030 for all wholly-owned and operated assets. In FY22, we set new targets on packaging, waste and emissions and in FY23 we began implementing our plans to achieve them by prioritising those targets that require the greatest effort to

succeed. Progress towards emissions reduction during FY23 compared to our FY17 base year include 26.3 per cent reduction in greenhouse gas emissions (Scopes 1 and 2) and 2.9 per cent reduction in total electricity use to 78,357 MWh. Further commentary on our climate goals and actions can be found in our FY23 Sustainability Report.

Emissions from our Australian operations are reported to the Clean Energy Regulator annually, under the National Greenhouse and Energy Reporting scheme, established by the *National Greenhouse and Energy Reporting Act 2007* (Cth).

Sustainability goals and targets which include climate-related targets and performance metrics are incorporated into business planning at a brand and divisional level. This includes target setting, measurement and assessment linked to employee remuneration outcomes as it relates to our ELT and Senior Leadership Team (SLT) short-term incentive plans. Performance against the Sustainability Framework is reviewed each six months with ELT and SLT performance outcomes evaluated annually. More information on the Sustainability (ESG) performance outcomes for FY23 relating to the Group MD and CEO and other Executive KMP is shown in Tables 3 and 4 of the Remuneration Report.

OUR TEAM



Our team's engagement at work matters to us

An engaged team inspires our customers to live their passion and helps deliver Super Retail Group's vision. We are always keen to listen and act on the drivers of our teams' passion, and we have a continuous engagement building and feedback cycle designed to make Super Retail Group the best possible place to work.

In FY23, our team participated in two engagement surveys and a diversity and inclusion survey. Across the two engagement surveys, we recorded a score of 81 and 80 for team member engagement - a strong outcome and marginally higher than the Achievers® global benchmark.

Within this result, the People Leader Index, which measures team member perspectives of their leaders with a focus on care, context, clarity, communication and coaching, increased to 85 - a one point increase on FY22.

Committed to gender equality

Super Retail Group remains committed to achieving diversity in leadership and gender equality across the organisation. In recognition of this commitment, the Workplace Gender Equality Agency has confirmed our status as an Employer of Choice. The Group has a goal of 40:40:20 representation in Board, executive and senior leadership positions by 2025 (40 per cent identifying as female, 40 per cent identifying as male, and 20 per cent identifying as any gender).

At the end of FY23, female representation on our Board was 43 per cent, 38 per cent at the executive level and 38 per cent for women in senior leadership.

Our Equality in Leadership plan is focused on accountability through regular reporting, developing a diverse talent pipeline, building future capability through targeted programs and coaching, and increasing access to supporting policies and benefits.

During the year we progressed leadership development, targeted coaching and mentor programs for our senior leadership, extended leadership team and future women leaders. The extended leadership and future women alumni grew to a network of 459 leaders in FY23.

In addition, our people leaders undertook two mandatory training modules on diversity and inclusion.

Leadership and learning for the future

Super Retail Group continued to expand learning and leadership development programs in FY23.

Team members strongly supported a suite of development programs during the year, including more than 78,000 hours of voluntary learning completed through the anytime-learning SOULlibrary program and almost 72,000 hours through the SOULexperts program, which helps team members establish the

technical knowledge required to meet customer needs.

The leadership development program suite reached an additional 172 leaders and our accredited learning programs helped 83 team members complete a Certificate III in Retail Operations or Certificate IV in Retail Management qualification.

To further expand leadership development and drive team member engagement, we introduced a new voluntary learning program, 'Moments that Matter'. Designed as foundation learning for some 1,600 people leaders across the business, the program has a particular focus on engaging and supporting our retail leaders.

Through bite-sized learning and an engaging live-event series, the program targets ten 'Moments that Matter' in the everyday team member experience. The program brings to life our values, supports a safe working environment, and delivers insights into leading leadership practices.

Supporting a healthy and safe work environment

We are committed to the health and safety of our team members, customers and business partners, and continuously strive to improve our performance in this area.

Our Total Recordable Injury Frequency Rate (TRIFR), which increased slightly by 3.5 per cent to 11.0, was impacted by higher team

TRIFR

11.0

WOMEN IN SENIOR LEADERSHIP

38%

TEAM MEMBER ENGAGEMENT

81

September 2022

&

80

February 2023



member turnover and increased trade volume. Manual handling and stock movement contributed to more than 70 per cent of injuries during the year. Our Supply Chain division improved its TRIFR by 17 per cent compared to the prior year. Pleasingly, our Safety Effort (a leading indicator) measure exceeded our target, and we remain committed to improving our injury performance across the Group.

Our commitment to addressing critical risks remained at the forefront of our health and safety agenda. FY23 marked the second year of our Health and Safety Assurance program, which focuses on critical controls across our network.

Recognising the significance of fixtures and fittings in our stores, our health and safety function developed guidance to reduce risks through base design criteria, prototyping new items, and construction procedures for new fixtures and fittings.

A harassment-free workplace

We are always looking to improve and refine our people policies with a goal of creating a workplace free of harassment.

After reflecting on legislative changes introduced in the Respect@Work Act in 2022, and the Australian Human Rights Commission's Framework, we strengthened the Group's policies to enhance our approach to any cases of sexual harassment, bullying, discrimination, and other serious misconduct in the workplace.

Our changes included enhancements to the Code of Conduct and the introduction of a Harassment-Free Workplace Policy and Guide. In addition, Super Retail Group maintains a risk assessment register to identify potential causes of sexual harassment and provide access to policy, training and other prevention levers if required. Within the annual mandatory training calendar, communication and training remains a key focus to prevent unacceptable conduct in the business.

Continued improvements in reporting and monitoring help us refine our risk settings and disciplinary consequences.

The accountability and responsibility for meeting our obligations and caring for our team sits with both first and second-line leaders. To help facilitate this, we have introduced quarterly Respect@Work councils for our brands to discuss observational and fact-based trends as they arise, maintain momentum on key actions and support leaders in creating safe workplaces for our diverse workforce.

Improving employment outcomes

Over the last three years, Super Retail Group has made sweeping changes to our rostering, time and attendance system and practices.

A new system – Dimensions – is helping us work smarter and faster.

Our store managers can build, update and post rosters, from anywhere, at



any time, on any device, which hands them back more time in their day. Their valuable minutes are now spent optimising their store for improved sales performance and coaching their team.

In addition, improved data insight and workforce planning practices has enabled the Group to increase the proportion of permanent team members in store by 25 per cent since 2021. This is a key value proposition for our team in a tight labour market. It provides our team with employment certainty, annual and carers leave and opportunities for development - all of which create a sustainable employment contribution to the communities we serve.

BOARD OF DIRECTORS



SALLY PITKIN AO

**Independent
Non-Executive Chair**



ANTHONY HERAGHTY

**Group Managing Director
and Chief Executive Officer**



HOWARD MOWLEM

**Independent
Non-Executive Director**

Appointed

Director since 1 July 2010
Chair since 23 October 2017

20 February 2019

13 June 2017

Committees

Chair of the Nomination
Committee
Member of the Human Resources
and Remuneration Committee

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

Qualifications and experience

Sally has more than 25 years' experience as a Non-Executive Director in the listed, private, public and non-profit sectors, including in international markets, and 19 years' experience as a non-executive director of ASX200 companies in the retail, leisure and hospitality, and services sectors.

She is a former lawyer and senior corporate partner of a national law firm. Sally holds a Doctor of Philosophy (Governance), a Master of Laws and Bachelor of Laws.

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

Howard is experienced in many segments of the Australian and international retail industry and brings extensive experience in corporate finance, mergers and acquisitions, financial reporting, treasury, tax, audit and governance. From 2003 to 2010, he was Chief Financial Officer and board member of Dairy Farm International Holdings, a Hong Kong-based pan-Asian retailer. Prior to that, for 12 years he held various finance positions at Coles Myer Ltd, including Finance Director for Coles Supermarkets.

Howard was formerly a Non-Executive Director and Audit Committee Chair of Billabong International Limited. He holds a Bachelor of Economics (Hons), a Master of Business Administration and Securities Industry Diploma.

Directorships of listed companies within past three years

Director of Link Administration Holdings Limited (since September 2015)
Director of The Star Entertainment Group Limited (December 2014 – June 2022)



PETER EVERINGHAM

**Independent
Non-Executive Director**

19 December 2017

Chair of the Human Resources and Remuneration Committee
Member of the Audit and Risk Committee
Member of the Nomination Committee (since 4 April 2023)

Peter is an experienced executive with more than 25 years' corporate experience, including 18 years in senior executive roles in the digital sector. He was formerly Managing Director of SEEK Limited's International Division, and served as a Non-Executive Director of iCar Asia Limited, ME Bank and the education businesses, IDP Education, Online Education Services and THINK Education, as well as Chairman of SEEK's China subsidiary, Zhaopin Limited. Prior to SEEK, Peter was Director of Strategy for Yahoo! in Australia and Southeast Asia. Peter holds a Master of Business Administration from IESE, a Bachelor of Economics from The University of Sydney, and is a graduate member of the Australia Institute of Company Directors. Peter is also a Director of WWF-Australia.

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



ANNABELLE CHAPLAIN AM

**Independent
Non-Executive Director**

31 March 2020

Member of the Audit and Risk Committee
Member of the Nomination Committee

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

Annabelle is a member of the Australian Ballet Board of Directors.

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

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



JUDITH SWALES

**Independent
Non-Executive Director**

1 November 2021

Member of the Audit and Risk Committee
Member of the Nomination Committee (since 4 April 2023)

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

Her previous roles include Managing Director of Heinz Australia, Chief Executive Officer and Managing Director of Goodyear Dunlop Tyres Australia and New Zealand, and Managing Director of Angus & Robertson/WH Smith Australia. She also previously served as a Non-Executive Director of Fosters, Virgin Australia and DuluxGroup.

Judith holds a Bachelor of Science (Honours) in Microbiology and Virology (University of Warwick) and is a graduate member of the Australian Institute of Company Directors.

Director of Virgin Australia Holdings Limited (May 2019 – October 2020) (delisted from ASX on 17 November 2020)



MARK O'HARE

Non-Executive Director

4 April 2023

Member of the Audit and Risk Committee (since 4 April 2023)

Mark O'Hare is an experienced strategic business adviser with a long-standing advisory role supporting Super Retail Group co-founder Reg Rowe stretching back more than 35 years.

As a former partner with Grant Thornton, Mark has established expertise in the areas of business services and taxation. Having previously worked as a chartered accountant at Ernst & Young, Mark had three decades with Grant Thornton in the private business tax and advisory practice. Mark is the Chairman of the Re-Grow Capital Group Advisory Group.

Mark completed a Bachelor of Commerce at the University of Queensland and is member of the Australian Institute of Company Directors.

EXECUTIVE LEADERSHIP TEAM



PAUL BRADSHAW
Managing Director – BCF

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



DAVID BURNS
Chief Financial Officer

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



SU DUFFEY
Chief of Business Operations and Chief of Staff

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



REBECCA FARRELL
Chief Legal Officer and Company Secretary

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



KEVIN FIGUEIREDO
General Manager - Health, Safety and Sustainability

Kevin joined Super Retail Group in February 2020 as General Manager of Health, Safety, Risk and Sustainability. In January 2023, he joined the Executive Leadership Team and is responsible for leading our health, safety, sustainability and insurance functions, including the Group's wellbeing program and flagship mental health initiative, I Am Here. Kevin has previously held executive positions at Woolworths Group, Westpac and Goodman Fielder. He holds a Bachelor of Chemistry and a Masters in Safety from West Virginia University and is a Graduate of the Australian Institute of Company Directors. Kevin is a passionate advocate for the inclusion of people living with disability and has served on the Australian National Disability Board since 2006.



JANE KELLY
Chief Human Resources Officer

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


MANDY ROSS
Chief Information and Digital Officer

Mandy is an experienced IT and digital executive with expertise in technology delivery, digital transformation, IT and cyber governance, and contemporary IT operating models. She joined Super Retail Group in October 2021. For the 15 years prior, Mandy held CIO roles with some of Australia's largest ASX-listed organisations including Tabcorp, Tatts Group and Wotif Group. In these roles Mandy traversed customer centric strategy delivery, digital maturity acceleration, IT and cyber resilience programs, M&A integrations, and value optimisation.


RORY SCOTT
Chief Strategy and Customer Officer

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


CATHY SEAHOLME
Managing Director – Macpac

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


BENJAMIN WARD
Managing Director – Supercheap Auto

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


DARREN WEDDING
Chief Supply Chain Officer

Darren joined Super Retail Group in January 2019 as Chief Supply Chain Officer. Darren's role encompasses sourcing, international shipping, inbound and outbound logistics, distribution centre operations and fulfilment. Darren has more than 30 years' experience in supply chain and logistics having served in a broad array of industries including military, steel manufacturing, FMCG, retail and third-party logistics, with ten of these years operating in Asia. Darren has completed an MBA, holds a Master of Business Administration, is a Graduate of the Australian Institute of Company Directors and currently Chairs the Australian Retailers Association Supply Chain Sub Committee.


GARY WILLIAMS
Managing Director – rebel

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

2023

**Directors' Report
Remuneration Report
Financial Statements**

For the financial
year ended
1 July 2023

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising Super Retail Group and its subsidiaries for the financial year ended 1 July 2023.

The Company has adopted a 52-week financial year, for financial reporting purposes, which ended on 1 July 2023. The prior financial year was a 53-week period ended on 2 July 2022.

1. Directors

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

- Sally Pitkin AO - Independent Non-Executive Chair
- Anthony Heraghty - Group Managing Director and Chief Executive Officer (Group MD and CEO)
- Annabelle Chaplain AM - Independent Non-Executive Director
- Peter Everingham - Independent Non-Executive Director
- Howard Mowlem - Independent Non-Executive Director
- Judith Swales - Independent Non-Executive Director
- Mark O'Hare - Non-Executive Director (appointed 4 April 2023)
- Reg Rowe - Non-Executive Director (retired effective 4 April 2023)

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

Details of the qualifications, experience, special responsibilities and other details of the Directors are set out on pages 49 to 50.

2. Board and Board Committee meetings and attendance

The number of meetings of the Board and each Board Committee and the individual attendance by Directors at those meetings which they were eligible to attend as members, during the financial year, is summarised in the table below. The table excludes the attendance of those Directors who attended Board Committee meetings of which they were not a member.

| | Board | | Nomination Committee | | Audit and Risk Committee | | Human Resources and Remuneration Committee | |
|---------------------------------|---------------------|----------|----------------------|----------|--------------------------|----------|--|----------|
| Number of meetings | 10 | | 2 | | 4 | | 5 | |
| | Held ⁽¹⁾ | Attended | Held ⁽¹⁾ | Attended | Held ⁽¹⁾ | Attended | Held ⁽¹⁾ | Attended |
| Sally Pitkin AO | 10 | 10 | 2 | 2 | - | - | 5 | 5 |
| Anthony Heraghty | 10 | 10 | - | - | - | - | - | - |
| Annabelle Chaplain AM | 10 | 10 | 2 | 2 | 4 | 3 | - | - |
| Peter Everingham ⁽²⁾ | 10 | 10 | 2 | 2 | 4 | 4 | 5 | 5 |
| Howard Mowlem | 10 | 10 | - | - | 4 | 4 | 5 | 5 |
| Judith Swales ⁽³⁾ | 10 | 10 | 2 | 2 | 4 | 4 | - | - |
| Mark O'Hare ⁽⁴⁾ | 2 | 2 | - | - | 1 | 1 | - | - |
| Reg Rowe ⁽⁵⁾ | 8 | 8 | - | - | - | - | - | - |

(1) Total number of meetings held during the time the Director was a member of the Board or the relevant Committee.

(2) Mr Everingham became a member of the Nomination Committee on 4 April 2023.

(3) Ms Swales became a member of the Nomination Committee on 4 April 2023.

(4) Mr O'Hare was appointed as a Non-Executive Director, and as a member of the Audit and Risk Committee, on 4 April 2023.

(5) Mr Rowe ceased to be a Director of the Company on 4 April 2023. He also ceased to be a member of the Nomination Committee on that date.

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

In addition to the meetings of the Board and its Committees reflected in the table above, a further 13 special purpose Board sub-committee meetings were held during FY23.

DIRECTORS' REPORT (continued)

3. Directors' interests

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

| Director | Number of ordinary shares | Number of performance rights |
|-----------------------|---------------------------|------------------------------|
| Sally Pitkin AO | 68,405 | - |
| Anthony Heraghty | 252,840 ⁽¹⁾ | 340,986 |
| Annabelle Chaplain AM | 17,871 | - |
| Peter Everingham | 60,000 | - |
| Howard Mowlem | 34,286 | - |
| Judith Swales | 5,925 | - |
| Mark O'Hare | 66,002,154 ⁽²⁾ | - |

(1) Includes 55,711 restricted shares held under the Super Retail Group Employee Equity Incentive Plan.

(2) Includes 65,918,556 ordinary shares held under powers of attorney noted in Mr O'Hare's Appendix 3Y dated 15 June 2023.

Further details regarding the performance rights and restricted shares held by the Group MD and CEO are set out in the Remuneration Report on pages 72 to 75.

4. Company Secretaries

Rebecca Farrell and Amelia Berczelly are the Company Secretaries of the Company.

Ms Farrell joined Super Retail Group as Chief Legal Officer and Company Secretary on 10 February 2020. Details of Ms Farrell's qualifications and experience are set out on page 51.

Ms Berczelly is General Manager, Group Secretariat and Corporate Legal at Super Retail Group, and was appointed as an additional Company Secretary of the Company on 22 March 2023. Ms Berczelly has responsibility for Super Retail Group's company secretarial requirements and provides advice on corporate law, governance and head office advisory matters. She has over 15 years' experience as a corporate lawyer at Super Retail Group and in private practice at leading international law firms. Ms Berczelly holds a Bachelor of Laws (First Class Honours) from The University of Sydney, in addition to a Bachelor of Business Administration and Bachelor of Arts in Japanese Studies.

5. Principal activities

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

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

For further details about the Group's strategy refer to pages 13 to 14.

There were no significant changes to the principal activities of the Group during the financial year under review that are not otherwise disclosed in this report.

6. Operating and financial review

Refer to pages 3 to 48 of this Annual Report for the following in respect of the Group:

- a review of operations during the year and the results of those operations;
- likely developments in the operations in future financial years and the expected results of those operations;
- comments on the financial position;
- comments on business strategies and prospects for future financial years;
- details of any dividends or distributions determined, declared or paid during the financial year by the Company; and
- an outline of the material business risks that may affect the Group.

Information on the Group's business strategies and future prospects and the likely developments in the Group's operations for future financial years and the expected results of those operations that could result in unreasonable prejudice to the Group (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) has not been included in this report.

DIRECTORS' REPORT (continued)

7. Segment results prior to AASB 16 Leases

The segment results below show results by division excluding the impact of AASB16 Leases. The segment results on a post AASB16 Leases basis are in Financial Statements – Note 4 Segment information.

| For the 52 week period ended 1 July 2023 | SCA \$m | rebel \$m | BCF \$m | Macpac \$m | Total continuing operations \$m | Inter-segment eliminations/ unallocated \$m | Consolidated \$m |
|--|----------------|----------------|--------------|---------------|--|--|---------------------|
| Segment Revenue and Other Income | | | | | | | |
| External segment revenue | 1,447.9 | 1,309.1 | 839.9 | 205.7 | 3,802.6 | - | 3,802.6 |
| Inter segment sales | - | - | - | 10.7 | 10.7 | (10.7) | - |
| Other income | 0.3 | 0.2 | - | 0.2 | 0.7 | 3.7 | 4.4 |
| Total segment revenue and other income | 1,448.2 | 1,309.3 | 839.9 | 216.6 | 3,814.0 | (7.0) | 3,807.0 |
| Segment EBITDA | 252.0 | 186.2 | 73.5 | 33.5 | 545.2 | (28.6) | 516.6 |
| Segment depreciation and amortisation | (45.0) | (39.3) | (21.5) | (4.4) | (110.2) | (5.9) | (116.1) |
| Segment EBIT result | 207.0 | 146.9 | 52.0 | 29.1 | 435.0 | (34.5) | 400.5 |
| Net finance costs | | | | | | | (5.5) |
| Total segment NPBT | | | | | | | 395.0 |
| Segment income tax expense | | | | | | | (118.4) |
| Normalised NPAT | | | | | | | 276.6 |
| AASB16 Leases adjustment | | | | | | | (3.1) |
| Other items not included in the total segment NPAT | | | | | | | (10.5) |
| Profit for the period attributable to: | | | | | | | |
| Owners of Super Retail Group Limited | | | | | | | 263.0 |
| Profit for the period | | | | | | | 263.0 |

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

8. Environmental regulation and reporting

The Group's operations are subject to a range of environmental regulations under the laws of the Commonwealth of Australia and its States and Territories. We report our Scope 1 and Scope 2 emissions from our Australian operations to the Clean Energy Regulator annually, under the National Greenhouse and Energy Reporting scheme, established by the *National Greenhouse and Energy Reporting Act 2007* (Cth). The Company's FY23 Sustainability Report provides disclosure around the material ESG-related issues for the Group's businesses. The Group did not incur any significant liabilities under any environmental legislation during the reporting period.

9. Significant changes in the state of affairs

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

DIRECTORS' REPORT (continued)

10. Matters subsequent to the end of the financial year

At the date of this report, the Directors are not aware of any matter or circumstance, other than transactions or matters disclosed in this report, that has arisen and has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial years subsequent to 1 July 2023.

11. Non-audit services

Details of fees paid or payable to the Company's auditor, PricewaterhouseCoopers, and its network firms for non-audit services provided during the financial year are set out on page 144 in Note 31 – Remuneration of auditors in the notes to the consolidated financial statements.

The Board has considered and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services during the financial year is compatible with the general standard of independence for auditors imposed by the Corporations Act for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

12. Corporate Governance Statement

The Company's Corporate Governance Statement for the financial year ended 1 July 2023 can be accessed in the Corporate Governance section of the Company's website.

13. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

14. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 59.

15. Remuneration Report

The audited Remuneration Report is set out on pages 61 to 91.

16. Options over unissued shares

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

DIRECTORS' REPORT (continued)

17. Directors' and Officers' indemnification and insurance

The Company's Constitution permits the Company to indemnify any current or former director, secretary or senior manager of the Company or of a related body corporate of the Company out of the property of the Company against:

- every liability incurred by the person in that capacity (except a liability for legal costs); and
- all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity,

except to the extent that:

- the Company is forbidden by law to indemnify the person against the liability or legal costs; or
- an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by law.

The Company has entered into a Deed of Indemnity, Insurance and Access (Deed) with each of the Directors. Under the Deed, the Company agrees to, among other things, indemnify the Director on terms consistent with the Constitution. The Deed also entitles the Director to access to company documents and records, subject to undertakings as to confidentiality, and to receive directors' and officers' insurance cover paid for by the Company.

In addition, the Company has entered into individual deeds of indemnity and insurance with each other director, secretary and officer of the Group on terms broadly consistent with the Deed, except that certain of these deeds do not provide for access to company documents and records.

The Company has, during the financial year, paid premiums for Directors' and Officers' insurance for the benefit of directors, secretaries and officers of the Group against certain liabilities incurred in that capacity. The Directors' and Officers' insurance policy prohibits disclosure of the nature of the liabilities insured and the premiums payable under the policy.

18. Incorporation of other content into this report

Where this report refers to other sections and pages of the Annual Report, that content forms part of this report.

19. Rounding of amounts

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

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



Sally Pitkin AO
Chair

Brisbane
17 August 2023



Anthony Heraghty
Group Managing Director and
Chief Executive Officer



Auditor's Independence Declaration

As lead auditor for the audit of Super Retail Group Limited for the period 3 July 2022 to 1 July 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Super Retail Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, reading 'P.J. Carney'.

Paddy Carney
Partner
PricewaterhouseCoopers

Brisbane
17 August 2023

2023

**Remuneration
Report**

For the financial
year ended
1 July 2023

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

CONTENTS

| | |
|-----------|---|
| Section 1 | Letter from the Chair of the Human Resources and Remuneration Committee |
| Section 2 | Key Management Personnel |
| Section 3 | FY23 Performance and Executive Remuneration Outcomes, including: <ul style="list-style-type: none"> ▪ Executive Remuneration table calculated in accordance with accounting standards ▪ Remuneration received ▪ Remuneration granted |
| Section 4 | FY24 Remuneration Matters |
| Section 5 | Executive Interests in Super Retail Group Securities |
| Section 6 | Executive Remuneration Framework |
| Section 7 | Non-Executive Director Remuneration Arrangements |
| Section 8 | Transactions with KMP |
| Section 9 | Remuneration Governance |

Introduction

The Directors of Super Retail Group present this Remuneration Report for the financial year ended 1 July 2023. The Remuneration Report explains how the Group's performance has driven executive remuneration outcomes and provides the details of specific remuneration arrangements that apply to Key Management Personnel (KMP) in accordance with the *Corporations Act 2001* (Cth) (Corporations Act), the *Corporations Regulations 2001* (Cth) and applicable Australian accounting standards. The report also outlines the Group's remuneration philosophy and governance.

SECTION 1

Letter from the Chair of the Human Resources and Remuneration Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for financial year ended 1 July 2023 which describes how Non-Executive Directors and Executive KMP are paid. Included in this report are the fixed and variable remuneration outcomes for Executive KMP, which were determined after considering the Company's results and their individual performance. Our remuneration strategy has been developed to ensure remuneration is fair and competitive. During FY23 the Board continued to focus on a framework that aligns remuneration with performance outcomes and has regard for the experience of our customers and the expectations of our shareholders and the community. The first portion of the report focuses on FY23 performance and the link to remuneration outcomes. Statutory tables are incorporated in Section 3 (Executive KMP) and Section 7 (Non-Executive Directors). Detail of the remuneration policies and framework for Executive KMP is presented in Section 6.

Our Remuneration Report for FY22 received shareholder support at the 2022 Annual General Meeting (AGM), with 97.5 per cent of votes in favour of adoption. In presenting the FY23 remuneration outcomes and considering changes for FY24, we have taken into account feedback from shareholders.

Super Retail Group delivered another year of record sales in FY23, as we continued the successful execution of the Group strategy. Pleasingly, despite growing inflationary pressure on costs, the group delivered a strong profit result, and a higher net profit before tax margin compared with FY22.

We met stretch targets with the ongoing investment in the Group's store network through new store openings, store refurbishments and the roll out of new store formats. This was a key driver of revenue growth.

We executed on our ambition to continue growing our active club membership base, with the addition of 1.1 million active club members in FY23, taking the Group to more than ten million active club members across its loyalty programs.

While the cost of doing business was impacted by increasing inflationary pressures, leveraging the benefits from the FY23 portfolio program helped the Group manage its cost base.

We also saw progress against the execution of our Environmental, Social and Governance (ESG) framework, where we delivered sound progress against our 2030 ESG goals and targets.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

The Group's financial performance has resulted in the opening of the performance gate for the Short-Term Incentive (STI) Scheme. The Executive KMP STI achievement, as detailed in Section 3 of this report, was commensurate with the performance of the Company during FY23. The overall result for the Group Managing Director and Chief Executive Officer (Group MD and CEO), Anthony Heraghty, was between target and stretch, a performance score of 113.2 (compared to target at 100 and stretch at 150).

As disclosed in the FY21 Remuneration Report, the Board made the decision in FY21 to make one-off changes to the approach to the Long-Term Incentive (LTI) arrangements for FY21, aligned to the Group's Medium-Term Business Plan (MTBP) formulated in the context of the COVID-19 pandemic. At the 2020 AGM, shareholders approved the FY21 LTI grant for the Group MD and CEO. The FY21 LTI grant had a two-year performance period ending in FY22, and also included the FY22 LTI reward. This one-off change in approach means that there were no LTI grants eligible for vesting in FY23. Detail of the plan is shown in Section 6.

Bringing forward the FY22 LTI reward into the FY21 LTI grant also created a gap in the testing of LTI outcomes in FY24, resulting in a lower amount of LTI to potentially vest in 2024 and 2025 when compared to the steady state, which was raised as a concern by some investors. To address the gap in potential equity vesting in FY24 and to support retention of executives and incentivise outperformance, the Board determined that it was appropriate to make a restricted equity-based award on a one-off basis for FY23, dependent on significant outperformance of Normalised Net Profit Before Tax (NPBT). Refer to Section 6 for further detail.

The transition in the executive leadership of the Macpac business saw the appointment of Cathy Seaholme as Managing Director - Macpac (MD Macpac) on 25 October 2021. As there was no LTI grant for KMP in FY22, Ms Seaholme received an initial incentive related to the results of the Macpac business unit. This arrangement comprising both cash and equity components is detailed in Section 6.

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

The intent of the changes to Executive KMP remuneration in FY24 is to maintain alignment of Total Target Remuneration and mix towards the 75th percentile of the relevant peer group in the market. Other than for the MD Macpac, the FY24 reward targets for STI remain the same as FY23 reward targets for Executive KMP. Executive KMP Fixed remuneration will increase by, on average, 3.8 per cent compared to FY23 in line with market compensation ratios. Fixed remuneration for the Group MD and CEO remains the same for FY24 as for FY23, as does the STI target, with a 3.6 per cent increase in total target reward to be delivered in equity via an increased LTI grant (subject to shareholder approval at the 2023 AGM). Remuneration mix is set out in Section 4.

As approved by shareholders at the 2022 AGM for the Group CEO and MD FY23 LTI award, in FY23 the Board determined that the EPS hurdle for the LTI grant should be a cumulative measure over three years instead of the Compound Average Growth Rate previously used. Cumulative normalised EPS was chosen as an appropriate measure given market volatility and the need to set meaningful and stretching performance measures taking into account both headwinds and economic uncertainty. For the FY23 grant, cumulative EPS is measured over FY23, FY24 and FY25. The Board noted in the FY22 Notice of Meeting that the hurdle would be disclosed retrospectively. The Board considered feedback and to provide transparency has decided it is now appropriate to disclose the detail of the FY23 hurdles. Our ongoing practice will be to retrospectively disclose these hurdles. These are now set out in Table 16.

On behalf of the Board, I would like to thank and congratulate the entire Super Retail Group team on the strong results, both financial and non-financial. We welcome your feedback on our FY23 Remuneration Report.



Yours sincerely,

Peter Everingham

Chair of the Human Resources and Remuneration Committee

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

SECTION 2

Key Management Personnel

The names and titles of the Group's KMP for FY23, being those persons having authority and responsibility for planning, directing and controlling the activities of the Group, are set out below.

| Name | Position | Term as KMP ⁽¹⁾ |
|---------------------------------------|---|---|
| Non-Executive Directors | | |
| Sally Pitkin AO | Chair and Independent Non-Executive Director | Director since 1 July 2010 (Chair from 23 October 2017) |
| Howard Mowlem | Independent Non-Executive Director | 13 June 2017 |
| Peter Everingham | Independent Non-Executive Director | 19 December 2017 |
| Annabelle Chaplain AM | Independent Non-Executive Director | 31 March 2020 |
| Judith Swales | Independent Non-Executive Director | 1 November 2021 |
| Mark O'Hare | Non-Executive Director | 4 April 2023 |
| Former Non-Executive Directors | | |
| Reg Rowe | Non-Executive Director | 8 April 2004 to 4 April 2023 |
| Executives | | |
| Anthony Heraghty | Group Managing Director and Chief Executive Officer | KMP since 27 April 2015 (Group MD and CEO from 20 February 2019) |
| David Burns | Chief Financial Officer | 3 December 2012 |
| Gary Williams | Managing Director - rebel | 2 April 2019 |
| Benjamin Ward | Managing Director - Supercheap Auto | 1 August 2019 |
| Paul Bradshaw | Managing Director - BCF | 25 November 2019 |
| Cathy Seaholme | Managing Director - Macpac | 25 October 2021 |

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

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

SECTION 3

FY23 Performance and Executive Remuneration Outcomes

RELATIONSHIP OF REMUNERATION TO GROUP PERFORMANCE

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

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

FINANCIAL PERFORMANCE

The Group produced a strong financial performance in FY23, delivering record sales of \$3.8 billion and an increased Normalised Profit Before Tax of \$391 million.

Following a strong first half performance cycling a COVID-19 impacted first half in FY22, sales growth moderated in the second half as higher interest rates and increased cost of living expenses began to impact consumer spending. For the full year, sales growth was achieved in all brands.

A key contributor to FY23 sales growth was the enhancements to the store network including refurbishments into new formats and the delivery of 24 new stores. The new store formats have provided a platform for range extension initiatives with key trade partners, best represented by the rebel rCX and BCF superstore formats.

Active club customers increased to 10.3 million in the year. These customers represent 73 per cent of Group sales. This growth has been delivered by building capability in personalisation and loyalty solutions that will be leveraged in future years.

While cost of doing business was impacted by growing inflationary pressures, the Group successfully implemented cost saving initiatives in sourcing, supply chain & logistics, and workforce management to help manage its cost base. As a result, the Group delivered an improved NPBT margin of 10.3 per cent, an increase of 0.5 per cent on FY22.

Table 1: Group performance

| | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---------------------|---------|----------------------|----------------------|---------------------|
| Sales (\$m) | 2,710.4 | 2,825.2 | 3,453.1 | 3,550.9 | 3,802.6 |
| Normalised net profit before tax (NPBT) (\$m) | 206.8 | 218.3 | 437.5 ⁽¹⁾ | 356.9 ⁽¹⁾ | 390.6 |
| Normalised return on capital (ROC) (%) | 13.3 | 14.5 | 28.8 ⁽¹⁾ | 20.5 ⁽¹⁾ | 20.7 ⁽¹⁾ |
| Normalised earnings per share (EPS) (c) | 77.3 | 78.0 | 136.5 ⁽¹⁾ | 110.4 ⁽¹⁾ | 121.1 |
| Dividends per share (c) | 50.0 | 19.5 | 88.0 | 70.0 | 103.0 |
| Share price at the close of the financial year (\$) | 8.23 ⁽²⁾ | 8.14 | 12.95 | 8.49 | 11.43 |

(1) pre AASB16 – Leases.

(2) The opening share price in FY19 was \$8.10.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

The Board may adjust for any significant events or items to give financial statement users additional insight into financial performance. These adjustments are for events or items considered unusual by their nature or size and/or not being in the ordinary course of business. For FY23, such adjustments related only to the in-year effect of items disclosed in prior years (see Table 2 below and Note 4b – Segment information in the notes to the consolidated financial statements). There were no other discretionary adjustments made in FY23 for the purpose of determining profit-based incentive remuneration.

Table 2: Group performance – adjustments for significant items

| \$m | FY23 | FY22 |
|--|--------------|--------------|
| Profit before tax | 379.4 | 345.7 |
| Adjustments for wages underpayment, losses from associate and reversal of provisions previously excluded | 11.2 | 3.9 |
| Adjustment for AASB 16 Accounting for leases impact ⁽¹⁾ | - | 7.3 |
| Normalised net profit before tax (Normalised NPBT) | 390.6 | 356.9 |

(1) Targets linked to Normalised NPBT were on a pre-AASB16 Leases basis prior to FY23.

The Group's incentive awards are designed to align Executive KMP remuneration with business performance. This alignment is demonstrated through the choice of metrics, annual target setting process and the variation in STI and LTI payment outcomes year-on-year. Over the past five financial years, Executive KMP STI outcomes have ranged from 50 per cent to 141 per cent of target (33 per cent to 94 per cent of maximum), averaging 117 per cent of target (78 per cent of maximum). Similarly, over the past five years, the LTI has vested between 38 per cent and 100 per cent, averaging 82 per cent. Further detail on FY23 STI outcomes and LTI vesting is included on the following pages.

STI OUTCOMES FOR FY23

For the financial year ended 1 July 2023, the target for Normalised NPBT was set at \$279.7 million, 20 per cent below the NPBT achieved in FY22 reflecting the anticipated dampening of demand post COVID-19. The target was 28 per cent higher than the NPBT achieved in FY20 of \$218.3 million. The financial gateway for the FY23 STI scheme (being 90 per cent of target) was exceeded.

The individual Key Performance Indicator (KPI) categories to determine STI awards and the FY23 achievements, referenced by the Board for the Group MD and CEO and other Executive KMP, are detailed in Tables 3 and 4.

After reviewing the FY23 STI outcome for the Group MD and CEO, the Board made no discretionary adjustments for the purpose of profit-based incentive remuneration. The result was a weighted score outcome of 113.2 per cent of target (75.5 per cent of maximum). This outcome was driven by a strong result for Group financial performance, and progress on key strategic business initiatives. Notwithstanding the strong performance in safety leadership as measured by safety effort, the underlying safety performance in terms of Total Recordable Injuries (TRI) failed to meet expectations. Table 3 outlines the elements of the balanced scorecard.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Table 3: Group MD and CEO performance

| Balanced Scorecard | Measure | Weighting | Actual Performance range | Commentary on Performance |
|---|---|-----------|--------------------------|--|
| Group Financial Performance | Normalised Net Profit Before Tax | 35% | Stretch | The Normalised NPBT result for the Group was \$390.6 million which was above the stretch target for FY23. The Normalised NPBT result is a strong result that reflects the execution of the Group's omni-retailing strategy, benefits from range extension, store development and loyalty program enhancements. These initiatives supported NPBT margin expansion in the year. |
| | Working Capital Efficiency | 15% | Below Threshold | The Group 13 month rolling average monthly net working capital result did not meet the threshold due to elevated net working capital levels in BCF and rebel. Total inventory as a percentage of sales was 20.8 per cent, in line with pre-COVID-19 levels. |
| Business Improvement | Delivery of FY22 portfolio benefits in accordance with plan | 20% | Stretch | The FY23 portfolio was successfully delivered in accordance with plan and the achievement of the FY22 benefits. The property portfolio delivery was in line with stretch targets set. |
| Customer | Revenue from 'active customers' | 15% | Stretch | The target for organic growth through existing customers was exceeded with active customer revenue up 4.9 per cent from the prior year. |
| Non-financial/ Environment, Social and Governance (ESG) | Safety | 15% | Below Threshold | The Safety Effort (leading indicator) measure exceeded the target; however, this did not translate into the required reduction in TRI and customer incidents. |
| | Execution of ESG framework | | Target | Execution delivered against the FY23 objectives with solid progress against 2030 goals. |

Table 4: Other Executive KMP performance outcome

| Name | Role | Financial Performance | Business Improvement | Customer | Non-financial/ESG | STI scorecard outcome |
|----------------|-------------------------------------|-----------------------|----------------------|---------------------|---------------------|-----------------------|
| Paul Bradshaw | Managing Director - BCF | Target | Target to Stretch | Stretch | Threshold to Target | Target to Stretch |
| David Burns | Chief Financial Officer | Target | Stretch | Target to Stretch | Threshold to Target | Target to Stretch |
| Cathy Seaholme | Managing Director - Macpac | Stretch | Threshold to target | Threshold to Target | Threshold to Target | Target to Stretch |
| Benjamin Ward | Managing Director - Supercheap Auto | Stretch | Stretch | Stretch | Below Threshold | Target to Stretch |
| Gary Williams | Managing Director - rebel | Target | Stretch | Stretch | Threshold to Target | Target to Stretch |

The STI outcomes for Executive KMP are reflected in Table 5.

The STI award for all Executive KMP will be delivered 70 per cent as cash and 30 per cent as restricted shares. The restricted share deferral is released 50 per cent in August 2024 and 50 per cent in August 2025. This deferral supports an increase in executive shareholding, enhances risk management and executive retention, and reflects broader market practice.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Table 5: STI outcomes

| Name | STI assessment per cent of target | Total STI payment (\$) | 30% deferral into equity (\$) | STI cash payment (\$) | STI earned per cent of maximum (maximum = 150% of target) | STI unearned (forfeited) per cent of maximum payable |
|----------------------------|---|------------------------------|--|-----------------------------|---|--|
| Group MD and CEO | | | | | | |
| Anthony Heraghty | 113.2 | 1,358,400 | 407,520 | 950,880 | 75.5% | 24.5% |
| Other Executive KMP | | | | | | |
| Paul Bradshaw | 112.3 | 449,200 | 134,760 | 314,440 | 74.9% | 25.1% |
| David Burns | 111.5 | 557,667 | 167,300 | 390,367 | 74.3% | 25.7% |
| Cathy Seaholme | 117.7 | 290,538 | 87,162 | 203,376 | 78.5% | 21.5% |
| Benjamin Ward | 133.9 | 669,701 | 200,910 | 468,791 | 89.3% | 10.7% |
| Gary Williams | 114.8 | 574,172 | 172,252 | 401,920 | 76.5% | 23.5% |

LTI OUTCOMES FOR FY23

As disclosed in the FY21 Remuneration Report, the Board made the decision to make one-off changes to the approach to the LTI arrangements for FY21, aligned to the Group's Medium-Term Business Plan (MTBP), which was formulated in the context of the COVID-19 pandemic. At the 2020 AGM, shareholders approved the FY21 LTI grant to the Group MD and CEO. The FY21 LTI grant included the LTI reward for FY22. This one-off change in approach resulted in no testing of LTI grants in FY23 for Executive KMP and other members of the ELT.

There were a number of other prior year LTI grants that had tranches vest in FY23, due to the staggered approach to vesting of different tranches of the performance rights. As the LTI vests over a period after the performance hurdles have been tested, the value of LTI shown in the remuneration tables includes a portion of the FY18 grant and all subsequent grants.

Table 6 outlines the performance outcomes and the subsequent vesting for each of the LTI performance rights granted and performance tested since FY17. Each grant (other than the FY21 LTI grant) is subject to equally weighted performance measures based on earnings per share (EPS) and return on capital (ROC). Grants up to and including the FY20 grant used an EPS measure being compound average growth rate of Normalised EPS over three financial years. The hurdles for the FY21 LTI grant are detailed in Table 18 and were measured over the two years of the MTBP established in the uncertainty of the COVID-19 pandemic.

Table 6: Proportion of LTI vesting over the past five years

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

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

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Beginning in FY23, cumulative Normalised EPS over three financial years has been used as the EPS measure. For the FY23 grant, cumulative Normalised EPS is measured over the three financial years FY23, FY24 and FY25. The ROC measure is the Normalised ROC averaged over three financial years. An outline of how these measures are calculated is included in Table 16.

OTHER FY23 OUTCOMES – OUTSIDE OF THE REWARD FRAMEWORK

MD Macpac - Initial Incentive

As disclosed in the FY22 Remuneration Report, Ms Seaholme's initial terms included an incentive opportunity of NZ\$341,000 based on the achievement of the Macpac budget, as assessed by the Board at the end of FY23 for FY22 and FY23. The Board determined that the stretch target was exceeded, noting that EBIT for FY23 was more than double that for FY19 (pre-COVID-19). As a result, 100 per cent of this incentive is payable partially in cash and partially in equity in accordance with the terms detailed in Section 6 of this report.

One-off Outperformance Award

Bringing forward the FY22 LTI reward into the FY21 LTI grant also created a gap in the testing of LTI outcomes in FY24, resulting in a lower amount of LTI to potentially vest in 2024 and 2025 when compared to the steady state. To address the gap in potential equity vesting in FY24, the Board determined that it was appropriate to make a restricted equity-based award on a one-off basis for FY23, dependent on significant outperformance of NPBT. The maximum level of this award is considered met when Normalised NPBT exceeds the stretch target by more than 7.5 per cent. Super Retail Group achieved an FY23 Normalised NPBT of \$390.6 million, which exceeded the stretch target by more than 7.5 per cent. As a result, the Board approved 100 per cent of this award. The resulting awards will be delivered in the form of restricted shares in September 2023, with restrictions lifting in August 2024. Refer to Section 6 for further detail.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Executive KMP remuneration outcomes for FY23

Table 7 details remuneration elements prepared in accordance with Australian Accounting Standards. Restricted shares and performance rights are valued at fair value, accrued over the performance period and vesting period, and cash bonus (STI) for FY23 is the amount earned for FY23 and to be paid in September 2023. The fair value of restricted shares is the market value at the grant date. The fair value of performance rights is determined using a Black-Scholes option pricing model.

Table 7: Remuneration for Executive KMP calculated in accordance with Australian Accounting Standards

| | Year | Short-term benefits | | | Long-term benefits | Post-employment benefits | Termination benefits | Share-based payments | | Total |
|-------------------------------|-------------|---------------------|------------------|---|---|--------------------------|-------------------------|--------------------------------------|----------------------|-------------------|
| Name | | Cash salary \$ | Cash bonus \$ | Non-monetary benefits ⁽¹⁾ \$ | Annual and long service leave ⁽²⁾ \$ | Super-annuation \$ | Termination benefits \$ | Performance Rights ⁽³⁾ \$ | Restricted Shares \$ | Total \$ |
| Anthony Heraghty | FY23 | 1,468,738 | 950,880 | 5,929 | 9,609 | 25,733 | - | 760,638 | 706,623 | 3,928,150 |
| | FY22 | 1,351,907 | 1,050,525 | - | (7,386) | 26,243 | - | 1,043,528 | 335,791 | 3,800,608 |
| Paul Bradshaw | FY23 | 674,667 | 314,440 | - | 6,023 | 25,383 | - | 297,978 | 250,560 | 1,569,051 |
| | FY22 | 674,119 | 371,000 | - | 18,851 | 24,900 | - | 421,796 | 142,566 | 1,653,232 |
| David Burns | FY23 | 690,767 | 390,367 | 3,900 | (4,300) | 25,446 | - | 325,175 | 308,618 | 1,739,973 |
| | FY22 | 663,026 | 449,184 | 900 | 43,179 | 24,880 | - | 466,154 | 182,052 | 1,829,375 |
| Cathy Seaholme ⁽⁴⁾ | FY23 | 508,592 | 302,557 | - | 21,745 | - | - | 75,256 | 202,454 | 1,110,604 |
| | FY22 | 349,992 | 191,458 | 49,975 | 18,873 | 12,955 | - | - | 71,238 | 694,491 |
| Benjamin Ward | FY23 | 743,672 | 468,791 | 995 | 13,126 | 25,400 | - | 329,641 | 313,669 | 1,895,294 |
| | FY22 | 729,132 | 393,868 | 7,305 | 23,687 | 28,963 | - | 453,759 | 171,918 | 1,808,632 |
| Gary Williams | FY23 | 740,767 | 401,920 | 3,900 | (1,025) | 25,400 | - | 329,641 | 315,045 | 1,815,648 |
| | FY22 | 739,469 | 472,642 | 900 | 51,557 | 25,031 | - | 447,972 | 185,263 | 1,922,834 |
| Former Executive KMP | | | | | | | | | | |
| Alex Brandon ⁽⁵⁾ | FY23 | - | - | - | - | - | - | - | - | - |
| | FY22 | 122,918 | - | - | 757 | 27,971 | 379,640 | 279,224 | 27,072 | 837,582 |
| Total ⁽⁶⁾ | FY23 | 4,827,203 | 2,828,955 | 14,724 | 45,178 | 127,362 | - | 2,118,329 | 2,096,969 | 12,058,720 |
| Total | FY22 | 4,630,563 | 2,928,677 | 59,080 | 149,518 | 170,943 | 379,640 | 3,112,433 | 1,115,900 | 12,546,754 |

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

(2) Long-term benefits include the accounting expense of annual and long-service leave accrued.

(3) FY22 and FY23 includes a dividend equivalent payment due in respect of Mr Heraghty's one-off co-investment award of performance rights for the period from his appointment as Group MD and CEO on 20 February 2019 until the date of vesting on 20 February 2022 (tranche 1) and 20 February 2023 (tranche 2), consistent with Mr Heraghty's contract terms.

(4) Ms Seaholme commenced as an Executive KMP on 25 October 2021. Ms Seaholme received an initial incentive, dependent on performance, which is payable partially in cash and partially in equity (restricted shares). This incentive is described in Section 6. Included in cash bonus and restricted shares is accrued initial incentive of \$58,373 and \$47,473 respectively in FY22, and \$99,181 and \$80,660 respectively in FY23.

(5) Alex Brandon ceased being a KMP on 24 October 2021.

(6) The reporting period of 3 July 2022 to 1 July 2023 is a period of 52 weeks, compared to the comparative reporting period of 27 June 2021 to 2 July 2022 representing 53 weeks. The impact of the 53rd week in the prior period was an increase in expense of \$0.1 million.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Table 8 details the remuneration received by Executive KMP during FY23. As with Table 7, the cash STI amount is the amount earned in FY23 and that will be paid in September 2023. The amount shown for the value of restricted shares represents the number of shares on which the restrictions were lifted multiplied by the closing price of ordinary shares of the Company on the ASX on the date restrictions were lifted (\$10.07 on 18 August 2022). This value for restricted shares contrasts with Table 7, which shows the FY23 portion of the fair value of restricted shares amortised over the relevant performance measurement and vesting period.

The amount shown for the value of performance rights (LTI) vesting represents the number of ordinary shares in the Company received on vesting of performance rights during FY23 multiplied by the closing price of ordinary shares of the Company on the ASX on the date of vesting (\$10.24 on 1 September 2022 (FY18, FY19 and FY20 grants), \$10.42 on 1 November 2022 (FY21 grant) and \$13.53 on 24 February 2023 (co-investment)). The ordinary shares received on vesting of performance rights derive from grants since FY18, which have staggered vesting dates after the end of the performance period, as detailed in Table 14. This value for LTI contrasts with Table 7, which shows the FY23 portion of the fair value of equity grants amortised over the relevant performance measurement and vesting periods.

Table 8: Actual remuneration received

| FY23 | Cash and non-monetary | | | Equity | | Total |
|------------------|--------------------------------|-----------------------|------------------|---|---|-------------|
| Name | Fixed Pay ⁽¹⁾ \$ | Other \$ | Cash bonus \$ | Value of restricted shares on which restrictions ceased \$ | Value of LTI (performance rights) vesting \$ | Total \$ |
| Anthony Heraghty | 1,500,400 | 43,275 ⁽²⁾ | 950,880 | 203,777 | 1,456,227 | 4,154,559 |
| Paul Bradshaw | 700,050 | - | 314,440 | 87,931 | 516,397 | 1,618,818 |
| David Burns | 720,113 | - | 390,367 | 141,061 | 706,579 | 1,958,120 |
| Cathy Seaholme | 508,592 | - | 360,930 | - | - | 869,522 |
| Benjamin Ward | 770,067 | - | 468,791 | 134,586 | 568,192 | 1,941,636 |
| Gary Williams | 770,067 | - | 401,920 | 136,690 | 568,192 | 1,876,869 |

(1) Fixed Pay is defined in Section 6. Changes in accruals are not included in this table as they do not affect the amounts received by the individual.

(2) Represents a dividend equivalent payment paid in respect of Mr Heraghty's one-off co-investment grant of performance rights for the period from his appointment as Group MD and CEO on 20 February 2019 until the date of vesting on 20 February 2023, consistent with Mr Heraghty's contract terms.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

SECTION 4

FY24 Remuneration Matters

Looking ahead to FY24, the following changes to remuneration quantum and approach have been approved by the Board.

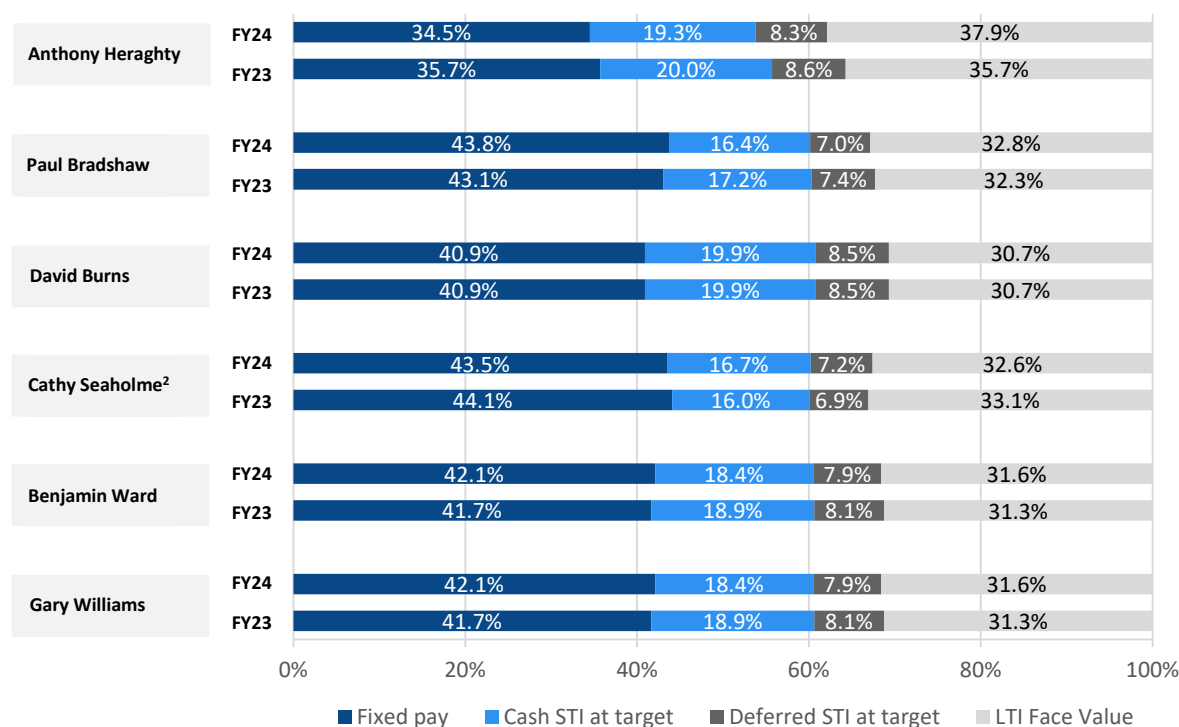
The Group MD and CEO's fixed remuneration and STI will remain unchanged for FY24. Mr Heraghty's target LTI will increase to \$1,650,000 (face value) which will increase his total target remuneration opportunity to \$4,350,000 for FY24, an increase of 3.6 per cent.

In determining this change, the Board considered market data for similar-sized ASX-listed companies and industry peers along with the Group's sustained financial performance and Mr Heraghty's personal contribution and value to the Group. This continues the Board's strategy to increase the weight of equity within the pay mix. Mr Heraghty's fixed remuneration and total target remuneration are positioned towards the 75th percentile of the relevant peer group. During his tenure, Mr Heraghty has led the team to add considerable value for shareholders, overseeing increases in Normalised EPS of 56.7 per cent (FY19 compared to FY23) while consistently maintaining ROC above target ranges.

Table 9 shows the remuneration mix as a percentage of total target reward with LTI weighted at 38 per cent for FY24 compared to 36 per cent for FY23. The Group MD and CEO's remuneration opportunity is increasingly skewed toward long-term variable pay, with a significant portion provided in equity. The Board considers this approach appropriate to reward and retain a high-calibre executive, while aligning the interests of management and shareholders via a high proportion of variable pay with significant equity exposure.

In the context of market data for similar-sized ASX-listed companies and industry peers, and continued strong business and personal performance, the Board approved changes to other Executive KMP remuneration levels for FY24. The intent of the changes is to align Total Target Remuneration and mix towards the 75th percentile of the relevant peer group in market. Other than the MD Macpac, the reward targets for STI remain the same as FY23 for Executive KMP. The reward changes for the MD Macpac for FY24 increases the weight of variable reward. Executive KMP FY24 fixed remuneration will increase by 3.8 per cent on average compared to FY23, in line with market compensation ratios. The FY24 target remuneration mix is shown in Table 9.

Table 9: Remuneration mix of Executive KMP at Target⁽¹⁾



(1) The target mix does not include the one-off outperformance grant approved by the Board for FY23.

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

The FY24 LTI grant, as it relates to the Group MD and CEO, will be outlined in the 2023 Notice of AGM for approval by shareholders.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

SECTION 5

Executive Interests in Super Retail Group Securities

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

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

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

EQUITY INTERESTS IN THE COMPANY HELD BY EXECUTIVE KMP

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

Table 10 summarises the movement in the number of ordinary shares in the Company and the number of performance rights held during the financial year by each Executive KMP including their related parties. Table 10 also sets out the number of ordinary shares in the Company acquired by Executive KMP during the financial year on vesting of performance rights (see also Table 14) and on allocation of restricted shares (see also Table 12).

Table 10: Movement in equity interests held by Executive KMP and their related parties during FY23⁽¹⁾

| | Type of equity | Held at 3 July 2022 | Restricted shares / Performance rights granted as remuneration | Performance rights vested / shares received on vesting of performance rights | Performance rights lapsed | Other net change ⁽²⁾ | Held at 1 July 2023 |
|------------------|-----------------------------------|------------------------|---|--|------------------------------|------------------------------------|------------------------|
| Anthony Heraghty | Ordinary shares ⁽³⁾ | 159,101 | 43,924 | 136,815 | - | (87,000) | 252,840 |
| | Performance rights ⁽⁴⁾ | 334,308 | 146,341 ⁽⁵⁾ | (136,815) | (2,848) | - | 340,986 |
| Paul Bradshaw | Ordinary shares ⁽³⁾ | 19,030 | 15,512 | 49,900 | - | - | 84,442 |
| | Performance rights ⁽⁴⁾ | 131,271 | 51,219 | (49,900) | (1,351) | - | 131,239 |
| David Burns | Ordinary shares ⁽³⁾ | 98,314 | 18,781 | 68,452 | - | (51,182) | 134,365 |
| | Performance rights ⁽⁴⁾ | 164,767 | 52,682 | (68,452) | (1,454) | - | 147,543 |
| Cathy Seaholme | Ordinary shares ⁽³⁾ | - | 5,305 | - | - | - | 5,305 |
| | Performance rights ⁽⁴⁾ | - | 36,060 | - | - | - | 36,060 |
| Benjamin Ward | Ordinary shares ⁽³⁾ | 40,347 | 16,468 | 54,897 | - | 90 | 111,802 |
| | Performance rights ⁽⁴⁾ | 144,844 | 56,341 | (54,897) | (1,454) | - | 144,834 |
| Gary Williams | Ordinary shares ⁽³⁾ | 37,734 | 19,762 | 54,897 | - | (28,000) | 84,393 |
| | Performance rights ⁽⁴⁾ | 144,844 | 56,341 | (54,897) | (1,454) | - | 144,834 |

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

(2) Other net change includes the purchases and sales of shares.

(3) There are no ordinary shares held nominally at the end of the reporting period.

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

(5) Shareholders approved (under ASX Listing Rule 10.14) the grant of these performance rights (relating to Mr Heraghty's FY23 LTI) at the AGM on 27 October 2022. See Section 6 for details on the terms of this award.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

RESTRICTED SHARES HELD BY EXECUTIVE KMP

Each grant of restricted shares affecting remuneration in the current or a future reporting period is set out in Table 11.

Table 11: Terms and conditions of restricted shares

| Grant | Grant date | Vesting dates | Fair value per restricted share at grant date |
|-------------------|------------------|---|---|
| FY20 Deferred STI | 8 September 2020 | 19 August 2021, 18 August 2022 | \$8.92 |
| FY21 Deferred STI | 31 August 2021 | 18 August 2022, 18 August 2023 | \$12.53 |
| FY22 Deferred STI | 30 August 2022 | 18 August 2023, (on or around) 23 August 2024 | \$10.25 |

Table 12 summarises the movement in the number of restricted shares held during the financial year by Executive KMP including their related parties.

The proportion of FY23 STI achieved (percentage of the maximum achievable), and the proportion forfeited as a result of not meeting performance hurdles is set out by individual in Table 5 and was similarly disclosed in previous reports for earlier deferred STI grants. As set out in Table 15, FY23 STI awards are delivered as 70 per cent cash and 30 per cent deferral to equity, with restrictions lifting on 50 per cent of the resulting grant in August 2024 and 50 per cent in August 2025.

The fair value of restricted shares is the market value at the grant date and is calculated as the weighted average price at which the Company's shares are traded on the ASX in the five days following the release of the Group's financial results.

Table 12: Summary of Executive KMP restricted shares granted, vested or lapsed

| | Granted but not vested 3 July 2022 | Granted in FY23 | Vested in FY23 ⁽¹⁾ | % vested | Lapsed or forfeited in FY23 | % lapsed or forfeited | Granted but not vested 1 July 2023 | \$ value of restricted shares granted in the year ⁽²⁾ |
|-------------------------|---------------------------------------|--------------------|----------------------------------|----------|--------------------------------|-----------------------|---------------------------------------|--|
| Anthony Heraghty | | | | | | | | |
| FY20 Deferred STI | 8,450 | - | (8,450) | 100% | - | 0% | - | n/a |
| FY21 Deferred STI | 23,573 | - | (11,786) | 50% | - | 0% | 11,787 | n/a |
| FY22 Deferred STI | - | 43,924 | - | 0% | - | 0% | 43,924 | 450,225 |
| Paul Bradshaw | | | | | | | | |
| FY20 Deferred STI | 1,990 | - | (1,990) | 100% | - | 0% | - | n/a |
| FY21 Deferred STI | 13,484 | - | (6,742) | 50% | - | 0% | 6,742 | n/a |
| FY22 Deferred STI | - | 15,512 | - | 0% | - | 0% | 15,512 | 159,000 |
| David Burns | | | | | | | | |
| FY20 Deferred STI | 5,949 | - | (5,949) | 100% | - | 0% | - | n/a |
| FY21 Deferred STI | 16,118 | - | (8,059) | 50% | - | 0% | 8,059 | n/a |
| FY22 Deferred STI | - | 18,781 | - | 0% | - | 0% | 18,781 | 192,508 |
| Cathy Seaholme | | | | | | | | |
| FY22 Deferred STI | - | 5,305 | - | 0% | - | 0% | 5,305 | 57,037 |
| Benjamin Ward | | | | | | | | |
| FY20 Deferred STI | 5,085 | - | (5,085) | 100% | - | 0% | - | n/a |
| FY21 Deferred STI | 16,561 | - | (8,280) | 50% | - | 0% | 8,281 | n/a |
| FY22 Deferred STI | - | 16,468 | - | 0% | - | 0% | 16,468 | 168,801 |
| Gary Williams | | | | | | | | |
| FY20 Deferred STI | 5,474 | - | (5,474) | 100% | - | 0% | - | n/a |
| FY21 Deferred STI | 16,201 | - | (8,100) | 50% | - | 0% | 8,101 | n/a |
| FY22 Deferred STI | - | 19,762 | - | 0% | - | 0% | 19,762 | 202,561 |

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

(2) The value of restricted shares granted in the year represents the value of the deferred portion of the STI achieved in the prior year. Full details of the STI outcomes for all prior year awards to KMP are included in the remuneration report for the relevant year. The maximum potential outcomes for unvested awards are subject to the Group share price at time of vesting and will be determined by multiplying the number of vested shares by the share price. The minimum total value of grants for future financial years is nil if relevant vesting conditions are not met.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

PERFORMANCE RIGHTS HELD BY EXECUTIVE KMP

Each grant of performance rights affecting remuneration in the current or a future reporting period is set out in Table 13.

Table 13: Terms and conditions of performance rights

| Grant | Grant date | Vesting dates ⁽¹⁾ | Fair value per performance right at grant date |
|---------------------|------------------|--|--|
| FY18 | 1 September 2017 | 1 September 2020, 1 September 2021, 1 September 2022 | \$6.38 |
| FY19 | 1 September 2018 | 1 September 2021, 1 September 2022, 1 September 2023 | \$7.65 |
| FY20 | 1 September 2019 | 1 September 2022, 1 September 2023 | \$7.72 ⁽²⁾ |
| FY21 ⁽³⁾ | 1 November 2020 | 1 November 2022, 1 November 2023, 1 November 2024 | \$9.47 |
| FY23 | 4 November 2022 | 4 November 2025, 4 November 2026 | \$7.88 |

(1) Refer to Section 6 for details of vesting conditions. Performance rights expire up to eight years from grant date.

(2) The performance rights value for the 1 September 2019 grant was \$7.72, with the exception of 53,262 performance rights in relation to a one-off co-investment grant to Mr Heraghty with these grants averaging a value of \$7.21. The one-off co-investment grant vests over three financial years, with 50 per cent of the performance rights vesting in February 2022, 25 per cent in February 2023 and the remainder vesting in February 2024 subject to their terms.

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

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Table 14 summarises the movement in the number of performance rights held during the financial year by each Executive KMP including their related parties. The grant made in FY21 was an award for two financial years (FY21 and FY22) and is described in more detail in Section 6. There were no LTI grants to Executive KMP in FY22.

Table 14: Summary of Executive KMP performance rights granted, vested or lapsed

| | Granted but not vested 3 July 2022 | Granted in FY23 | Vested in FY23 | % vested ⁽¹⁾ | Lapsed or forfeited in FY23 | % lapsed or forfeited | Granted but not vested 1 July 2023 | Estimated value yet to vest ⁽²⁾ ⁽³⁾ |
|-------------------------|------------------------------------|-----------------|----------------|-------------------------|-----------------------------|-----------------------|------------------------------------|---|
| Anthony Heraghty | | | | | | | | |
| FY18 | 5,700 | - | (5,700) | 100% | - | 0% | - | - |
| FY19 | 25,100 | - | (12,550) | 50% | - | 0% | 12,550 | - |
| FY20 | 86,294 | - | (41,723) | 48% | (2,848) | 3% | 41,723 | - |
| FY20 ⁽⁴⁾ | 26,631 | - | (13,315) | 50% | - | 0% | 13,316 | 15,361 |
| FY21 | 190,583 | - | (63,527) | 33% | - | 0% | 127,056 | 143,573 |
| FY23 | - | 146,341 | - | - | - | - | 146,341 | 847,028 |
| Paul Bradshaw | | | | | | | | |
| FY20 | 40,913 | - | (19,781) | 48% | (1,351) | 3% | 19,781 | - |
| FY21 | 90,358 | - | (30,119) | 33% | - | 0% | 60,239 | 68,070 |
| FY23 | - | 51,219 | - | 0% | - | 0% | 51,219 | 296,458 |
| David Burns | | | | | | | | |
| FY18 | 4,870 | - | (4,870) | 100% | - | 0% | - | - |
| FY19 | 22,003 | - | (11,001) | 50% | - | 0% | 11,002 | - |
| FY20 | 44,060 | - | (21,303) | 48% | (1,454) | 3% | 21,303 | - |
| FY21 | 93,834 | - | (31,278) | 33% | - | 0% | 62,556 | 70,688 |
| FY23 | - | 52,682 | - | 0% | - | 0% | 52,682 | 304,926 |
| Cathy Seaholme | | | | | | | | |
| FY23 | - | 36,060 | - | 0% | - | 0% | 36,060 | 208,717 |
| Benjamin Ward | | | | | | | | |
| FY20 | 44,060 | - | (21,303) | 48% | (1,454) | 3% | 21,303 | - |
| FY21 | 100,784 | - | (33,594) | 33% | - | 0% | 67,190 | 75,924 |
| FY23 | - | 56,341 | - | 0% | - | 0% | 56,341 | 326,104 |
| Gary Williams | | | | | | | | |
| FY20 | 44,060 | - | (21,303) | 48% | (1,454) | 3% | 21,303 | - |
| FY21 | 100,784 | - | (33,594) | 33% | - | 0% | 67,190 | 75,924 |
| FY23 | - | 56,341 | - | 0% | - | 0% | 56,341 | 326,104 |

(1) For details of the proportion of LTI vesting and the performance outcomes of each grant refer to Table 6.

(2) The value yet to vest is the unamortised share-based payments expense as at 1 July 2023.

(3) The minimum total value of grants for future financial years is nil if relevant vesting conditions are not met. An estimate of the maximum possible total value in future financial years is dependent on the share price at that time (by multiplying the share price at the time of vesting by the number of performance rights that vest).

(4) As approved at the 2019 AGM Mr Heraghty received 53,262 performance rights in relation to a one-off co-investment grant. Fifty per cent of the co-investment grant vested in February 2022, 25 per cent in February 2023 and the remainder will vest in February 2024, subject to the terms of the grant.

(5) Except for the FY23 award to the Group MD and CEO, ordinary shares are automatically allocated on vesting of performance rights. The Group MD and CEO may exercise his vested FY23 Performance rights up to eight years following date of grant. At the end of the reporting period there are no performance rights which are vested and unexercised.

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

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

MINIMUM SECURITIES HOLDING POLICY

The Company's Minimum Securities Holding Policy sets out the minimum shareholding requirements that apply to KMP. The purpose of the Policy is to strengthen alignment between the interests of KMP and the interests of shareholders.

The Group MD and CEO and other Executive KMP are required to acquire ordinary shares in the Company equivalent in value to the amounts shown below by a specified date:

| | |
|----------------------------|--|
| Group MD and CEO | 150 per cent of annual fixed remuneration* |
| Other Executive KMP | 100 per cent of annual fixed remuneration* |

* Before tax and superannuation

The Group MD and CEO and other Executive KMP must meet the minimum shareholding target within five years of their appointment. Unvested equity awards, including performance rights, are counted towards the target in circumstances where the equity awards are no longer subject to performance hurdles.

As at the date of this report, all Executive KMP except for Ms Seaholme have met the minimum shareholding requirement, based on the Company's closing share price on 30 June 2023. Ms Seaholme has five years from the date of her appointment in October 2021 to meet the requirement.

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

SHARES ISSUED ON VESTING OR EXERCISE OF PERFORMANCE RIGHTS

Entitlements to receive ordinary shares upon the vesting of performance rights during FY23 were fulfilled through on-market share purchases.

There were no new ordinary shares of the Company issued on the vesting of performance rights during FY23, or since the end of the financial year and up to the date of this report.

REMUNERATION REPORT (AUDITED)

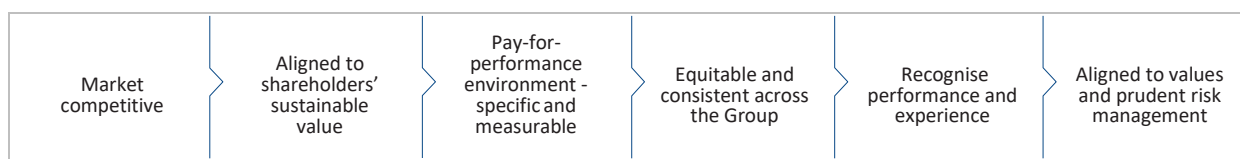
REPORTING PERIOD
ENDED 1 JULY 2023

SECTION 6

Executive Remuneration Framework

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

The key elements are:



EXECUTIVE REMUNERATION OBJECTIVES

The Group MD and CEO, together with other Executive KMP, are remunerated under a Total Reward Framework. The Total Reward Framework is designed to appropriately reward executives for their contribution to the success of the Group by aligning all remuneration elements to the delivery of both short-term milestones and long-term sustainable value to the Company's shareholders. The target pay mix is set out in Table 9.

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

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

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

REMUNERATION BENCHMARKS

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

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

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

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

FIXED PAY/BASE SALARY

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

No guaranteed Fixed Pay increases are included in any KMP's service agreement.

VARIABLE OR 'AT-RISK' REMUNERATION

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

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

SHORT-TERM INCENTIVE REWARD

Consistent with prior years, the FY23 STI scheme for the Executive Leadership Team, including Executive KMP, is based on a balanced scorecard. Taking a scorecard approach allows executive performance to be assessed in a holistic way against four key drivers of performance, outlined in Table 15.

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

Table 15: Key aspects of the FY23 STI scheme

| | |
|---------------------------|--|
| Scheme | STI awards are made under the Super Retail Group Short-Term Incentive scheme (the STI scheme). |
| Participation | The scheme allows for the invitation to participate to Executive KMP and other executives. |
| Purpose | The scheme rewards a combination of Board-approved financial and non-financial performance measures that are aligned to the execution of the Group's strategy, and which articulate performance expectations at both target and over-achievement levels. |
| Performance period | The performance period is the financial year ending 1 July 2023. |
| Financial gateway | A minimum Group NPBT of at least 90 per cent of target must be met before any Short-Term Incentives are payable. If this level is not reached, any payment made to Executive KMP will be at the Board's discretion. |

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

| Performance targets | <p>The achievement of individual KPI targets (once the financial gateway has been achieved) determines the proportion of the potential bonus entitlement that will be granted.</p> <p>For FY23, the following primary performance goals and weightings were selected. These goals are aligned to the Group's strategic plan. The significant weighting of financial outcomes, at 50 per cent, maintains a strong link between financial performance and incentive paid.</p> <table> <tr> <th>Measures</th><th>Category</th><th>Weighting (% of STI)</th><th>Performance Goals</th></tr> <tr> <td>Financial</td><td>Financial</td><td>50</td><td> <ul style="list-style-type: none"> Normalised NPBT Working Capital Efficiency </td></tr> <tr> <td rowspan="3">Non-Financial</td><td>Business Improvement</td><td>20</td><td> <ul style="list-style-type: none"> Delivery of Strategic Portfolio </td></tr> <tr> <td>Customer</td><td>15</td><td> <ul style="list-style-type: none"> Active Customer Revenue </td></tr> <tr> <td>Non-financial/ESG</td><td>15</td><td> <ul style="list-style-type: none"> Safety Effort ESG goals </td></tr> </table> | | | Measures | Category | Weighting (% of STI) | Performance Goals | Financial | Financial | 50 | <ul style="list-style-type: none"> Normalised NPBT Working Capital Efficiency | Non-Financial | Business Improvement | 20 | <ul style="list-style-type: none"> Delivery of Strategic Portfolio | Customer | 15 | <ul style="list-style-type: none"> Active Customer Revenue | Non-financial/ESG | 15 | <ul style="list-style-type: none"> Safety Effort ESG goals |
|--|---|----------------------|---|----------|----------|----------------------|-------------------|------------------|-----------|----|---|----------------------|----------------------|----|---|----------|----|---|-------------------|----|--|
| Measures | Category | Weighting (% of STI) | Performance Goals | | | | | | | | | | | | | | | | | | |
| Financial | Financial | 50 | <ul style="list-style-type: none"> Normalised NPBT Working Capital Efficiency | | | | | | | | | | | | | | | | | | |
| Non-Financial | Business Improvement | 20 | <ul style="list-style-type: none"> Delivery of Strategic Portfolio | | | | | | | | | | | | | | | | | | |
| | Customer | 15 | <ul style="list-style-type: none"> Active Customer Revenue | | | | | | | | | | | | | | | | | | |
| | Non-financial/ESG | 15 | <ul style="list-style-type: none"> Safety Effort ESG goals | | | | | | | | | | | | | | | | | | |
| FY23 Target, Maximum (Stretch) Opportunity, and Minimum | <p>The reward target for STI opportunity is set with reference to market data, and the stretch STI opportunity is 150 per cent of target. For each measure, a threshold level of performance is set. This level must be met to achieve any payment; hence the minimum is zero.</p> | | | | | | | | | | | | | | | | | | | | |
| Payment frequency and payment vehicle | <p>FY23 STI awards are delivered as 70 per cent cash and 30 per cent restricted shares.</p> <p>STI awards are paid annually. Payments are made following the end of the performance period, generally in August or September. Restrictions on 50 per cent of the FY23 deferred STI will lift in August 2024 and the restrictions on 50 per cent will lift in August 2025. There are no further performance conditions.</p> <p>Restricted shares are retained by exiting executives, unless the Board determines otherwise, subject to the original vesting timeline.</p> | | | | | | | | | | | | | | | | | | | | |
| Restricted shares | <p>A restricted share is a fully paid ordinary share in the Company awarded to and held by an STI scheme participant subject to the terms of grant and the EIP rules, which include restrictions on disposal, vesting and forfeiture rules.</p> <p>A restricted share is held in trust and may not be traded until all restrictions are lifted. No amount is payable by the participant on the grant or vesting of a restricted share. Participants are entitled to receive dividends on, and exercise the voting rights of, the restricted shares they hold.</p> | | | | | | | | | | | | | | | | | | | | |
| Principles for Board discretion on short-term incentive plans | <ul style="list-style-type: none"> Preserving the purpose and integrity of the remuneration framework and short-term remuneration target. Consistency with general market/security-holder expectations, particularly for the alignment of performance-based remuneration with the interests of shareholders. Exercising discretion only for events or items over the performance period that have a material impact on the outcome. Maintaining affordability of the STI scheme. Sustaining desired impact against subsequent year strategic and business objectives. Exercising any discretion fairly and consistently, considering: <ul style="list-style-type: none"> any actions taken which have optimised long and/or short-term value creation at the expense of an "in year" outcome measured in the scorecard; whether performance measures capture the impacts of unforeseen events on the business and creation of sustainable shareholder value; and the impacts of a team member's actions on the outcome as assessed against the performance metric. | | | | | | | | | | | | | | | | | | | | |

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

The Human Resources and Remuneration Committee (HRRC) makes recommendations to the Board in relation to the design of the STI scheme, KPIs and target setting. The Board has ultimate approval and discretion over the outcomes.

The treatment on cessation of employment and change of control are common to all plans under the EIP and are outlined in Table 19.

LONG-TERM INCENTIVE REWARD

The Group's remuneration structure aims to align LTIs for Executive KMPs and other executives with the delivery of sustainable value to shareholders. The alignment of interests is important in ensuring that Executive KMPs and other executives are focused on delivering sustainable returns to shareholders, whilst allowing the Group to attract and retain high-calibre executives. The Board has determined that the combination of Normalised EPS and Normalised ROC, in each case over a three year period, are appropriate measures of sustainable shareholder returns.

Table 16: Key aspects of the FY23 LTI Plan

| | |
|-------------------------------|--|
| Plan | The Company's Long-Term Incentive Plan (the LTI Plan) provides awards in the form of performance rights which are granted under the rules of the EIP. |
| Participation | The plan allows for the annual grant of performance rights to Executive KMP and other executives. The Board has the absolute discretion to grant the Executive any incentive award under the LTI Plan and to determine the quantum of any such award. |
| LTI instrument | Performance rights are granted by the Company at no cost to the participant. A performance right represents a right to receive a fully paid ordinary share at no cost if service-based and performance-based vesting conditions are met. The Board retains the discretion to settle the rights in cash. |
| Allocation methodology | The number of performance rights granted to each Executive KMP is determined in accordance with the Executive Remuneration Framework and has a value of between 75 per cent and 100 per cent of their Fixed Pay. The notional value of performance rights granted to Executive KMP and other executives is determined on a face value basis using a volume-weighted average price for Super Retail Group shares traded on the ASX over a period of five trading days following the release of the Group's results for the preceding reporting period. The value of performance rights for grant purposes may differ from the accounting valuation shown in the financial statements, which considers probability of vesting and other factors. |
| Performance period | Three financial years ending on or around 1 July 2025. |
| Performance hurdles | Equity grants to Executive KMP and other executives are in two equal tranches, 50 per cent relating to the Normalised EPS over the performance period and 50 per cent relating to average Normalised ROC over the performance period. |
| Normalised EPS | Normalised earnings per share as presented in the financial statements in note 18(c). Performance is cumulative over the performance period. |
| Normalised ROC | Pre-AASB16 Normalised NPAT adjusted for interest after tax divided by the average of pre-AASB16 Net Assets normalised for adjustments for brand name impairment, at the beginning and the end of the financial year, less cash plus borrowings. |

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Vesting schedule

The performance conditions for performance rights granted in FY23 were:

| | Measures | |
|---|--|--|
| | Normalised EPS over the performance period | Normalised ROC over the performance period |
| Proportion that qualifies for delivery in accordance with the vesting period outlined below | Below \$2.45: 0% of this portion At \$2.45: 50% of this portion At \$3.00: 100% of this portion Straight-line vesting: Between \$2.45 and \$3.00 | Below 10%: 0% of this portion At 10%: 30% of this portion At 12%: 50% of this portion At 15%: 100% of this portion Straight-line vesting: Between 10% and 12% and between 12% and 15% |

The various vesting points (Threshold, Midpoint and Maximum) for the grants since FY17 are shown in Table 17.

Significant items

The Board may adjust for any significant events or items considered unusual by their nature or size and/or not being in the ordinary course of business.

Qualifying/qualified performance rights

Performance rights which have become eligible for vesting, having met the performance hurdle but not yet met the service condition.

Vesting period

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

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

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

Testing and time restrictions

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

Exercise terms

For the Group MD and CEO, performance rights which vest may be exercised (at no cost to the executive) at any time up to the date that is eight years after the grant date. Any performance rights which are not exercised before that date will lapse.

For other executives, shares are automatically allocated on vesting of performance rights and no exercise mechanism applies.

Dividends and voting rights

Performance Rights do not carry voting or dividend rights.

For the Group MD and CEO, for Performance Rights that vest, the Board has determined that a dividend equivalent payment will be paid by the Company for the period between vesting and exercise of those rights. The dividend equivalent payment (if any) will be paid once performance rights are exercised and will be paid in cash (unless the Board determines otherwise), equal to the value of the dividends inclusive of an allowance for imputation credits that attach to the dividends. Unless the Board determines otherwise, no dividend equivalent payment will be made in respect of any vested performance rights that have lapsed for any reason.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Principles for Board discretion on equity-based incentive plans

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

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

The treatment on cessation of employment and change of control are common to all plans under the EIP and are outlined in Table 19.

Table 17: Vesting schedule (Threshold, Midpoint and Maximum) for LTI Plans from FY17 to FY20

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

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Table 18: Key aspects of the LTI plan modifications for the FY21 grant

| Financial years applicable | The grant for FY21 included both the FY21 and the FY22 opportunity for Executive KMP. There was no LTI grant in FY22 made to Executive KMP. | | | | | | | | | | | | | | | | | | | | |
|--|--|-----------------|--|-----------------------|----|--------------------|-----|---|---------------------|--|------|----------------|---|-----------|----|--------|-----|-----------------------|---------------------|----------|------|
| Allocation methodology | The notional value of performance rights granted to Executive KMP and other executives is determined on a face value basis using a volume-weighted average price for ordinary shares of the Company traded on the ASX over a period of five trading days. Usually, the five-day period starts from the day following the release of the Group's results for the preceding reporting period. Following discussions with shareholders, the Board determined that the FY21 grant should be based on the average over the five trading days following the Group's trading update announcement which was lodged with the ASX on 31 July 2020. | | | | | | | | | | | | | | | | | | | | |
| Performance period | For the FY21 grant, the performance period is the two-year period of the MTBP i.e. the combined FY21 and FY22 period. | | | | | | | | | | | | | | | | | | | | |
| Performance hurdles | <p>The FY21 LTI grants are in two equal tranches, the first tranche is measured against Normalised NPBT over the performance period. The remaining tranche is measured against Normalised ROC averaged over the performance period.</p> <p>For the FY21 grant, 50 per cent of rights vest at the minimum (target) performance level and 100 per cent of rights vest at the maximum performance target, with vesting between these points on a pro-rata basis.</p> | | | | | | | | | | | | | | | | | | | | |
| Vesting schedule | <p>a) Normalised NPBT (50 per cent of the performance rights)</p> <p>The percentage of performance rights attributed to the Normalised NPBT hurdle that is available to vest, if any, will be determined with reference to the Company's Normalised NPBT performance as set out in the table below.</p> <table> <tr> <th>Normalised NPBT</th><th>Percentage of performance rights attributed to Normalised NPBT hurdle that become 'Qualified performance rights' and are available to vest</th></tr> <tr> <td>Below \$413.8 million</td><td>0%</td></tr> <tr> <td>At \$413.8 million</td><td>50%</td></tr> <tr> <td>Between \$413.8 million and \$517.3 million</td><td>On a pro-rata basis</td></tr> <tr> <td>At maximum performance (\$517.3 million)</td><td>100%</td></tr> </table> <p>b) Normalised ROC (50 per cent of the performance rights)</p> <p>The percentage of performance rights attributed to the Normalised ROC hurdle that is available to vest, if any, will be determined with reference to the Company's Normalised ROC performance as set out in the table below.</p> <table> <tr> <th>Normalised ROC</th><th>Percentage of performance rights attributed to Normalised ROC hurdle that become 'Qualified performance rights' and are available to vest</th></tr> <tr> <td>Below 12%</td><td>0%</td></tr> <tr> <td>At 12%</td><td>50%</td></tr> <tr> <td>Between 12% and 15.9%</td><td>On a pro-rata basis</td></tr> <tr> <td>At 15.9%</td><td>100%</td></tr> </table> | Normalised NPBT | Percentage of performance rights attributed to Normalised NPBT hurdle that become 'Qualified performance rights' and are available to vest | Below \$413.8 million | 0% | At \$413.8 million | 50% | Between \$413.8 million and \$517.3 million | On a pro-rata basis | At maximum performance (\$517.3 million) | 100% | Normalised ROC | Percentage of performance rights attributed to Normalised ROC hurdle that become 'Qualified performance rights' and are available to vest | Below 12% | 0% | At 12% | 50% | Between 12% and 15.9% | On a pro-rata basis | At 15.9% | 100% |
| Normalised NPBT | Percentage of performance rights attributed to Normalised NPBT hurdle that become 'Qualified performance rights' and are available to vest | | | | | | | | | | | | | | | | | | | | |
| Below \$413.8 million | 0% | | | | | | | | | | | | | | | | | | | | |
| At \$413.8 million | 50% | | | | | | | | | | | | | | | | | | | | |
| Between \$413.8 million and \$517.3 million | On a pro-rata basis | | | | | | | | | | | | | | | | | | | | |
| At maximum performance (\$517.3 million) | 100% | | | | | | | | | | | | | | | | | | | | |
| Normalised ROC | Percentage of performance rights attributed to Normalised ROC hurdle that become 'Qualified performance rights' and are available to vest | | | | | | | | | | | | | | | | | | | | |
| Below 12% | 0% | | | | | | | | | | | | | | | | | | | | |
| At 12% | 50% | | | | | | | | | | | | | | | | | | | | |
| Between 12% and 15.9% | On a pro-rata basis | | | | | | | | | | | | | | | | | | | | |
| At 15.9% | 100% | | | | | | | | | | | | | | | | | | | | |
| Qualifying/qualified performance rights | Performance rights which have become eligible for vesting, having met the performance hurdle but not yet met the service condition. | | | | | | | | | | | | | | | | | | | | |

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

| Vesting period | For the FY21 grant, once the performance conditions were satisfied (within the performance period), the performance rights vest over the subsequent years in accordance with the following schedule: | | | | | | | | |
|--|---|---|---|-----------|-----------|-------------|-----------|------------|-----------|
| | <table> <tr> <th>Time after grant of performance rights:</th><th>Proportion of performance rights that vest:</th></tr> <tr> <td>Two years</td><td>One third</td></tr> <tr> <td>Three years</td><td>One third</td></tr> <tr> <td>Four years</td><td>One third</td></tr> </table> | Time after grant of performance rights: | Proportion of performance rights that vest: | Two years | One third | Three years | One third | Four years | One third |
| Time after grant of performance rights: | Proportion of performance rights that vest: | | | | | | | | |
| Two years | One third | | | | | | | | |
| Three years | One third | | | | | | | | |
| Four years | One third | | | | | | | | |
| Testing | There is no retesting of performance hurdles under the plan. | | | | | | | | |
| Dividends and voting rights | Performance rights do not carry voting or dividend rights. | | | | | | | | |
| Principles for Board discretion on equity-based incentive plans | <ul style="list-style-type: none"> • Preserve the purpose and integrity of the LTI plan. • Maintain the integrity of each year's remuneration as awarded. • Maintain the level of performance expected when the original targets were set. • Be consistent with general market/securityholder expectations, particularly for the alignment of performance-based remuneration with the interests of shareholders. • Be able to be implemented without requiring special approvals, for example from the ASX or securityholders. • Not hinder the success of any transaction (such as a significant acquisition) given that executives do not otherwise receive incentive type payments for merger and acquisition activity. • Discretion should only be exercised for events or items over the performance period that have a material impact on the outcome. • Adjustments (positive and negative) are made at the time of vesting (there may be more than one relevant event during the performance period). | | | | | | | | |

The treatment on cessation of employment and change of control are common to all plans under the EIP and are outlined in Table 19.

OTHER KEY TERMS OF THE EQUITY INCENTIVE PLAN RULES

The Super Retail Group Employee Equity Incentive Plan (EIP) Rules govern both the deferred STI Scheme and the LTI Plan, as well as the other equity awards described in this report (see 'Other Equity' section below). Table 19 outlines further key provisions under the EIP rules that apply to the restricted shares (deferred STI), performance rights (LTI) and other equity awards described in this report. The EIP rules are available in the Corporate Governance section of the Company's website.

Table 19: Key terms of the EIP rules

| | |
|-------------------------------|--|
| Prohibition on hedging | The EIP rules specifically prohibit a participant from entering into any scheme, arrangement or agreement (including options, securities lending, hedging or derivative products) under which the participant may alter the economic benefit to be derived from any performance rights or restricted shares. Where a participant enters, or purports to enter, into any scheme, arrangement or agreement, the Board may determine that the award immediately lapses or is forfeited (as the case may be). |
| Claw-back provisions | The Board has discretion under the EIP rules to determine any treatment in relation to participants' awards, both vested and unvested, as it sees fit, in certain circumstances such as fraud, dishonesty, or breach of obligations (including, without limitation, a material misstatement of financial information). Such treatment may include a decision by the Board to cause the lapse or forfeiture of some or all of the participant's awards or, where shares allocated to the participant under the EIP have been subsequently sold, require the participant to repay the net proceeds of such a sale. |

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

| | |
|---|---|
| Treatment on cessation of employment | <p>If a participant ceases to be an employee of the Group for any reason, the Board has a broad discretion to determine that a different treatment applies in respect of any unvested awards. For example, the Board could determine that a pro-rata number of the participant's awards will vest at the original time of vesting (subject to the satisfaction of original performance hurdles and any other vesting conditions that are not service related).</p> <p>Where the Board does not apply such discretion, some default treatments apply on cessation of employment. For example, where an employee resigns or is terminated for cause (including gross misconduct), their unvested rights will lapse immediately unless the Board determines otherwise. In other situations, unvested performance rights may remain on foot and vest (or otherwise lapse) in accordance with their terms.</p> |
| Change of control provisions | <p>Should a change of control event occur, the Board has discretion to determine how unvested awards should be treated, having regard to factors such as the level of performance to date, the length of time elapsed in the performance period and the circumstances of the change of control. Where the Board does not exercise its discretion, there will be a pro-rated accelerated vesting of unvested performance rights.</p> |

All equity awarded under the EIP has a maximum value dependent on future share price and the minimum value of nil.

OTHER EQUITY

CEO Co-investment award

At the 2019 AGM, shareholders approved a one-off grant of performance rights to Group MD and CEO, Anthony Heraghty in the form of a co-investment award on the condition that Mr Heraghty self-fund the acquisition of ordinary shares in the Company of an equivalent value. The intent of this grant was to further align the Group MD and CEO's interests with the interests of shareholders and to provide an opportunity for Mr Heraghty to build his shareholding, and this was agreed in Mr Heraghty's employment contract. Mr Heraghty satisfied the requirement for Mr Heraghty to acquire shares of an equivalent value in March 2019 and as such, the co-investment grant was made following receipt of shareholder approval at the 2019 AGM. The performance rights vest on the third (50 per cent), fourth (25 per cent) and fifth (25 per cent) anniversaries of the date of the contract. The first two tranches (50 per cent and 25 per cent) of the co-investment award vested in February 2022 and February 2023 as shown in Section 5. The remainder will vest in February 2024 subject to the terms of the grant. A dividend equivalent payment is also payable as described in Table 7.

MD Macpac - initial incentive award

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

One-off outperformance award

The Board made the decision in FY21 to make one-off changes to the approach to the LTI arrangements. The FY21 LTI had a two-year performance period ending in FY22, and also included the FY22 LTI reward. There was no LTI grant in FY22 for Executive KMP. Bringing forward the FY22 LTI reward into the FY21 LTI grant created a gap in the testing of LTI outcomes in FY24 resulting in a lower amount of LTI to potentially vest in 2024 and 2025 when compared to the steady state. To address this gap in potential equity vesting in FY24 and to support retention of executives and incentivise outperformance, the Board determined that a restricted equity-based award on a one-off basis was appropriate for FY23 dependent on significant outperformance of NPBT.

The one-off outperformance award was based on outperformance of the NPBT stretch target. The maximum level of this award is considered met when Normalised NPBT exceeds the stretch target by more than 7.5 per cent. The FY23 Normalised NPBT result of \$390.6 million was such that the Board approved 100 per cent of this award. Once the stretch target is met, an individual must also achieve a scorecard result of at least 100 per cent of target before they are eligible to receive the one-off outperformance award. The additional reward to Executives under this one-off outperformance award represents three per cent of the additional profit generated. Following discussions with the Board's independent remuneration advisers, the Board was satisfied that this is well within market practice. The value of the award determined by the Board will be delivered in the form of restricted shares in September 2023 with restrictions lifting in August 2024. Delivery of the reward in the form of equity continues to build the Executives' holdings towards the Minimum Securities Holding, strengthening alignment to shareholders' interests. Deferral of the reward also allows the Board to apply claw-back in the unlikely event that should be warranted.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

TERMINATION ARRANGEMENTS

No Executive KMP ceased employment with Super Retail Group during FY23.

SERVICE AGREEMENTS

Remuneration and other terms of employment for ongoing Executive KMP are formalised in service agreements. Each of these agreements provide for, but do not guarantee, participation in STI and LTI arrangements. All service agreements with Executive KMP may be terminated by either party as shown in Table 20.

Table 20: Key terms of Executive KMP Service Agreements

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

(1) Commencement date of KMP service agreement.

Service agreements do not provide for termination payments. However, service agreements specify the notice period required and note that the executive may be required to work some or all of the notice period, and the Company reserves the right to pay in lieu of notice.

PERIOD OF RESTRAINT

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

SECURITIES TRADING POLICY/HEDGING

Under the Company's Securities Trading Policy, Company securities cannot be hedged prior to their vesting or while they are subject to a holding lock or restriction on dealing under the terms of an employee, executive or director equity plan operated by the Company.

GENDER PAY EQUITY

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

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

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

SECTION 7

Non-Executive Director Remuneration Arrangements

NON-EXECUTIVE DIRECTOR REMUNERATION STRUCTURE

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

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

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

Fees are inclusive of superannuation contributions required under applicable legislation.

NON-EXECUTIVE DIRECTOR FEES

At the 2020 AGM, shareholders approved a maximum fee pool of \$1.5 million a year. The fees paid to Non-Executive Directors are set out in Table 21 and are annual fees, inclusive of superannuation, unless otherwise stated. The Board determined that an increase in base fees was appropriate for FY22 in line with independent market data. The Board considered base and Committee fees for FY23 and made no change from FY22.

Table 21: Non-Executive Director fees

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

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

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

Details of the remuneration of the Non-Executive Directors of the Company are set out in Table 22.

Table 22: Non-Executive Directors Remuneration calculated in accordance with Australian accounting standards

| | Year | Short-term benefits | | | Post-employment benefits | Total |
|---------------------------------------|-------------|----------------------------|------------------|-----------------------------|--------------------------|------------------|
| Name | | Cash salary and fees \$ | Cash bonus \$ | Non-monetary benefits \$ | Superannuation \$ | Total \$ |
| Sally Pitkin AO | FY23 | 360,000 | - | - | - | 360,000 |
| | FY22 | 360,000 | - | - | - | 360,000 |
| Annabelle Chaplain | FY23 | 144,796 | - | - | 15,204 | 160,000 |
| | FY22 | 145,455 | - | - | 14,545 | 160,000 |
| Peter Everingham ⁽¹⁾ | FY23 | 185,520 | - | - | 19,480 | 205,000 |
| | FY22 | 186,364 | - | - | 18,636 | 205,000 |
| Howard Mowlem | FY23 | 185,520 | - | - | 19,480 | 205,000 |
| | FY22 | 186,364 | - | - | 18,636 | 205,000 |
| Mark O'Hare ⁽²⁾ | FY23 | 35,596 | - | - | 3,738 | 39,334 |
| | FY22 | - | - | - | - | - |
| Judith Swales ⁽³⁾ | FY23 | 144,796 | - | - | 15,204 | 160,000 |
| | FY22 | 96,970 | - | - | 9,697 | 106,667 |
| Former Non-Executive Directors | | | | | | |
| Reg Rowe ⁽⁴⁾ | FY23 | 99,510 | - | - | 10,449 | 109,959 |
| | FY22 | 131,818 | - | - | 13,182 | 145,000 |
| Gary Dunne ⁽⁵⁾ | FY23 | - | - | - | - | - |
| | FY22 | 72,727 | - | - | 7,273 | 80,000 |
| Total | FY23 | 1,155,738 | - | - | 83,555 | 1,239,293 |
| Total | FY22 | 1,179,698 | - | - | 81,969 | 1,261,667 |

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

(2) Mr O'Hare commenced as KMP on 4 April 2023 and remuneration disclosed in the table for FY23 is from this date.

(3) Ms Swales commenced as KMP on 1 November 2021 and remuneration disclosed in the table for FY22 is from this date.

(4) Mr Rowe ceased to be a KMP on 4 April 2023 and remuneration disclosed in the table for FY23 is until this date.

(5) Mr Dunne ceased to be a KMP on 31 December 2021 and remuneration disclosed in the table for FY22 is until this date.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS AND THEIR RELATED PARTIES

Table 23 sets out details of ordinary shares in the Company held during the financial year by Non-Executive Directors and their related parties.

Table 23: Shareholdings of Non-Executive Directors and their related parties⁽¹⁾

| | Held at 3 July 2022 ⁽²⁾ | Shares acquired under DRP | Shares purchased/ (disposed) | Held at 1 July 2023 ⁽³⁾ |
|------------------------|---------------------------------------|------------------------------|---------------------------------|---------------------------------------|
| Sally Pitkin AO | 68,405 | - | - | 68,405 |
| Annabelle Chaplain AM | 11,865 | 1,006 | 5,000 | 17,871 |
| Peter Everingham | 40,000 | - | 20,000 | 60,000 |
| Howard Mowlem | 34,286 | - | - | 34,286 |
| Mark O'Hare | 65,999,133 | 3,021 | - | 66,002,154 ⁽⁴⁾ |
| Judith Swales | 5,925 | - | - | 5,925 |
| Former Director | | | | |
| Reg Rowe | 68,529,190 ⁽⁵⁾ | 10,774 ⁽⁶⁾ | - | 68,539,964 |

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

(2) Or date of appointment if later. Mr O'Hare was appointed as a Non-Executive Director on 4 April 2023.

(3) Or date of ceasing to be a KMP if earlier. Mr Rowe ceased to be a Director on 4 April 2023.

(4) Includes 65,918,556 shares held under powers of attorney noted in Mr O'Hare's Appendix 3Y dated 15 June 2023.

(5) Includes 2,612,549 shares held by close family members of Mr Rowe, in which Mr Rowe has no relevant interest or voting power.

(6) Includes 9,619 shares held by a close family member of Mr Rowe, in which Mr Rowe has no relevant interest or voting power.

MINIMUM SECURITIES HOLDING POLICY

Under the Company's Minimum Securities Holding Policy, Non-Executive Directors are required to acquire ordinary shares in the Company equivalent in value to 100 per cent of their annual base fee (before tax and superannuation and excluding Committee fees). The minimum shareholding target must be met by Non-Executive Directors within three years of the later of the date the Policy commenced and their appointment.

As at the date of this report, Dr Pitkin, Ms Chaplain, Mr Everingham, Mr Mowlem and Mr O'Hare have met the minimum shareholding requirement based on the Company's closing share price on 30 June 2023 (being the last ASX trading day for FY23).

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

NO PERFORMANCE BASED FEES

To ensure the independence of our Non-Executive Directors, they do not receive performance-related remuneration.

NO TERMINATION PAYMENTS

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

REMUNERATION REPORT
(AUDITED)REPORTING PERIOD
ENDED 1 JULY 2023

SECTION 8

Transactions with KMP

This section applies to Non-Executive Directors and Executive KMP.

LOANS TO KMP AND THEIR RELATED PARTIES

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

OTHER TRANSACTIONS WITH KMP

During FY23, the Group paid rental fees to various entities ultimately owned and controlled by former Non-Executive Director, Mr Rowe under store lease agreements. These agreements are on normal commercial terms and rent on the relevant properties is negotiated on an arm's length basis.

The aggregate rental fees payable by the Group under these lease agreements during FY23 amounted to \$9,357,875 (FY22: \$10,477,402). The current reporting period represents 52 weeks, whereas the comparative period represented 53 weeks.

There were no other transactions during the reporting period between the Group and members of KMP or their close family members or controlled entities than those disclosed in this report.

REMUNERATION REPORT (AUDITED)

REPORTING PERIOD
ENDED 1 JULY 2023

SECTION 9

Remuneration Governance

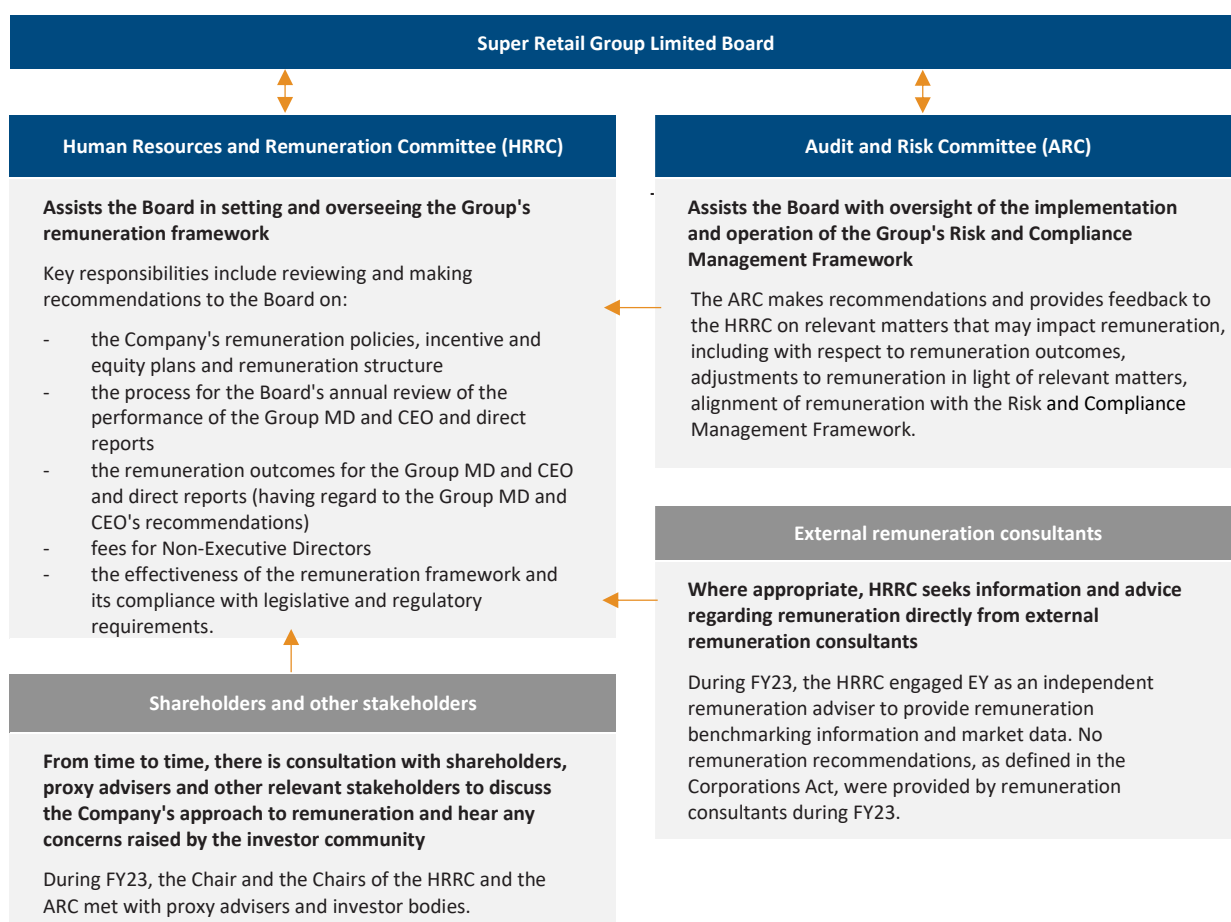
The Board is responsible for overseeing the Company's remuneration framework and ensuring that it is aligned with the Company's vision, mission, values, strategic objectives and risk appetite. The HRRC assists the Board in its oversight of the remuneration framework by reviewing and making recommendations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

The HRRC currently comprises three Independent Non-Executive Directors: Peter Everingham (Chair), Howard Mowlem and Sally Pitkin. Details of the number of times the HRRC met and attendance at those meetings during the reporting period is set out in the Directors' Report on page 54. The responsibilities of the HRRC are outlined in its Charter, which is available in the Corporate Governance section of the Company's website.

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

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

Table 24: Remuneration Governance Framework



The background features a light gray field with various large, faint numbers scattered across it. Two prominent orange diagonal stripes cross the page from the bottom-left towards the top-right. The year '2023' is printed in a large, dark gray font, positioned between the two stripes.

2023

**Financial
Statements**

For the financial
year ended
1 July 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 1 July 2023

| | Notes | 2023 \$m | 2022 \$m |
|--|-------|------------------|-------------|
| CONTINUING OPERATIONS | | | |
| Revenue from continuing operations | | 3,802.6 | 3,550.9 |
| Other income from continuing operations | | 4.4 | 0.1 |
| Total revenues and other income | 5 | 3,807.0 | 3,551.0 |
| Expenses | | | |
| Cost of sales of goods | | (2,044.9) | (1,890.3) |
| Other expenses from ordinary activities | | | |
| - selling and distribution | | (480.0) | (459.3) |
| - marketing | | (103.9) | (98.8) |
| - occupancy | | (236.1) | (238.1) |
| - administration | | (515.3) | (471.4) |
| Net finance costs | 6 | (47.4) | (47.0) |
| Share of net loss of associates and joint ventures | 6 | - | (0.4) |
| Total expenses | | (3,427.6) | (3,205.3) |
| Profit before income tax | | 379.4 | 345.7 |
| Income tax expense | 15 | (116.4) | (104.5) |
| Profit for the period | | 263.0 | 241.2 |
| Profit for the period is attributable to: | | | |
| Owners of Super Retail Group | | 263.0 | 241.2 |
| OTHER COMPREHENSIVE INCOME | | | |
| Items that may be reclassified to profit or loss | | | |
| Gains / (losses) on cash flow hedges | 20 | 1.8 | 8.3 |
| Hedging (gains) / losses reclassified to profit or loss | 20 | (8.3) | (2.5) |
| Exchange differences on translation of foreign operations | 20 | 1.0 | (1.7) |
| Other comprehensive income for the period, net of tax | | (5.5) | 4.1 |
| Total comprehensive income for the period is attributable to: | | | |
| Owners of Super Retail Group | | 257.5 | 245.3 |
| Earnings per share for profit attributable to the ordinary equity holders of the Company: | | | |
| Basic earnings per share | 18 | 116.5 | 106.8 |
| Diluted earnings per share | 18 | 115.4 | 105.8 |

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

CONSOLIDATED BALANCE SHEET

As at 1 July 2023

| | Notes | 2023 \$m | 2022 \$m |
|----------------------------------|-------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 192.3 | 13.4 |
| Trade and other receivables | 8 | 58.1 | 53.6 |
| Inventories | 9 | 788.6 | 799.6 |
| Derivative financial instruments | 17 | 2.7 | 11.9 |
| Total current assets | | 1,041.7 | 878.5 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 270.4 | 235.7 |
| Intangible assets | 11 | 846.4 | 866.0 |
| Right-of-use assets | 12 | 944.4 | 923.7 |
| Deferred tax assets | 15 | - | 15.4 |
| Total non-current assets | | 2,061.2 | 2,040.8 |
| Total assets | | 3,102.9 | 2,919.3 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | 490.1 | 451.4 |
| Lease liabilities | 12 | 175.8 | 193.4 |
| Current tax liabilities | 15 | 30.3 | 19.8 |
| Provisions | 16 | 106.3 | 97.9 |
| Total current liabilities | | 802.5 | 762.5 |
| Non-current liabilities | | | |
| Borrowings | 14 | - | - |
| Lease liabilities | 12 | 859.2 | 817.3 |
| Deferred tax liabilities | 15 | 32.9 | 10.1 |
| Provisions | 16 | 40.7 | 40.4 |
| Total non-current liabilities | | 932.8 | 867.8 |
| Total liabilities | | 1,735.3 | 1,630.3 |
| NET ASSETS | | 1,367.6 | 1,289.0 |
| EQUITY | | | |
| Contributed equity | 19 | 740.7 | 740.7 |
| Other equity | 19 | (3.8) | - |
| Reserves | 20 | 17.4 | 24.1 |
| Retained earnings | 20 | 613.3 | 524.2 |
| TOTAL EQUITY | | 1,367.6 | 1,289.0 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 1 July 2023

| | Notes | Contributed Equity \$m | Other Equity \$m | Reserves \$m | Retained Earnings \$m | Total Equity \$m |
|---|-------|------------------------------|---------------------|-----------------|-----------------------------|------------------------|
| Balance at 26 June 2021 | | 740.7 | - | 17.6 | 468.2 | 1,226.5 |
| Profit for the period | | - | - | - | 241.2 | 241.2 |
| Other comprehensive gain for the period | | - | - | 4.1 | - | 4.1 |
| Total comprehensive income for the period | | - | - | 4.1 | 241.2 | 245.3 |
| Transactions with owners in their capacity as owners | | | | | | |
| Dividends paid | 23 | - | - | - | (185.2) | (185.2) |
| Employee share schemes | 20 | - | - | 2.4 | - | 2.4 |
| | | - | - | 2.4 | (185.2) | (182.8) |
| Balance at 2 July 2022 | | 740.7 | - | 24.1 | 524.2 | 1,289.0 |
| Profit for the period | | - | - | - | 263.0 | 263.0 |
| Other comprehensive loss for the period | | - | - | (5.5) | - | (5.5) |
| Total comprehensive income for the period | | - | - | (5.5) | 263.0 | 257.5 |
| Transactions with owners in their capacity as owners | | | | | | |
| Dividends paid | 23 | - | - | - | (173.9) | (173.9) |
| Acquisition of treasury shares | 19 | - | (3.8) | - | - | (3.8) |
| Employee share schemes | 20 | - | - | (1.2) | - | (1.2) |
| | | - | (3.8) | (1.2) | (173.9) | (178.9) |
| Balance at 1 July 2023 | | 740.7 | (3.8) | 17.4 | 613.3 | 1,367.6 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 1 July 2023

| | Notes | 2023 \$m | 2022 \$m |
|---|-------|-------------|-------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of goods and services tax) | | 4,222.4 | 3,914.5 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (3,397.8) | (3,372.3) |
| Rental payments | | (43.8) | (44.8) |
| Income taxes paid | | (64.4) | (157.0) |
| Net cash inflow from operating activities | 21 | 716.4 | 340.4 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment and computer software | | (109.6) | (125.0) |
| Proceeds from sale of property, plant and equipment | | 0.1 | 0.3 |
| Payments for businesses acquired | 25(c) | (0.8) | - |
| Proceeds from sale of investment in associate | 25(b) | 1.8 | - |
| Net cash (outflow) from investing activities | | (108.5) | (124.7) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | 22(d) | 122.0 | 483.0 |
| Repayment of borrowings | 22(d) | (122.0) | (483.0) |
| Lease principal payments | | (210.7) | (216.0) |
| Borrowing costs paid | | (2.2) | - |
| Interest paid | | (45.9) | (43.6) |
| Interest received | | 3.6 | - |
| Dividends paid to Company's shareholders | 23 | (173.9) | (185.2) |
| Net cash (outflow) from financing activities | | (429.1) | (444.8) |
| Net increase / (decrease) in cash and cash equivalents | | 178.8 | (229.1) |
| Cash and cash equivalents at the beginning of the period | | 13.4 | 242.3 |
| Effects of exchange rate changes on cash and cash equivalents | | 0.1 | 0.2 |
| Cash and cash equivalents at end of the period | 7 | 192.3 | 13.4 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 1 July 2023

TABLE OF CONTENTS

Basis of Preparation

| | | |
|----|--|-----|
| 1. | Reporting entity | 98 |
| 2. | Summary of significant accounting policies | 98 |
| 3. | Critical accounting estimates and judgements | 101 |

Group Performance

| | | |
|----|---|-----|
| 4. | Segment information | 102 |
| 5. | Revenue and other income from continuing operations | 105 |
| 6. | Expenses from continuing operations | 105 |

Assets and Liabilities

| | | |
|-----|--|-----|
| 7. | Cash and cash equivalents | 107 |
| 8. | Trade and other receivables | 107 |
| 9. | Inventories | 108 |
| 10. | Property, plant and equipment | 108 |
| 11. | Intangible assets | 110 |
| 12. | Leases | 113 |
| 13. | Trade and other payables | 115 |
| 14. | Borrowings | 115 |
| 15. | Income taxes | 116 |
| 16. | Provisions | 120 |
| 17. | Financial assets and financial liabilities | 122 |

Capital Structure, Financing and Risk Management

| | | |
|-----|--|-----|
| 18. | Earnings per share | 125 |
| 19. | Contributed equity | 126 |
| 20. | Reserves and retained earnings | 127 |
| 21. | Reconciliation of profit after income tax to net cash inflow from operating activities | 128 |
| 22. | Financial risk management | 129 |
| 23. | Capital management | 135 |

Group Structure

| | | |
|-----|-------------------------------------|-----|
| 24. | Related party transactions | 137 |
| 25. | Business combinations | 137 |
| 26. | Deed of cross guarantee | 138 |
| 27. | Parent entity financial information | 140 |
| 28. | Investments in controlled entities | 141 |

Other

| | | |
|-----|--------------------------------------|-----|
| 29. | Key management personnel disclosures | 142 |
| 30. | Share-based payments | 142 |
| 31. | Remuneration of auditors | 144 |
| 32. | Contingencies | 145 |
| 33. | Commitments | 145 |
| 34. | Net tangible asset backing | 145 |
| 35. | Events occurring after balance date | 145 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

1. Reporting entity

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

The consolidated annual financial report of the Company as at and for the period ended 1 July 2023 comprises the Company and its subsidiaries (together referred to as the Group, and individually as Group entities).

The Group is primarily involved in the retail industry. Principal activities of the Group consist of:

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

2. Summary of significant accounting policies

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

(a) Basis of preparation

Statement of compliance

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

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

Basis of measurement

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Super Retail Group Limited as at 1 July 2023 and the results of its controlled entities for the period then ended. The effects of all transactions between entities in the consolidated Group are fully eliminated.

(i) Transactions eliminated on consolidation

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

(ii) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and these are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Business combinations

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

2. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iii) Business combinations (continued)

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

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

(iv) Investments in associates and joint ventures

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

(v) Equity method

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

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

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

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

(vi) Changes in ownership interests

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

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

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

(vii) Comparatives

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

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Super Retail Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

2. Summary of significant accounting policies (continued)**(c) Foreign currency translation (continued)***(ii) Transactions and balances (continued)*

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

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(d) Goods and Services Tax

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.

(e) Rounding of amounts

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

(f) Financial year

As allowed under Section 323D(2) of the Corporations Act, the Directors have determined the financial year to be a fixed period of 52 calendar or 53 calendar weeks. For the period to 1 July 2023, the Group is reporting on the 52 week period that began 3 July 2022 and ended 1 July 2023. For the period to 2 July 2022, the Group is reporting on the 53 week period that began 27 June 2021 and ended 2 July 2022.

(g) New and amended standards adopted by the Group

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

AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments* [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141].

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 1 July 2023 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

3. Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

4. Segment information

(a) Description of segments

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

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

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

Detailed below is the information provided to the Group MD and CEO for reportable segments. Items not included in Normalised Net Profit After Tax (Normalised NPAT), and excluded from the calculation of Segment EBITDA and Segment EBIT, are one-off charges relating to business restructuring, non-continuing operations, other items not in the ordinary course of business, and items that are unusual due to their size and nature. These are determined by management.

| For the period ended 1 July 2023 | SCA \$m | rebel \$m | BCF \$m | Macpac \$m | Total continuing operations \$m | Inter-segment eliminations/ unallocated \$m | Consolidated \$m |
|---|----------------|----------------|--------------|---------------|--|--|---------------------|
| Segment Revenue and Other Income | | | | | | | |
| External segment revenue | 1,447.9 | 1,309.1 | 839.9 | 205.7 | 3,802.6 | - | 3,802.6 |
| Inter-segment sales | - | - | - | 10.7 | 10.7 | (10.7) | - |
| Other income | 0.3 | 0.2 | - | 0.2 | 0.7 | 3.7 | 4.4 |
| Total segment revenue and other income | 1,448.2 | 1,309.3 | 839.9 | 216.6 | 3,814.0 | (7.0) | 3,807.0 |
| Segment EBITDA⁽¹⁾ | 334.3 | 282.8 | 128.5 | 50.7 | 796.3 | (28.7) | 767.6 |
| Segment depreciation and amortisation | (114.9) | (121.0) | (67.5) | (20.3) | (323.7) | (5.9) | (329.6) |
| Segment EBIT result | 219.4 | 161.8 | 61.0 | 30.4 | 472.6 | (34.6) | 438.0 |
| Net finance costs* | (15.4) | (15.8) | (10.0) | (1.7) | (42.9) | (4.5) | (47.4) |
| Total segment PBT | 204.0 | 146.0 | 51.0 | 28.7 | 429.7 | (39.1) | 390.6 |
| Segment income tax expense ⁽²⁾ | | | | | | | (117.1) |
| Normalised NPAT | | | | | | | 273.5 |
| Other items not included in the total segment NPAT ⁽³⁾ | | | | | | | (10.5) |
| Profit for the period | | | | | | | 263.0 |
| Segment Net Inventory | | | | | | | |
| Inventory | 285.3 | 225.2 | 219.0 | 61.1 | 790.6 | (2.0) | 788.6 |
| Trade payables | (160.4) | (69.5) | (42.2) | (7.6) | (279.7) | (77.5) | (357.2) |
| Net inventory | 124.9 | 155.7 | 176.8 | 53.5 | 510.9 | (79.5) | 431.4 |

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

| | ⁽¹⁾ Segment EBITDA adjusted for \$m | ⁽²⁾ Segment income tax adjusted for \$m | ⁽³⁾ Other items not included in total segment NPAT \$m |
|---|--|--|--|
| Other items not included in total segment NPAT | | | |
| Execution costs for team member wage remediation | 2.4 | 0.7 | 1.7 |
| FWO proceedings | 8.8 | - | 8.8 |
| | 11.2 | 0.7 | 10.5 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

4. Segment information (continued)

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

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

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

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

Unallocated costs are Group costs comprising \$22.0 million of corporate costs (2022: \$25.6 million) and \$18.1 million of costs relating to digital investment (2022: \$7.2). The result also includes \$3.7 million of interest revenue earned on cash at bank balances during the period as well as a gain of \$1.8 million related to the sale of all of the Group's shares in Autoguru Australia Pty Ltd. The prior comparative period includes a loss of \$5.7 million related to the write down of the Group's investment in Autoguru Australia Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

4. Segment information (continued)**(c) Other information**

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

Australia (the home country of the parent entity)

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

New Zealand

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

| | 2023 \$m | 2022 \$m |
|--|----------------|----------------|
| <i>(i) Total revenue and other income from continuing operations</i> | | |
| Australia | 3,546.9 | 3,316.7 |
| New Zealand | 260.1 | 234.3 |
| | 3,807.0 | 3,551.0 |
| <i>(ii) Total non-current assets</i> | | |
| Australia | 1,862.5 | 1,841.0 |
| New Zealand | 198.7 | 199.8 |
| | 2,061.2 | 2,040.8 |

Significant Accounting Policies**Segment reporting**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

5. Revenue and other income from continuing operations

| | 2023 \$m | 2022 \$m |
|---------------------------------|-------------|-------------|
| Revenue from the sale of goods | 3,802.6 | 3,550.9 |
| <i>Other income</i> | | |
| Interest earned on cash at bank | 4.2 | - |
| Sundry | 0.2 | 0.1 |
| Total revenues and other income | 3,807.0 | 3,551.0 |

Significant Accounting Policies

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

Sale of goods – retail

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

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

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

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

6. Expenses from continuing operations

| | 2023 \$m | 2022 \$m |
|---|-------------|-------------|
| Profit before income tax includes the following specific gains and expenses: | | |
| <i>Expenses/(gains)</i> | | |
| Net (gain) on disposal of property, plant and equipment | (0.5) | (0.3) |
| Share of net loss from associates and joint ventures | - | 0.4 |
| (Gain) / loss on write down of investment in associate | (1.8) | 5.7 |
| <i>Depreciation</i> | | |
| Right-of-use assets | 214.6 | 207.5 |
| Plant and equipment | 52.0 | 48.7 |
| Computer equipment | 22.4 | 17.0 |
| Total depreciation | 289.0 | 273.2 |
| <i>Amortisation and impairment</i> | | |
| Computer software amortisation | 40.4 | 32.0 |
| Right-of-use asset impairment | 0.2 | 2.0 |
| Total amortisation and impairment | 40.6 | 34.0 |
| <i>Net finance costs</i> | | |
| Interest and finance charges on bank facilities | 4.2 | 6.9 |
| Interest on lease liabilities and make-good provisions | 43.2 | 40.1 |
| Net finance costs | 47.4 | 47.0 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

6. Expenses from continuing operations (continued)

| | 2023 \$m | 2022 \$m |
|---|-------------|-------------|
| Profit before income tax includes the following specific gains and expenses: | | |
| <i>Employee benefits expense</i> | | |
| Superannuation | 56.6 | 50.3 |
| Salaries and wages ⁽¹⁾ | 690.0 | 656.3 |
| Total employee benefits expense | 746.6 | 706.6 |
| ⁽¹⁾ Excludes impact of government grant received disclosed below. | | |
| <i>Government grant received</i> | | |
| New Zealand wage subsidy for Super Cheap Auto (New Zealand) Pty Limited and Macpac New Zealand Limited | - | 1.2 |
| Total government grant revenue ⁽²⁾ | - | 1.2 |
| ⁽²⁾ Government grant revenue is offset against expenses where applicable. | | |
| <i>Rental expense relating to leases</i> | | |
| Lease expenses | 38.4 | 39.3 |
| Equipment hire | 4.3 | 3.7 |
| Total rental expense relating to leases ⁽³⁾ | 42.7 | 43.0 |
| ⁽³⁾ The impact of applying AASB 16 <i>Leases</i> was a decrease of \$250.9 million in rental expense to 1 July 2023 (2022: \$237.4 million). | | |
| <i>Foreign exchange gains and losses</i> | | |
| Net foreign exchange (gain) / loss | (7.9) | 3.4 |

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

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

Finance costs

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

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

Employee benefits

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

Leases

Refer to Note 12 for details on leases.

Foreign exchange gains and losses

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

Government grants

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

7. Cash and cash equivalents

| | 2023 | 2022 |
|---------------------------------|--------------|-------------|
| | \$m | \$m |
| Cash at bank and on hand | 192.3 | 32.7 |
| Bank overdraft | - | (19.3) |
| Total cash and cash equivalents | 192.3 | 13.4 |

Significant Accounting Policies**Cash and cash equivalents**

For the purposes of the cash flow statement, cash includes cash on hand, cash at bank and at call deposits with banks or financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

8. Trade and other receivables

| | 2023 | 2022 |
|---|--------------|-------------|
| | \$m | \$m |
| Current | | |
| Trade receivables | 19.0 | 19.1 |
| Loss allowance | (0.6) | (1.0) |
| Net trade receivables | 18.4 | 18.1 |
| Other receivables | 16.7 | 19.2 |
| Prepayments | 23.0 | 16.3 |
| Net current trade and other receivables | 58.1 | 53.6 |

(a) Impaired trade receivables

As at 1 July 2023 current trade receivables of the Group with a nominal value of \$0.6 million (2022: \$1.0 million) were impaired and provided for. The individually impaired receivables mainly relate to wholesalers with whom the Group no longer trades.

(b) Past due but not impaired

As at 1 July 2023, trade receivables of \$11.9 million (2022: \$10.7 million) were past their payment terms but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

| | 2023 | 2022 |
|------------------|-------------|-------------|
| | \$m | \$m |
| 30 to 60 days | 9.3 | 6.4 |
| 60 to 90 days | 1.2 | 2.2 |
| 90 days and over | 1.4 | 2.1 |
| | 11.9 | 10.7 |

Significant Accounting Policies**Trade receivables**

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

8. Trade and other receivables (continued)**Significant Accounting Policies****Trade receivables (continued)**

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

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

Prepayments

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

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

9. Inventories

| | 2023 \$m | 2022 \$m |
|--|-------------|-------------|
| Finished goods, at lower of cost or net realisable value | 788.6 | 799.6 |

(a) Inventory expense

Inventories recognised as expense during the period ended 1 July 2023 amounted to \$1,945.8 million (2022: \$1,797.5 million).

Write-downs of inventories to net realisable value recognised as an expense during the period ended 1 July 2023 amounted to \$0.6 million (2022: \$4.4 million).

Significant Accounting Policies**Inventories**

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

Critical accounting estimates and assumptions**Net realisable value**

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

10. Property, plant and equipment

| | 2023 \$m | 2022 \$m |
|---|-------------|-------------|
| Plant and equipment, at cost | 546.0 | 482.3 |
| Less accumulated depreciation | (318.6) | (284.1) |
| Net plant and equipment | 227.4 | 198.2 |
| Computer equipment, at cost | 113.8 | 98.4 |
| Less accumulated depreciation | (70.8) | (60.9) |
| Net computer equipment | 43.0 | 37.5 |
| Total net property, plant and equipment | 270.4 | 235.7 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

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

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

| | Plant and equipment | Computer equipment | Total |
|---------------------------------------|------------------------|-----------------------|--------|
| | \$m | \$m | \$m |
| 2023 | | | |
| Carrying amounts at 2 July 2022 | 198.2 | 37.5 | 235.7 |
| Additions | 81.0 | 28.0 | 109.0 |
| Depreciation | (52.0) | (22.4) | (74.4) |
| Disposals | - | (0.1) | (0.1) |
| Foreign currency exchange differences | 0.2 | - | 0.2 |
| Carrying amounts at 1 July 2023 | 227.4 | 43.0 | 270.4 |
| 2022 | | | |
| Carrying amounts at 26 June 2021 | 187.4 | 32.5 | 219.9 |
| Additions | 59.8 | 22.2 | 82.0 |
| Depreciation | (48.7) | (17.0) | (65.7) |
| Disposals | - | (0.2) | (0.2) |
| Foreign currency exchange differences | (0.3) | - | (0.3) |
| Carrying amounts at 2 July 2022 | 198.2 | 37.5 | 235.7 |

Significant Accounting Policies**Carrying value**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation and amortisation of property, plant and equipment

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

The depreciation rates used for each class of assets are:

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses

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

Critical accounting estimates and assumptions**Impairment**

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

11. Intangible assets

| | 2023 \$m | 2022 \$m |
|---|-------------|-------------|
| Goodwill, at cost | 529.5 | 528.7 |
| Less accumulated impairment charge | (2.1) | (2.1) |
| Net goodwill | 527.4 | 526.6 |
| Computer software, at cost | 253.3 | 240.6 |
| Less accumulated amortisation | (187.6) | (154.5) |
| Net computer software | 65.7 | 86.1 |
| Brand names, at cost | 311.8 | 311.8 |
| Less accumulated amortisation and impairment charge | (58.5) | (58.5) |
| Net brand names | 253.3 | 253.3 |
| Total net intangible assets | 846.4 | 866.0 |

(a) Reconciliations

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

| | Goodwill \$m | Computer Software \$m | Brand Name \$m | Total \$m |
|----------------------------------|-----------------|-----------------------------|----------------------|--------------|
| 2023 | | | | |
| Carrying amounts at 2 July 2022 | 526.6 | 86.1 | 253.3 | 866.0 |
| Additions | 0.8 | 20.0 | - | 20.8 |
| Amortisation charge | - | (40.4) | - | (40.4) |
| Carrying amounts at 1 July 2023 | 527.4 | 65.7 | 253.3 | 846.4 |
| 2022 | | | | |
| Carrying amounts at 26 June 2021 | 526.6 | 87.0 | 253.3 | 866.9 |
| Additions | - | 31.3 | - | 31.3 |
| Disposals | - | (0.2) | - | (0.2) |
| Amortisation charge | - | (32.0) | - | (32.0) |
| Carrying amounts at 2 July 2022 | 526.6 | 86.1 | 253.3 | 866.0 |

(b) Impairment tests for goodwill

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

| CGU | 2023 \$m | 2022 \$m |
|-----------------|-------------|-------------|
| Supercheap Auto | 45.3 | 45.3 |
| rebel | 376.6 | 376.6 |
| BCF | 25.9 | 25.1 |
| Macpac | 79.6 | 79.6 |
| Total | 527.4 | 526.6 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

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

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

Key assumptions used for value-in-use calculations

The key assumptions used in the VIU calculations across each business segment CGU include sales growth, EBITDA margin, long-term growth rate and the discount rate. A pre-tax discount rate of 13.4 per cent (2022: 11.7 per cent) and terminal growth rate of 2.5 per cent (2022: 2.5 per cent) have been assumed. Projected sales are based on the business plans described above. Budgeted EBITDA margin is determined based on past performance and expectations for the future.

The recoverable amounts of each CGU are estimated to exceed their carrying amounts as at 1 July 2023. Management do not consider that a reasonably possible change in any of the key assumptions for any of the CGUs would cause their carrying amounts to exceed their recoverable amounts.

(c) Impairment tests for the useful life for brands

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

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

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

The carrying values of the purchased brand names are:

| | 2023 | 2022 |
|--------|-------|-------|
| Brand | \$m | \$m |
| rebel | 209.0 | 209.0 |
| Macpac | 44.3 | 44.3 |
| Total | 253.3 | 253.3 |

Key assumptions used for value-in-use calculations

The key assumptions used in the VIU calculations across each business segment CGU include sales growth, EBITDA margin, long-term growth rate and the discount rate. A pre-tax discount rate of 13.4 per cent (2022: 11.7 per cent) and terminal growth rate of 2.5 per cent (2022: 2.5 per cent) have been assumed. Projected sales are based on the business plans described above. Budgeted EBITDA margin is determined based on past performance and expectations for the future.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

11. Intangible assets (continued)

Significant Accounting Policies

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or business at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Any impairment is recognised as an expense and is not subsequently reversed.

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

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

Other intangible assets

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

| | |
|-------------------|-------------|
| Computer software | 10% – 33.3% |
| Brand names | Nil |

Computer software

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

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

Brand names

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

Research and development

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

Other items of expenditure

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

Critical accounting estimates and assumptions

Capitalised software costs and useful lives

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

Capitalised software and SaaS arrangements

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

Estimated impairment of indefinite useful life non-financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

12. Leases**(a) Right-of-use assets**

| | 2023 \$m | 2022 \$m |
|---------------------------|-------------|-------------|
| Properties | 944.4 | 923.4 |
| Computer equipment | - | 0.3 |
| Total right-of-use assets | 944.4 | 923.7 |

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

| | Properties \$m | Computer equipment \$m | Total \$m |
|---------------------------------------|-------------------|------------------------------|--------------|
| 2023 | | | |
| Carrying amounts at 2 July 2022 | 923.4 | 0.3 | 923.7 |
| Additions | 287.9 | - | 287.4 |
| Disposals | (51.8) | - | (51.9) |
| Depreciation | (214.3) | (0.3) | (214.6) |
| Impairment | (0.2) | - | (0.2) |
| Foreign currency exchange differences | (0.6) | - | (0.6) |
| Carrying amounts at 1 July 2023 | 944.4 | - | 944.4 |

2022

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

(b) Lease liabilities

| | 2023 \$m | 2022 \$m |
|-------------------------|-------------|-------------|
| Current | 175.8 | 193.4 |
| Non-current | 859.2 | 817.3 |
| Total lease liabilities | 1,035.0 | 1,010.7 |

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

| | | |
|--|---------|---------|
| Balance at the beginning of the reporting period | 1,010.7 | 989.6 |
| Additions | 286.6 | 255.9 |
| Terminations | (52.2) | (17.5) |
| Rental payments | (252.5) | (254.9) |
| Interest on lease liabilities | 42.0 | 38.9 |
| Foreign currency exchange differences | 0.4 | (1.3) |
| Balance at the end of the reporting period | 1,035.0 | 1,010.7 |

At 1 July 2023, the Group had committed to leases that had not yet commenced and estimates that the potential future lease payments would result in an increase in undiscounted lease liabilities of \$238.5 million (2022: \$150.7 million).

(c) Other

| | 2023 \$m | 2022 \$m |
|---|-------------|-------------|
| Expense relating to short-term leases (included in Occupancy expenses) | 4.2 | 8.7 |
| Expense relating to leases of low-value assets (included in Cost of sales of goods and Administrative expenses) | 4.3 | 3.7 |
| Expense relating to variable lease payments not included in lease liabilities (included in Occupancy expenses) | 34.8 | 31.4 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

12. Leases (continued)

Significant Accounting Policies

Leases

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

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

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

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

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment and furniture, and other immaterial assets.

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

Make-good requirements in relation to leased premises

Make-good costs arising from contractual obligations in lease agreements are recognised as provisions at the inception of the agreement. A corresponding asset is taken up as part of the right-of-use asset at that time. Expected future payments are discounted on the same basis as the associated lease liability.

Critical accounting estimates and assumptions

Variable lease payments

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

Extension and termination options

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

Given the uncertainties that exist within the retail market, management currently consider leases with more than three years to expiry as not reasonably certain to be extended. An annual strategic store network review as approved by the Board delivers confidence over network plans covering the next three years. This has resulted in option assumptions being revised for 80 (2022: 78) leases during the period. This had the impact of increasing lease liabilities and the corresponding right-of-use assets by \$52.3 million (2022: \$52.9 million). Of the Group's lease portfolio 55% (2022: 63%) of leases contain option renewals. The lease liability currently includes extension options in the calculation of lease term for 26% (2022: 23%) of leases with those options.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

13. Trade and other payables

| | 2023 | 2022 |
|--|-------|-------|
| | \$m | \$m |
| Current | | |
| Trade payables | 357.2 | 324.1 |
| Gift card deferred revenue | 60.8 | 53.7 |
| Other payables | 72.1 | 73.6 |
| Total current trade and other payables | 490.1 | 451.4 |

Significant Accounting Policies**Trade and other payables**

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

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

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

14. Borrowings

| | 2023 | 2022 |
|---|------|------|
| | \$m | \$m |
| Non-current | | |
| Bank debt funding facility - unsecured ⁽¹⁾ | - | - |
| Total non-current borrowings | - | - |

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

(a) Reconciliation of liabilities arising from financing activities

| | 2 July 2022 | Cash flows | Non-cash | Reclassified to | 1 July 2023 |
|--|-------------|------------|--------------|-----------------|-------------|
| | \$m | \$m | Amortisation | Trade and Other | \$m |
| | | | \$m | Receivables | |
| | | | | \$m | |
| Bank debt funding facility | - | - | - | - | - |
| Capitalised borrowing costs ⁽²⁾ | - | (2.2) | 0.4 | 1.8 | - |
| Total | - | (2.2) | 0.4 | 1.8 | - |

⁽²⁾ Net borrowing costs capitalised of \$1.8 million at 1 July 2023 are presented in Trade and other receivables as a prepayment (refer note 8).

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

Significant Accounting Policies**Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

15. Income taxes

| | 2023 \$m | 2022 \$m |
|---|----------------|----------------|
| (a) Income tax expense | | |
| Current tax expense | 76.1 | 107.8 |
| Deferred tax expense / (benefit) | 41.0 | (3.2) |
| Adjustments to tax expense of prior periods | (0.7) | (0.1) |
| | 116.4 | 104.5 |
| Deferred income tax expense / (revenue) included in income tax expense comprises: | | |
| (Increase) in deferred tax assets (Note 15(e)) | (26.4) | (13.0) |
| Increase in deferred tax liabilities (Note 15(e)) | 67.4 | 9.8 |
| | 41.0 | (3.2) |
| (b) Reconciliation between tax expense and pre-tax profit | | |
| Profit before income tax from continuing operations | 379.4 | 345.7 |
| Tax at the Australian tax rate of 30% (2022: 30%) | 113.8 | 103.7 |
| Tax effect of amounts not deductible / (taxable) in calculating taxable income: | | |
| Sundry items | 4.0 | 1.7 |
| | 117.8 | 105.4 |
| Difference in overseas tax rates | (0.6) | (0.4) |
| Previously unrecognised tax losses and deferred tax assets | (0.1) | (0.4) |
| Adjustments to tax expense of prior periods | (0.7) | (0.1) |
| Income tax expense | 116.4 | 104.5 |
| Effective tax rate: | | |
| Australia | 30.8% | 30.6% |
| Consolidated group | 30.7% | 30.2% |
| (c) Reconciliation of income tax expense to income tax payable | | |
| Income tax (expense) | (116.4) | (104.5) |
| Tax effect of timing differences: | | |
| Depreciation | 36.4 | (2.0) |
| Provisions | (0.9) | (4.8) |
| Accruals and prepayments | 3.6 | 0.6 |
| Leased assets | 6.3 | 8.9 |
| Lease liabilities | (7.4) | (6.6) |
| Tax losses | (0.4) | 0.4 |
| Sundry temporary differences | 3.7 | 0.6 |
| Current tax payable | (75.1) | (107.4) |
| Income tax instalments paid during the year | 44.8 | 87.6 |
| Income tax (payable) | (30.3) | (19.8) |
| (d) Amounts recognised directly in equity | | |
| Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity: | | |
| Net deferred tax charged directly to equity (Note 15(e)) | (2.8) | 2.6 |
| | (2.8) | 2.6 |
| Tax expense relating to items of other comprehensive income | | |
| Cash flow hedges | (2.8) | 2.6 |
| | (2.8) | 2.6 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

15. Income taxes (continued)

| | 2023 \$m | 2022 \$m |
|--|-------------|-------------|
| (e) Deferred tax assets and liabilities | | |
| Assets | | |
| Provisions | 34.9 | 33.9 |
| Accruals and prepayments | 10.0 | 13.5 |
| Depreciation | 37.5 | 16.8 |
| Lease liabilities | 309.5 | 302.0 |
| Tax losses | 0.4 | - |
| Sundry temporary differences | 5.1 | 4.8 |
| | 397.4 | 371.0 |
| Set off with deferred tax liabilities | (397.4) | (355.6) |
| Net deferred tax assets | - | 15.4 |
| Liabilities | | |
| Brand values | 75.3 | 75.3 |
| Depreciation | 66.7 | 10.0 |
| Right-of-use assets | 280.7 | 274.4 |
| Sundry temporary differences | 6.8 | 2.4 |
| | 429.5 | 362.1 |
| <i>Amounts recognised directly in equity</i> | | |
| Cash flow hedges | 0.8 | 3.6 |
| | 430.3 | 365.7 |
| Set-off of deferred tax assets | (397.4) | (355.6) |
| Net deferred tax liabilities | 32.9 | 10.1 |
| Movements in deferred tax assets: | | |
| Opening balance | 371.0 | 358.0 |
| Credited to the income statement | 26.4 | 13.0 |
| (Charged) / credited to equity | - | - |
| Closing balance | 397.4 | 371.0 |
| Deferred tax assets to be recovered after more than 12 months | 309.2 | 278.2 |
| Deferred tax assets to be recovered within 12 months | 88.2 | 92.8 |
| | 397.4 | 371.0 |
| Movements in deferred tax liabilities: | | |
| Opening balance | 365.7 | 353.3 |
| Charged / (credited) to the income statement | 67.4 | 9.8 |
| Charged to equity | (2.8) | 2.6 |
| Closing balance | 430.3 | 365.7 |
| Deferred tax liabilities to be settled after more than 12 months | 430.3 | 365.7 |
| Deferred tax liabilities to be settled within 12 months | - | - |
| | 430.3 | 365.7 |
| (f) Unrecognised deferred tax assets | | |
| Tax losses | 7.3 | 7.5 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

15. Income taxes (continued)

(g) Tax transparency report

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

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

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

(i) Part A:

- Effective company tax rates for our Australian and global operations (Note 15 (b))
- A reconciliation of accounting profit to tax expense and to income tax payable (Note 15 (c))
- Identification of material temporary (Note 15 (c)) and non-temporary differences (Note 15 (b))

(ii) Part B:

- Tax policy, tax strategy and governance
- Information about international related party dealings
- A tax contribution summary of income tax paid

Part B discloses the Australian income tax paid by the Group in the 2023 and 2022 financial years and provides qualitative information about our approach to tax risk and international related party dealings.

Tax policy, tax strategy and governance

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

International related party dealings

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

15. Income taxes (continued)

(g) Tax transparency report (continued)

Other jurisdictions

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

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

⁽¹⁾ These companies are subject to the Australian Controlled Foreign Company rules. Under these rules profits generated by these subsidiaries from trading with Super Retail Group are taxable in Australia at the 30 per cent Australian corporate tax rate. For FY23, the gross value of international related party transactions in and out of Australia represented less than 2 per cent of revenue.

Australian income taxes paid

Super Retail Group is a large taxpayer and paid corporate income tax of \$64.4 million in FY23 and \$151.5 million in FY22.

Significant Accounting Policies

Current and deferred tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arise in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Tax consolidation

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

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

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Super Retail Group Limited for any current tax payable assumed and are compensated by Super Retail Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Super Retail Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

16. Provisions

| | 2023 | 2022 |
|------------------------------------|-------|------|
| | \$m | \$m |
| Current | | |
| Employee benefits ^(a) | 98.2 | 90.8 |
| Make-good provision ^(b) | 5.3 | 3.9 |
| Other provisions ^(c) | 2.8 | 3.2 |
| Total current provisions | 106.3 | 97.9 |
| Non-current | | |
| Employee benefits ^(a) | 9.9 | 9.6 |
| Make-good provision ^(b) | 30.8 | 30.8 |
| Total non-current provisions | 40.7 | 40.4 |

(a) Employee benefits

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

A remediation program in relation to payments owed to team members, as first identified in the 2018 financial year, is now substantially complete, with the Group having paid back \$52.7 million in entitlements and interest to certain of its award-covered set-up and retail management team members, and its enterprise agreement-covered team members.

On 19 January 2023, the Fair Work Ombudsman (FWO) filed proceedings in the Federal Court of Australia (as amended) against the Company and certain of its subsidiaries, seeking orders in relation to alleged contraventions of the Fair Work Act 2009 (Cth) (Fair Work Act) and payments of \$1.2 million for 146 team members (less remediation amounts already paid to those team members).

The FWO has also sought orders for civil penalties against the Company and the named subsidiaries under the Fair Work Act. While the Group has been assisted by expert external advisers, these proceedings are at an early stage and the outcome and total costs associated with the proceedings are uncertain. The Group has increased the provision to recognise amounts potentially payable as a consequence of the FWO proceedings by \$8.8 million. The total provision as at 1 July 2023 is \$14.3 million (2 July 2022: \$5.8 million).

(b) Make-good provision

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

(c) Other provisions

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

(d) Movement in provisions

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

| | Employee benefits | Make-good | Total |
|-----------------------------------|-------------------|-----------|--------|
| | \$m | \$m | \$m |
| 2022 | | | |
| Opening balance as at 2 July 2022 | 100.4 | 34.7 | 135.1 |
| Additional provisions recognised | 88.3 | 1.2 | 89.5 |
| Unwind of discount | - | 1.3 | 1.3 |
| Provisions used | (80.6) | (1.1) | (81.7) |
| Closing balance as at 1 July 2023 | 108.1 | 36.1 | 144.2 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

16. Provisions (continued)

Significant Accounting Policies

Provisions

Provisions for legal claims, service warranties and make-good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits – short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

Employee benefits – long-term obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Retirement benefit obligations

Contributions are made by the Group to an employee superannuation fund and are charged as expenses when incurred.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Make-good requirements in relation to leased premises

Refer to Note 12 for details on make-good requirements in relation to leased premises.

Critical accounting estimates and assumptions

Estimated value of make-good provision

The Group has estimated the present value of the expenditure required to remove any leasehold improvements and return leased premises to their original state, in addition to the likelihood of this occurring. These costs have been capitalised as part of the cost of the right-of-use asset.

Long service leave

Judgement is required in determining the following key assumptions used in the calculation of long service leave at balance date.

- Future increase in salaries and wages;
- Future on-cost rates; and
- Experience of employee departures and period of service.

Employee benefits

Judgements have been made in the calculations as to the number of overtime hours and allowance payments based on assumed work patterns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

17. Financial assets and financial liabilities**(a) Financial instruments**

The Group holds the following financial instruments:

| | | Derivatives used for hedging | Financial assets and liabilities at amortised cost | Total |
|----------------------------------|--------------|---------------------------------|--|---------|
| | | \$m | \$m | \$m |
| 2023 | Notes | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 7 | - | 192.3 | 192.3 |
| Trade and other receivables | 8 | - | 58.1 | 58.1 |
| Derivative financial instruments | 22 | 2.7 | - | 2.7 |
| Total | | 2.7 | 250.4 | 253.1 |
| Financial liabilities | | | | |
| Trade and other payables | 13 | - | 490.1 | 490.1 |
| Borrowings | 14 | - | - | - |
| Lease liabilities | 12 | - | 1,035.0 | 1,035.0 |
| Total | | - | 1,525.1 | 1,525.1 |
| 2022 | Notes | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 7 | - | 13.4 | 13.4 |
| Trade and other receivables | 8 | - | 53.6 | 53.6 |
| Derivative financial instruments | 22 | 11.9 | - | 11.9 |
| Total | | 11.9 | 67.0 | 78.9 |
| Financial liabilities | | | | |
| Trade and other payables | 13 | - | 451.4 | 451.4 |
| Borrowings | 14 | - | - | - |
| Lease liabilities | 12 | - | 1,010.7 | 1,010.7 |
| Total | | - | 1,462.1 | 1,462.1 |

The Group's exposure to various risks associated with the financial instruments is discussed in Note 22 – Financial risk management. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(b) Recognised fair value measurements**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below the table.

The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

17. Financial assets and financial liabilities (continued)**(b) Recognised fair value measurements (continued)***(i) Fair value hierarchy (continued)*

The following tables present the Group's assets and liabilities measured and recognised at fair value.

| | Level 1 \$m | Level 2 \$m | Level 3 \$m | Total \$m |
|---|----------------|----------------|----------------|--------------|
| 2023 | | | | |
| Financial assets | | | | |
| Derivatives used for hedging – forward foreign exchange contracts | - | 2.7 | - | 2.7 |
| Total | - | 2.7 | - | 2.7 |
| Financial liabilities | | | | |
| Derivatives used for hedging | - | - | - | - |
| Total | - | - | - | - |
| 2022 | | | | |
| Financial assets | | | | |
| Derivatives used for hedging – forward foreign exchange contracts | - | 11.9 | - | 11.9 |
| Total | - | 11.9 | - | 11.9 |
| Financial liabilities | | | | |
| Derivatives used for hedging | - | - | - | - |
| Total | - | - | - | - |

There were no transfers between any levels for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date;
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

17. Financial assets and financial liabilities (continued)

Significant Accounting Policies

Financial assets classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs (in the case of a financial asset not at fair value through profit or loss (FVPL)) that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

17. Financial assets and financial liabilities (continued)

Significant Accounting Policies (continued)

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are recycled in profit or loss in the income periods when the hedged item will affect profit or loss (for instance when the forecast payment that is hedged takes place). When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. As soon as a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised in profit or loss.

18. Earnings per share

| | 2023 | 2022 |
|--|----------------|----------------|
| (a) Basic earnings per share | Cents | Cents |
| Total basic earnings per share attributable to the ordinary equity holders of the company | 116.5 | 106.8 |
| (b) Diluted earnings per share | | |
| Total diluted earnings per share attributable to the ordinary equity holders of the company | 115.4 | 105.8 |
| (c) Normalised earnings per share (non-IFRS measure) ⁽¹⁾ | | |
| From continuing operations attributable to the ordinary equity holders of the company | 121.1 | 108.1 |
| ⁽¹⁾ Normalised profit attributable to ordinary equity holders is \$273.5 million (2022: \$244.1 million) – Note 4(b). | | |
| (d) Weighted average number of shares used as the denominator | 2023 Number | 2022 Number |
| Weighted average number of shares used as the denominator in calculating basic EPS | 225,826,500 | 225,826,500 |
| Adjustments for calculation of diluted earnings per share – performance rights | 2,027,140 | 2,058,479 |
| Weighted average potential ordinary shares used as the denominator in calculating diluted earnings per share | 227,853,640 | 227,884,979 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

18. Earnings per share (continued)

| | 2023 | 2022 |
|---|-------|-------|
| (e) Reconciliations of earnings used in calculating earnings per share | \$m | \$m |
| <i>Basic earnings and diluted earnings per share</i> | | |
| Profit attributable to the ordinary equity holders of the company used in EPS | 263.0 | 241.2 |
| (f) Information concerning the classification of securities | | |
| <i>Performance Rights</i> | | |
| Performance rights granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. | | |

Significant Accounting Policies**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

19. Contributed equity**(a) Share capital**

| | 2023 | 2022 |
|--|-------|-------|
| | \$m | \$m |
| Ordinary shares fully paid (225,826,500 ordinary shares as at 1 July 2023) | 740.7 | 740.7 |

| | Number of shares | Issue price | \$m |
|---|------------------|-------------|-------|
| (i) <i>Movement in ordinary share capital</i> | | | |
| Balance 26 June 2021 | 225,826,500 | | 740.7 |
| Movement in the period | - | - | - |
| Balance 2 July 2022 | 225,826,500 | | 740.7 |
| Movement in the period | - | - | - |
| Balance 1 July 2023 | 225,826,500 | | 740.7 |

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

The ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present, in person or by proxy, at a meeting of shareholders of the parent entity is entitled to one vote and, upon a poll, each share is entitled to one vote.

Performance rights over 790,611 (2022: 185,997) ordinary shares were issued during the period with 763,059 (2022: 293,907) performance rights vesting during the period. Vesting of performance rights was fulfilled through on-market share purchases. Information relating to performance rights outstanding at the end of the financial year are set out in Note 30 – Share-based payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

19. Contributed equity (continued)**(b) Other equity**

| | | 2023 | 2022 |
|--|-------------------------|--------------------------------|--------------|
| | | \$m | \$m |
| Treasury shares | | (3.8) | - |
| | | | |
| | Number of shares | Average price per share | \$m |
| <i>(i) Movement in treasury shares</i> | | | |
| Balance 26 June 2021 | - | | - |
| Movement in the period | - | - | - |
| Balance 2 July 2022 | - | | - |
| Acquisition of shares by the Trust | (300,000) | 12.76 | (3.8) |
| Balance 1 July 2023 | (300,000) | | (3.8) |

Treasury shares are ordinary shares in Super Retail Group Limited that are held by the trust established to hold shares for the purposes of the Super Retail Group Employee Equity Incentive Plan (the EIP) (refer to Note 30 – Share-based payments for further details). Shares issued or allocated to employees will be on a first-in-first-out basis.

Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by shares purchased on market rather than by being paid in cash.

Significant Accounting Policies**Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

20. Reserves and retained earnings

| | 2023 | 2022 |
|--|--------------|-------------|
| | \$m | \$m |
| (a) Reserves | | |
| Foreign currency translation reserve | 2.7 | 1.7 |
| Share-based payments reserve | 20.8 | 22.1 |
| Hedging reserve | 1.9 | 8.3 |
| NCI equity reserve | (8.0) | (8.0) |
| Total | 17.4 | 24.1 |
| <i>(i) Movements</i> | | |
| Foreign currency translation reserve | | |
| Balance at the beginning of the financial period | 1.7 | 3.4 |
| Net exchange difference on translation of foreign controlled entities | 1.0 | (1.7) |
| Balance at the end of the financial period | 2.7 | 1.7 |
| Share-based payments reserve | | |
| Balance at the beginning of the financial period | 22.1 | 19.7 |
| Value of equity purchased for performance rights and restricted shares | (8.9) | (4.5) |
| Performance rights and restricted shares expense | 7.6 | 6.9 |
| Balance at the end of the financial period | 20.8 | 22.1 |
| Hedging reserve | | |
| Balance at the beginning of the financial period | 8.3 | 2.5 |
| Revaluation – gross | (9.2) | 8.4 |
| Deferred tax | 2.8 | (2.6) |
| Balance at the end of the financial period | 1.9 | 8.3 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

20. Reserves and retained earnings (continued)**(a) Reserves (continued)***(i) Movements (continued)*

| | 2023 \$m | 2022 \$m |
|---|-------------|-------------|
| NCI equity reserve | | |
| Balance at the beginning of the financial period | (8.0) | (8.0) |
| Change in ownership interest in controlled entities | - | - |
| Balance at the end of the financial period | (8.0) | (8.0) |

*(ii) Nature and purpose of reserves***Hedging reserve - cash flow hedges**

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 17 – Financial assets and financial liabilities. Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.

Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options and performance rights issued.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 2(c). The reserve is recognised in profit or loss when the net investment is disposed of.

NCI equity reserve

The NCI equity reserve is used to recognise the change in ownership interest in controlled entities.

(b) Retained earnings

| | 2023 \$m | 2022 \$m |
|--|-------------|-------------|
| Balance at the beginning of the financial period | 524.2 | 468.2 |
| Net profit for the period attributable to owners of Super Retail Group | 263.0 | 241.2 |
| Dividends paid | (173.9) | (185.2) |
| Retained profits at the end of the financial period | 613.3 | 524.2 |

21. Reconciliation of profit after income tax to net cash inflow from operating activities

| | 2023 \$m | 2022 \$m |
|---|-------------|-------------|
| Profit from ordinary activities after related income tax | 263.0 | 241.2 |
| Depreciation and amortisation | 329.4 | 305.2 |
| Impairment of right-of-use assets | 0.2 | 2.0 |
| (Gain) / loss on write down in investment in associate | (1.8) | 5.7 |
| Net (gain) on disposal of non-current assets | (0.5) | (0.3) |
| Non-cash employee benefits expense/share-based payments | 7.6 | 6.9 |
| Equity accounting loss | - | 0.4 |
| Net finance costs | 43.2 | 47.0 |
| Change in operating assets and liabilities, net of effects from the purchase of controlled entities | | |
| - (increase) in receivables | (2.1) | (17.2) |
| - increase / (decrease) in net current tax liability | 10.5 | (49.7) |
| - decrease / (increase) in inventories | 11.0 | (103.2) |
| - increase / (decrease) in payables | 7.9 | (107.2) |
| - increase in provisions | 7.0 | 12.7 |
| - decrease / (increase) in deferred taxes | 41.0 | (3.1) |
| Net cash inflow from operating activities | 716.4 | 340.4 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

22. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

| | Market risk | | Credit risk | Liquidity risk |
|------------------------------|--|--|---|---|
| | Foreign exchange | Interest rate | | |
| Exposure arising from | Future commercial transactions Recognised financial assets and liabilities not denominated in AUD | Long-term borrowings at variable rates | Cash and cash equivalents, trade and other receivables and derivative financial instruments | Borrowings and other liabilities |
| Measurement | Cash flow forecasting Sensitivity analysis | Sensitivity analysis | Ageing analysis Credit ratings | Credit limits and retention of title over goods sold |
| Management | Forward foreign exchange contracts | Interest rate swaps | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |

The Group's risk management is carried out by the finance department under policies approved by the Board. The finance department identifies, evaluates and hedges financial risks in co-operation with the Group's operating units. The Board approves a formal policy for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Derivative financial instruments

Derivative Financial Instruments are used only for economic hedging purposes and not as trading or speculative instruments. The Group has the following derivative financial instruments:

| | 2023 \$m | 2022 \$m |
|---|-------------|-------------|
| Current assets | | |
| Forward foreign exchange contracts – cash flow hedges | 2.7 | 11.9 |
| Total current derivative financial instrument assets | 2.7 | 11.9 |
| Current liabilities | | |
| Forward foreign exchange contracts – cash flow hedges | - | - |
| Total current derivative financial instrument liabilities | - | - |

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for cash flow hedges is set out in Note 17 – Financial assets and financial liabilities. For hedged forecast transactions that result in the recognition of a non-financial asset, the Group has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

(ii) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives please refer to Note 17 – Financial assets and financial liabilities.

(b) Market risk**(i) Foreign exchange risk**

Group companies are required to hedge their foreign exchange risk exposure using forward contracts transacted by the finance department.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the United States dollar (USD) and Chinese Yuan (CNY).

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's risk management policy is to hedge between 50 per cent and 75 per cent of anticipated foreign currency purchases for the subsequent four months and up to 50 per cent of anticipated foreign currency purchases for the following five to 12 month period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

22. Financial risk management (continued)**(b) Market risk (continued)***(i) Foreign exchange risk (continued)***Instruments used by the Group**

The Group retails products including some that have been imported, with contract pricing denominated in USD or CNY. In order to protect against exchange rate movements, the Group has entered into forward exchange rate contracts to purchase USD. The contracts are timed to mature in line with forecast payments for imports and cover forecast purchases for the subsequent twelve months, on a rolling basis. The Group does not currently enter into forward exchange rate contracts to purchase CNY.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

| | 2023 | 2022 |
|--|-------------|--------------|
| | USD | USD |
| | \$m | \$m |
| Trade receivables | 2.2 | 2.3 |
| Trade payables | 21.4 | 26.0 |
| Forward exchange contract - notional amount in foreign currency (cash flow hedges) | | |
| Buy United States dollars and sell Australian/New Zealand dollars with maturity | | |
| - 0 to 4 months | 53.5 | 68.9 |
| - 5 to 12 months | 18.0 | 44.4 |
| | 71.5 | 113.3 |

The weighted average hedge rate of the forward exchange contracts as at 1 July 2023 is 0.6770 (2022: 0.7411)

| | 2023 | 2022 |
|-------------------|------|------|
| | CNY | CNY |
| | m | m |
| Trade receivables | 1.9 | 1.6 |
| Trade payables | 38.7 | 29.0 |

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the consolidated balance sheet by the related amount deferred in equity. In the year ended 1 July 2023, no hedges were designated as ineffective (2022: nil).

Gains and losses arising from hedging contracts terminated prior to maturity are also carried forward until the designated hedged transaction occurs.

The following gains, losses and costs have been deferred as at the balance date:

| | 2023 | 2022 |
|--|------------|-------------|
| | \$m | \$m |
| - unrealised gains on USD foreign exchange contracts | 2.7 | 11.9 |
| Total unrealised gains | 2.7 | 11.9 |

Group sensitivity

Based on the financial instruments held at 1 July 2023, had the Australian dollar weakened/strengthened by 10 per cent against other currencies with all other variables held constant, the impact on the Group's post-tax profit would have been nil, on the basis that the financial instruments would have been designated as cash flow hedges and the impact upon the foreign exchange movements of other financial assets and liabilities is not material.

Equity would have been \$7.5 million lower/\$14.2 million higher (2022: \$9.7 million lower/\$11.9 million higher) had the Australian dollar weakened/strengthened by 10 per cent against other currencies, arising mainly from forward foreign exchange contracts designated as cash flow hedges. The impact on other Group assets and liabilities as a result of movements in exchange rates is not material.

A sensitivity of 10 per cent was selected following review of historic trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

22. Financial risk management (continued)**(b) Market risk (continued)***(ii) Cashflow and fair value interest rate risk***Instruments used by the Group - interest rate swap contracts**

An assessment of the forecast core debt requirements subsequent to the equity raising announced on 15 June 2020 indicated that core debt was minimal and all interest rate swaps were terminated. No new interest rate swap contracts have been entered into as core debt remains at nil. Therefore current interest expense is subject to variable rates only.

Interest rate risk exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

| | | Fixed interest maturing in | | | | Non-interest bearing | Total |
|--------------------------------------|-------|----------------------------|----------------|-------------------|-------------------|----------------------|-----------|
| | | Floating interest rate | 1 year or less | Over 1 to 5 years | More than 5 years | | |
| | Notes | \$m | \$m | \$m | \$m | \$m | \$m |
| 2023 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 7 | 190.4 | - | - | - | 1.9 | 192.3 |
| Trade and other receivables | 8 | - | - | - | - | 58.1 | 58.1 |
| Total financial assets | | 190.4 | - | - | - | 60.0 | 250.4 |
| Weighted average rate of interest | | 4.0% | | | | | |
| Financial liabilities | | | | | | | |
| Lease liabilities | 12 | - | 175.8 | 610.9 | 248.3 | - | 1,035.0 |
| Trade and other payables | 13 | - | - | - | - | 490.1 | 490.1 |
| Borrowings | 14 | - | - | - | - | - | - |
| Provisions (employee benefits) | 16 | - | - | - | - | 108.1 | 108.1 |
| Total financial liabilities | | - | 175.8 | 610.9 | 248.3 | 598.2 | 1,633.2 |
| Weighted average rate of interest | | n/a | | | | | |
| Net financial (liabilities) / assets | | 190.4 | (175.8) | (610.9) | (248.3) | (538.2) | (1,382.8) |

| | | Fixed interest maturing in | | | | Non-interest bearing | Total |
|--------------------------------------|-------|----------------------------|----------------|-------------------|-------------------|----------------------|-----------|
| | | Floating interest rate | 1 year or less | Over 1 to 5 years | More than 5 years | | |
| | Notes | \$m | \$m | \$m | \$m | \$m | \$m |
| 2022 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 7 | 11.7 | - | - | - | 1.7 | 13.4 |
| Trade and other receivables | 8 | - | - | - | - | 53.6 | 53.6 |
| Total financial assets | | 11.7 | - | - | - | 55.3 | 67.0 |
| Weighted average rate of interest | | 0.00% | | | | | |
| Financial liabilities | | | | | | | |
| Lease liabilities | 12 | - | 193.4 | 571.9 | 245.4 | - | 1,010.7 |
| Trade and other payables | 13 | - | - | - | - | 451.4 | 451.4 |
| Borrowings | 14 | - | - | - | - | - | - |
| Provisions (employee benefits) | 16 | - | - | - | - | 100.4 | 100.4 |
| Total financial liabilities | | - | 193.4 | 571.9 | 245.4 | 551.8 | 1,562.5 |
| Weighted average rate of interest | | n/a | | | | | |
| Net financial (liabilities) / assets | | 11.7 | (193.4) | (571.9) | (245.4) | (496.5) | (1,495.5) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

22. Financial risk management (continued)**(b) Market risk (continued)***(ii) Cashflow and fair value interest rate risk (continued)***Group sensitivity**

The Group's main interest rate risk typically arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the 2023 and 2022 financial years, the Group's borrowings were at variable rates and were denominated in Australian dollars.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

| | 2023 | 2022 |
|------------|------|------|
| | \$m | \$m |
| Bank loans | - | - |

An analysis by maturities is provided in (d) below.

The Group risk management policy is to maintain fixed interest rate hedges of approximately 40 per cent of anticipated core debt levels over a 3 year period. The Group utilises interest rate swaps to hedge its interest rate exposure on borrowings but as disclosed above no interest rate swaps have been entered into as core debt remains nil.

As at 1 July 2023, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit and equity for the year would have been unchanged (2022: \$0.2 million lower/higher), mainly as a result of having low levels of debt drawn during the reporting period.

(c) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

(i) Risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum credit rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by wholesale customers is regularly monitored by management.

Sales to retail customers are required to be settled in cash, using major credit cards or buy-now-pay-later solutions, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(ii) Security

For wholesale customers without credit rating, the Group generally retains title over the goods sold until full payment is received, thus limiting the loss from a possible default to the profit margin made on the sale. For some trade receivables the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

22. Financial risk management (continued)**(d) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. As a result of the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these.

(i) Financing arrangements

| | 2023 | 2022 |
|---|--------------|-------------|
| | \$m | \$m |
| Unrestricted access was available at balance date to the following lines of credit: | | |
| Total facilities | | |
| - bank debt funding facility | 500.0 | 600.0 |
| - bank overdraft facility | 35.0 | 35.0 |
| - multi-option facility (including indemnity/guarantee) | 15.0 | 16.0 |
| Total | 550.0 | 651.0 |
| Facilities used at balance date | | |
| - bank debt funding facility | - | - |
| - bank overdraft facility ⁽¹⁾ | - | 19.3 |
| - multi-option facility (including indemnity/guarantee) | 5.5 | 5.3 |
| Total | 5.5 | 24.6 |
| Unused balance of facilities at balance date | | |
| - bank debt funding facility | 500.0 | 600.0 |
| - bank overdraft facility | 35.0 | 15.7 |
| - multi-option facility (including indemnity/guarantee) | 9.5 | 10.7 |
| Total | 544.5 | 626.4 |

⁽¹⁾ As at 1 July 2023 the bank overdraft facility was undrawn (2022: \$19.3 million utilised). The bank overdraft is an integral part of the Group's cash management and in accordance with financing arrangements is included as part of cash and cash equivalents (refer Note 7).

During the reporting period, the Group re-financed its bank debt funding facility, extending tenor and reducing the value of the overall facility. Bank debt funding is split as \$160 million expiring December 2025 (2022: \$200 million expiring December 2022), \$180 million expiring December 2026 (2022 \$200 million expiring December 2023) and \$160 million expiring December 2027 (\$200 million expiring December 2024). Bank debt and multi-option funding facilities totalling \$50 million are reviewed and renewed annually. Drawdown of debt facilities can occur with 48 hours' notice.

Current interest rates which would apply on bank loans of the Group if drawn down are 5.65% - 5.85% (2022: 2.93% - 3.33%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

22. Financial risk management (continued)**(d) Liquidity risk (continued)***(ii) Maturities of financial liabilities*

The following tables present the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities; and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

| | Less than 6 months | 6-12 months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total contractual cash flows | Carrying amount (assets) / liabilities |
|--------------------------|--------------------|-------------|-----------------------|-----------------------|--------------|------------------------------|--|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| 2023 | | | | | | | |
| Non-derivatives | | | | | | | |
| Trade and other payables | 490.1 | - | - | - | - | 490.1 | 490.1 |
| Borrowings | - | - | - | - | - | - | - |
| Lease liabilities | 104.0 | 116.1 | 212.2 | 358.4 | 424.2 | 1,214.9 | 1,035.0 |
| Total non-derivatives | 594.1 | 116.1 | 212.2 | 358.4 | 424.2 | 1,705.0 | 1,525.1 |

Derivatives

Forward exchange contracts used for hedging:

Gross settled

| | | | | | | | |
|-------------------|--------|-------|---|---|---|---------|-------|
| - (inflow) | (98.3) | (9.0) | - | - | - | (107.3) | (2.7) |
| - outflow | 96.2 | 8.8 | - | - | - | 105.0 | - |
| Total derivatives | (2.1) | (0.2) | - | - | - | (2.3) | (2.7) |

| | Less than 6 months | 6-12 months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total contractual cash flows | Carrying amount (assets) / liabilities |
|--------------------------|--------------------|-------------|-----------------------|-----------------------|--------------|------------------------------|--|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| 2022 | | | | | | | |
| Non-derivatives | | | | | | | |
| Trade and other payables | 451.4 | - | - | - | - | 451.4 | 451.4 |
| Borrowings | - | - | - | - | - | - | - |
| Lease liabilities | 99.0 | 113.9 | 205.3 | 465.1 | 264.9 | 1,148.2 | 1,010.7 |
| Total non-derivatives | 550.4 | 113.9 | 205.3 | 465.1 | 264.9 | 1,599.6 | 1,462.1 |

Derivatives

Forward exchange contracts used for hedging:

Gross settled

| | | | | | | | |
|-------------------|---------|--------|---|---|---|---------|--------|
| - (inflow) | (150.1) | (16.1) | - | - | - | (166.2) | (11.9) |
| - outflow | 138.2 | 14.7 | - | - | - | 152.9 | - |
| Total derivatives | (11.9) | (1.4) | - | - | - | (13.3) | (11.9) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

23. Capital management**(a) Risk management**

The Group's objectives when managing capital, including cash, debt and equity, are to safeguard its ability to continue as a going concern and to ensure that a flexible, secure and cost-effective supply of funds is available to meet the Group's operating and investment requirements.

In order to maintain or adjust the optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors a range of financial metrics such as net debt to EBITDA ratio and the fixed charge cover ratio (FCCR). The ratio is calculated as earnings before net finance costs, income tax, depreciation, amortisation and rental expense (EBITDAR) divided by fixed charge obligations (being finance costs rental expenses).

For the purposes of capital management FCCR is utilised on a pre-AASB 16 *Leases* basis. The FCCR and net debt to EBITDA ratios at 1 July 2023 and 2 July 2022 were as follows:

| | 2023 | 2022 |
|--|--------|--------|
| | \$m | \$m |
| Non-IFRS measures | | |
| Normalised net profit after tax (pre-AASB 16 <i>Leases</i>) | 276.6 | 249.2 |
| Add: Taxation expense | 118.5 | 107.7 |
| Net finance costs | 5.5 | 8.1 |
| Depreciation and amortisation (excludes impairment) | 115.9 | 99.3 |
| EBITDA | 516.5 | 464.3 |
| Rental expense | 293.6 | 280.4 |
| EBITDAR | 810.1 | 744.7 |
| Net finance costs | 5.5 | 8.1 |
| Rental expense | 293.6 | 280.4 |
| Fixed charges | 299.1 | 288.5 |
| Fixed charge cover ratio | 2.71 | 2.58 |
| Net debt to EBITDA ratio ⁽¹⁾ | (0.37) | (0.03) |

⁽¹⁾ Normalised net debt (pre-AASB 16 *Leases*) is positive \$192.3m (2022: positive \$31.1m).

(i) Loan Covenants

Financial covenants are provided by Super Retail Group with respect to leverage, gearing, fixed charges coverage and shareholder funds. The Group has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 financial years. There are no assets pledged as security in relation to the unsecured debt in the 2023 financial year (2022: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

23. Capital management (continued)

| (b) Dividends | 2023 \$m | 2022 \$m |
|--|---------------------|---------------------|
| Ordinary shares | | |
| Dividends paid by Super Retail Group Limited during the financial year were as follows: | | |
| Final dividend for the period ended 2 July 2022 of 43.0 cents per share (2021: 55.0 cents per share) paid on 17 October 2022. Fully franked based on tax paid at 30% | 97.1 | 124.2 |
| Interim dividend for the period ended 31 December 2022 of 34.0 cents (2021: 27.0 cents per share) paid on 14 April 2023. Fully franked based on tax paid at 30% | 76.8 | 61.0 |
| Total dividends provided and paid | 173.9 | 185.2 |
| Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows: | | |
| - paid in cash | 170.3 | 181.8 |
| - satisfied by allocation of shares purchased on market | 3.6 | 3.4 |
| | 173.9 | 185.2 |
| Dividends not recognised at year end | | |
| Subsequent to year end, the Directors have resolved to pay a final dividend of 44.0 cents per ordinary share (2022: 43.0 cents per ordinary share) and a special dividend of 25.0 cents per ordinary share, both fully franked based on tax paid at 30%. | | |
| Aggregate amount of the final and special dividend expected to be paid on 18 October 2023, out of retained profits as at 1 July 2023, but not recognised as a liability at year end | 155.8 | 97.1 |
| Franking credits | | |
| The franked portions of dividends paid after 1 July 2023 will be franked out of existing franking credits and out of franking credits arising from the payments of income tax in the years ending after 1 July 2023. | | |
| Franking credits remaining at balance date available for dividends resolved to be paid after the current balance date based on a tax rate of 30% | 252.4 | 252.4 |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the current tax liability

The amount recorded above as the franking credit amount is based on the amount of Australian income tax paid or to be paid in respect of the liability for income tax at the balance date.

The impact on the franking account of the dividends determined by the Board since year end will be a reduction of \$66.8 million (2022: \$41.6 million). These dividends have not been recognised as a liability at year end.

Significant Accounting Policies**Dividend distribution**

Provision is made for the amount of any dividend determined, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

24. Related party transactions

Transactions with related parties are at arm's length unless otherwise stated.

(a) Parent entities

The parent entity within the Group is Super Retail Group Limited, which is the ultimate Australian parent.

(b) Subsidiaries, associates and joint ventures

Interests in subsidiaries are set out in Note 28 – Investments in controlled entities. Details on associates and joint ventures can be found at Note 25(b) – Business combinations.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 29 – Key management personnel disclosures.

(d) Directors

The names of the persons who were Directors of Super Retail Group Limited during the financial year were Sally Pitkin AO, Anthony Heraghty, Annabelle Chaplain AM, Peter Everingham, Howard Mowlem, Mark O'Hare, Reg Rowe and Judith Swales.

(e) Amounts due from related parties

There are no amounts due from Directors of the consolidated Group and their director-related entities (2022: nil).

(f) Transactions with other related parties

| | 2023 | 2022 |
|--|------|------|
| | \$ | \$ |
| Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with related parties: | | |

| | | |
|---|-----------|------------|
| Store lease payment ⁽¹⁾ | 9,357,875 | 10,477,402 |
| ⁽¹⁾ Rent on properties, with rates which are deemed to be on an arm's-length basis. Rent payable at year-end, which has been included, was \$636,283 (2022: nil). The current reporting period represents 52 weeks, whereas the comparative period represented 53 weeks. | | |

25. Business combinations

(a) Subsidiaries

2023

The Group's subsidiaries at 1 July 2023 are as detailed in Note 28 - Investments in controlled entities. There have been no change to the Group's ownership interests in these entities during the current reporting period, other than Infinite Retail NZ Limited ceasing to be a Group entity upon its deregistration on 21 December 2022.

2022

There were no changes to the Group's subsidiaries during FY22.

(b) Associates and joint ventures

Autoguru Australia Pty Ltd

On 30 December 2022, the Group completed the sale of all its shares in Autoguru Australia Pty Ltd, taking the Group's ownership interest to nil from 38.29 per cent (as at 2 July 2022). Net proceeds received from the sale totalled \$1.8 million. During FY22, the Group considered the investment in Autoguru to be impaired and as such a loss of \$5.7 million was recognised within administration costs in the Group's consolidated income statement. The resulting gain in the current reporting period resulting from the sale of the Group's ownership interest has also been recognised within administration costs in the Group's consolidated income statement.

Autocrew Australia Pty Ltd

During FY22, the Group, in conjunction with Robert Bosch Investment Nederland B.V., wound up the Group's 50:50 joint venture, Autocrew Australia Pty Ltd. Autocrew Australia Pty Ltd was deregistered on 14 August 2022, taking the Group's ownership interest to nil from 50 per cent (as at 2 July 2022).

(c) Other transactions

On 16 December 2022, the Group completed the acquisition of the assets of two Tackleworld stores from iFish Pty Ltd and Reef Paw Pty Ltd respectively. Total consideration paid for the assets of the two businesses totalled \$0.8 million. On the date of acquisition, plant and equipment acquired in the asset purchase had a fair value of nil. Total goodwill arising on acquisition was therefore \$0.8 million. Cash outflow as recognised in the Group's consolidated statement of cashflows was \$0.8 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

26. Deed of cross guarantee

Super Retail Group Limited, A-Mart All Sports Pty Ltd, Auto Trade Direct Pty Ltd, Coyote Retail Pty Limited, Foghorn Holdings Pty Ltd, Goldcross Cycles Pty Ltd, Infinite Retail Pty Ltd, Macpac Holdings Pty Ltd, Macpac Retail Pty Ltd, Mouton Noir Management Pty Ltd, MP Finco Pty Limited, Macpac Group Holdings Pty Limited, Oceania Bicycles Pty Ltd, Ray's Outdoors Pty Ltd, Rebel Pty Ltd, Rebel Group Limited, Rebel Management Services Pty Limited, Rebel Sport Limited, Rebel Wholesale Pty Limited, Rebelsport.com Pty Limited, SRG Equity Plan Pty Ltd, SRG Leisure Retail Pty Ltd, SRGS Pty Ltd, Supercheap Auto Pty Ltd, Super Retail Commercial Pty Ltd, Super Retail Group Services Pty Ltd and Workout World Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

(a) Consolidated Comprehensive Income Statement and Summary of Movements in Consolidated Retained Earnings

The above companies represent a Closed Group for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Super Retail Group Limited, they also represent the Extended Closed Group.

Set out below is a consolidated comprehensive income statement and a summary of movements in consolidated retained earnings for the period ended 1 July 2023 of the Closed Group.

| | 2023 | 2022 |
|---|------------------|------------------|
| | \$m | \$m |
| Consolidated Comprehensive Income Statement | | |
| Revenue from continuing operations | 3,543.7 | 3,317.6 |
| Other income from continuing operations | 17.9 | 0.4 |
| Total revenues and other income | 3,561.6 | 3,318.0 |
| Cost of sales of goods | (1,907.0) | (1,768.6) |
| Other expenses from ordinary activities | | |
| - selling and distribution | (448.6) | (434.1) |
| - marketing | (96.9) | (91.7) |
| - occupancy | (221.5) | (223.2) |
| - administration | (482.3) | (430.3) |
| Net finance costs | (45.1) | (45.0) |
| Share of net loss of associates and joint ventures | - | (0.4) |
| Total expenses | (3,201.4) | (2,993.3) |
| Profit before income tax | 360.2 | 324.7 |
| Income tax expense | (107.0) | (99.5) |
| Profit for the period | 253.2 | 225.2 |
| Statement of comprehensive income | \$m | \$m |
| Profit for the period | 253.2 | 225.2 |
| Other comprehensive income | | |
| Items that may be reclassified to profit or loss | | |
| Changes in the fair value of cash flow hedges | (6.5) | 5.8 |
| Other comprehensive income for the period, net of tax | (6.5) | 5.8 |
| Total comprehensive income for the period | 246.7 | 231.0 |
| Summary of movements in consolidated retained earnings | \$m | \$m |
| Retained profits at the beginning of the financial period | 577.4 | 537.4 |
| Profit for the period | 253.2 | 225.2 |
| Dividends paid | (173.9) | (185.2) |
| Retained profits at the end of the financial period | 656.7 | 577.4 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

26. Deed of cross guarantee (continued)**(b) Consolidated Balance Sheet**

Set out below is a consolidated balance sheet as at 1 July 2023 of the Closed Group.

| ASSETS | 2023 | 2022 |
|----------------------------------|----------------|----------------|
| | \$m | \$m |
| Current assets | | |
| Cash and cash equivalents | 175.8 | 6.9 |
| Trade and other receivables | 52.0 | 44.9 |
| Inventories | 722.5 | 732.4 |
| Derivative financial instruments | 2.7 | 11.9 |
| Total current assets | 953.0 | 796.1 |
| Non-current assets | | |
| Other financial assets | 190.5 | 190.5 |
| Deferred tax assets | - | 14.5 |
| Property, plant and equipment | 250.6 | 218.6 |
| Right-of-use assets | 894.2 | 870.0 |
| Intangible assets | 779.0 | 798.4 |
| Total non-current assets | 2,114.3 | 2,092.0 |
| Total assets | 3,067.3 | 2,888.1 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 490.3 | 443.9 |
| Lease liabilities | 165.0 | 180.8 |
| Current tax liabilities | 24.5 | 18.6 |
| Provisions | 99.8 | 92.3 |
| Total current liabilities | 779.6 | 735.6 |
| Non-current liabilities | | |
| Lease liabilities | 816.9 | 774.5 |
| Deferred tax liabilities | 24.7 | - |
| Provisions | 38.3 | 38.0 |
| Total non-current liabilities | 879.9 | 812.5 |
| Total liabilities | 1,659.5 | 1,548.1 |
| NET ASSETS | 1,407.8 | 1,340.0 |
| EQUITY | | |
| Contributed equity | 740.7 | 740.7 |
| Other equity | (3.8) | - |
| Reserves | 14.2 | 21.9 |
| Retained profits | 656.7 | 577.4 |
| TOTAL EQUITY | 1,407.8 | 1,340.0 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

27. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

| | 2023 \$m | 2022 \$m |
|--|-------------|-------------|
| Balance Sheet | | |
| Current assets | 345.6 | 264.0 |
| Total assets | 1,154.9 | 1,070.1 |
| Current liabilities | 26.7 | 24.8 |
| Total liabilities | 27.0 | 25.0 |
| NET ASSETS | 1,127.9 | 1,045.1 |
| Contributed equity | 736.9 | 740.7 |
| Reserves | | |
| - share-based payments | 20.9 | 22.1 |
| Retained earnings | 370.1 | 282.3 |
| Total Equity | 1,127.9 | 1,045.1 |
| Profit after tax for the period | 261.7 | 176.2 |
| Total comprehensive income | 261.7 | 176.2 |

Significant Accounting Policies**Parent entity financial information**

The financial information for the parent entity, Super Retail Group Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Super Retail Group Limited.

Tax consolidation legislation

Super Retail Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Super Retail Group Limited, and the controlled entities in the tax consolidated group account for current and deferred tax amounts under the "separate taxpayer within group" approach in accordance with AASB Interpretation 1052, *Tax Consolidation Accounting*.

In addition to its own current and deferred tax amounts, Super Retail Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Super Retail Group Limited for any current tax payable assumed and are compensated by Super Retail Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Super Retail Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

28. Investments in controlled entities

The Group's subsidiaries at 1 July 2023 are set out below. Unless otherwise stated, they have share capital consisting of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

| Name of Entity | Country of Incorporation | Principal Activities | Equity Holding | |
|--|--------------------------|--------------------------------------|----------------|--------|
| | | | 2023 % | 2022 % |
| A-Mart All Sports Pty Ltd ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Auto Trade Direct (NZ) Limited | New Zealand | Auto retail | 100 | 100 |
| Auto Trade Direct Pty Ltd ⁽¹⁾ | Australia | Auto retail | 100 | 100 |
| BCF New Zealand Limited | New Zealand | Outdoor retail | 100 | 100 |
| Coyote Retail Pty Limited ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Foghorn Holdings Pty Ltd ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Goldcross Cycles Pty Ltd ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Infinite Retail Pty Ltd ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Infinite Retail UK Limited ⁽²⁾ | United Kingdom | Sports retail | 100 | 100 |
| Macpac Enterprise | New Zealand | Outdoor retail | 100 | 100 |
| Macpac Group Holdings Pty Limited ⁽¹⁾ | Australia | Outdoor retail | 100 | 100 |
| Macpac Holdings Pty Ltd ⁽¹⁾ | Australia | Outdoor retail | 100 | 100 |
| Macpac Limited | New Zealand | Outdoor retail | 100 | 100 |
| Macpac New Zealand Limited | New Zealand | Outdoor retail | 100 | 100 |
| Macpac Retail Pty Ltd ⁽¹⁾ | Australia | Outdoor retail | 100 | 100 |
| MP Finco Pty Limited ⁽¹⁾ | Australia | Outdoor retail | 100 | 100 |
| Mouton Noir IP Limited | New Zealand | Outdoor retail | 100 | 100 |
| Mouton Noir Management Pty Ltd ⁽¹⁾ | Australia | Outdoor retail | 100 | 100 |
| Oceania Bicycles Pty Ltd ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Oceania Bicycles Limited ⁽³⁾ | New Zealand | Sports retail | 100 | 100 |
| Ray's Outdoors New Zealand Limited | New Zealand | Outdoor retail | 100 | 100 |
| Ray's Outdoors Pty Ltd ⁽¹⁾ | Australia | Outdoor retail | 100 | 100 |
| Rebelsport.com Pty Limited ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Rebel Group Limited ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Rebel Management Services Pty Limited ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Rebel Pty Ltd ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Rebel Sport Limited ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| Rebel Wholesale Pty Limited ⁽¹⁾ | Australia | Sports retail | 100 | 100 |
| SRG Equity Plan Pty Ltd ⁽¹⁾ | Australia | Investments | 100 | 100 |
| SRG Leisure Retail Pty Ltd ⁽¹⁾ | Australia | Outdoor retail | 100 | 100 |
| SRGS (New Zealand) Limited | New Zealand | Product acquisition and distribution | 100 | 100 |
| SRGS Pty Ltd ⁽¹⁾ | Australia | Product acquisition and distribution | 100 | 100 |
| Super Cheap Auto (New Zealand) Pty Limited | New Zealand | Auto retail | 100 | 100 |
| Super Cheap Auto Pty Ltd ⁽¹⁾ | Australia | Auto retail | 100 | 100 |
| Super Retail Commercial Pty Ltd ⁽¹⁾ | Australia | Auto retail | 100 | 100 |
| Super Retail Group Services (New Zealand) Limited | New Zealand | Support services | 100 | 100 |
| Super Retail Group Services Pty Ltd ⁽¹⁾ | Australia | Support services | 100 | 100 |
| Super Retail Group Trading (Shanghai) Ltd | China | Product sourcing | 100 | 100 |
| VBM Retail (HK) Limited ⁽²⁾ | Hong Kong | Sports retail | 100 | 100 |
| Infinite Retail NZ Limited ⁽⁴⁾ | New Zealand | Sports retail | - | 100 |
| Workout World Pty Limited ⁽¹⁾ | Australia | Sports retail | 100 | 100 |

⁽¹⁾ These controlled entities have been granted relief from the requirement to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

⁽²⁾ Investment is held directly by Infinite Retail Pty Ltd.

⁽³⁾ Investment is held directly by Oceania Bicycles Pty Ltd.

⁽⁴⁾ Ceased to be a Group entity upon deregistration on 21 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

29. Key Management Personnel disclosures

| (a) Key Management Personnel compensation | 2023 | 2022 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Short-term employee benefits | 8,814,960 | 8,925,373 |
| Long-term employee benefits | 56,838 | 55,449 |
| Post-employment benefits | 210,917 | 632,552 |
| Share-based payments | 4,215,298 | 4,195,047 |
| | 13,298,013 | 13,808,421 |

The key management personnel remuneration in some instances has been paid by a subsidiary.

Loans to key management personnel

There were no loans to individuals at any time.

Other transactions with key management personnel

Aggregate amounts of each of the above types of other transactions with key management personnel of Super Retail Group:

| | 2023 | 2022 |
|---|------------|------------|
| | \$ | \$ |
| Amounts paid to key management personnel as shareholders | | |
| Dividends | 30,120,988 | 56,509,512 |

30. Share-based payments**(a) Executive Performance Rights**

The Company has established the Super Retail Group Employee Equity Incentive Plan (the EIP) to assist in the retention and motivation of executives of the Group (Participants). It is intended that performance rights will enable the Group to retain and attract skilled and experienced executives and provide them with the motivation to enhance the success of the Group.

Under the Long-Term Incentive (LTI) Plan, performance rights may be offered to Participants selected by the Board. Unless otherwise determined by the Board, no payment is required for the grant of rights under the plan.

The vesting conditions are based on Board-approved measures of sustainable shareholder returns such as Normalised Earnings Per Share (EPS) and Normalised Return on Capital (ROC). Historically the LTI Plan has used a combination of Normalised EPS and Normalised ROC which the Board determined are appropriate measures of sustainable shareholder returns. In the context of COVID-19 and the challenges of forecasting the impact on the business, the Board established a two-year Medium Term Business Plan (MTBP), with targets for Normalised ROC and Normalised Net Profit Before Tax (NPBT) linked to the FY21 grant and covering LTI reward for both FY21 and FY22. Certain senior team members (excluding the Executive Leadership Team) were granted performance rights during FY22 on 3 November 2021. These performance rights included a target for Normalised Net Profit Before Tax with a 100 per cent weighting and are based on the performance of FY23 at full achievement. These vest from the year of testing over two years at 50 per cent per year.

A total of 790,611 performance rights were granted in FY23 to plan participants on 4 November 2022. This grant reverts to historical performance measures for testing using a combination of Normalised EPS and Normalised ROC as appropriate measures of sustainable shareholder returns. This plan will be tested over the three-year period to the end of FY25 and will vest from the year of testing over two years at 50 per cent per year.

The table below summarises performance rights granted under the plan.

| <i>Number of Performance Rights Grant Date</i> | Balance at start of the year (Number) | Granted during the year (Number) | Exercised during the year (Number) | Forfeited during the year (Number) | Balance at the end of the year (Number) ⁽¹⁾ |
|--|--|---|---|---|---|
| 2023 | | | | | |
| 1 September 2016 | 11,308 | - | - | (11,308) | - |
| 1 September 2017 | 46,323 | - | (38,123) | (8,200) | - |
| 1 September 2018 | 158,478 | - | (79,235) | (5,000) | 74,243 |
| 1 September 2019 | 598,765 | - | (289,931) | (22,522) | 286,312 |
| 1 November 2020 | 1,067,355 | - | (355,770) | (3,000) | 708,585 |
| 3 November 2021 | 176,250 | - | - | (3,740) | 172,510 |
| 4 November 2022 | - | 790,611 | - | (5,121) | 785,490 |
| | 2,058,479 | 790,611 | (763,059) | (58,891) | 2,027,140 |
| 2022 | | | | | |
| 1 September 2016 | 73,546 | - | (61,271) | (967) | 11,308 |
| 1 September 2017 | 89,240 | - | (40,035) | (2,882) | 46,323 |
| 1 September 2018 | 336,944 | - | (165,970) | (12,496) | 158,478 |
| 1 September 2019 | 656,963 | - | (26,631) | (31,567) | 598,765 |
| 1 November 2020 | 1,116,783 | - | - | (49,428) | 1,067,355 |
| 3 November 2021 | - | 185,997 | - | (9,747) | 176,250 |
| | 2,273,476 | 185,997 | (293,907) | (107,087) | 2,058,479 |

⁽¹⁾ All performance rights as at the end of the year are unvested and the exercise price for all grants is nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

30. Share-based payments (continued)**(a) Executive Performance Rights (continued)**

Performance rights issued under the plan may not be transferred unless approved by the Board. There were no cancellations or modifications to awards during the current or prior reporting period.

Subject to any adjustment in the event of a bonus issue, each Performance Right is an entitlement to subscribe for one share. Upon the exercise of a Performance Right by a Participant, each share issued or allocated will rank equally with other shares of the Company.

The weighted average remaining contractual life of performance rights outstanding as at the end of the period was 1.5 years (2022: 1.1 years).

Fair value of performance rights granted

For performance rights, the fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price (nil for rights), the term of the performance rights, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance rights. The expected volatility reflects historical data and current expectations and is not indicative of future trends or other actual outcome. Non-market vesting conditions such as service are excluded from fair value. The fair values and model inputs for performance rights granted during the period included:

| | 2023 Performance Rights |
|---|-------------------------|
| Fair value of performance rights granted | \$7.88 |
| Grant date | 4 November 2022 |
| Expiry dates | 4 Nov 2025, 4 Nov 2026 |
| Share price at grant date | \$10.04 |
| Expected price volatility of the Group's shares | 7.5% |
| Expected dividend yield | 6.97% |
| Risk-free interest rate | 3.43% |

(b) Restricted shares – Executive short-term incentive scheme

Under the Group's short-term incentive (STI) scheme, Executives receive 70 per cent of their annual STI achieved in cash and 30 per cent in the form of restricted shares in the Company. The restricted shares are granted in September of each year following the release of the Group's financial results by on-market purchase. Restricted shares are ordinary shares in the Company which are subject to certain time-based restrictions on disposal and vesting. As the shares are ordinary shares the Executives receive dividends and each share ranks equally with other shares of the Company.

The number of shares to be granted is determined based on the value of the achieved STI divided by the weighted average price at which the Company's shares are traded on the ASX in the five days following the release of the Group's financial results (\$10.25 for the rights granted during FY23 and \$12.53 for the rights granted in FY22) and represents the accounting fair value. The expense is recognised over the period during which the Executives become unconditionally entitled to the shares.

The table below summarises restricted shares granted under the plan.

| | 2023 Number of shares | 2022 Number of shares |
|--|--------------------------|--------------------------|
| Balance at the beginning of the reporting period | 157,112 | 83,141 |
| Granted during the year | 161,290 | 129,567 |
| Vested during the year ⁽¹⁾ | (92,327) | (55,596) |
| Balance at the end of the reporting period | 226,075 | 157,112 |

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

The weighted average remaining contractual life of restricted shares outstanding as at the end of the period was 0.5 years (2022: 0.6 years).

(c) Expenses arising from equity-settled share-based payments transactions

| | 2023 \$m | 2022 \$m |
|------------------------------|-------------|-------------|
| Executive performance rights | 4.4 | 6.1 |
| Restricted shares | 3.2 | 0.8 |
| | 7.6 | 6.9 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

30. Share-based payments (continued)**Significant Accounting Policies****Share-based payments**

Share-based compensation benefits are provided to certain employees via the Super Retail Group Employee Equity Incentive Plan.

The fair value of performance rights granted under the plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the performance rights.

The fair value of the performance rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to become exercisable. At each balance sheet date, the Group revises its estimate of the number of performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon exercise of the performance rights, the balance of the share-based payments reserve relating to those performance rights remains in the share-based payments reserve.

31. Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| (a) PricewaterhouseCoopers Australia | | |
| <i>(i) Assurance services</i> | | |
| Audit and review of financial statements ⁽¹⁾ | 803,000 | 775,740 |
| Other assurance | - | - |
| Total remuneration for audit and other assurance services | 803,000 | 775,740 |
| <i>(ii) Taxation services</i> | | |
| Tax compliance services, including review of Company income tax returns | 236,525 | 267,356 |
| Total remuneration for taxation services | 236,525 | 267,356 |
| <i>(iii) Other services</i> | | |
| Advisory services | 500,854 | 88,511 |
| Total remuneration for advisory services | 500,854 | 88,511 |
| Total remuneration of PricewaterhouseCoopers Australia | 1,540,379 | 1,131,607 |
| (b) Network firms of PricewaterhouseCoopers Australia | | |
| <i>(i) Taxation services</i> | | |
| Tax compliance services, including review of Company income tax returns | 31,290 | 25,237 |
| Total remuneration of network firms of PricewaterhouseCoopers Australia | 31,290 | 25,237 |
| Total auditors' remuneration | 1,571,669 | 1,156,844 |

⁽¹⁾ The fees in relation to the audit and review of the FY22 Financial Statements have been restated to reflect the total fees paid in relation to that period.

The Group's auditor is PricewaterhouseCoopers. The Group may employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice, or where the auditor is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects. The Board has considered the non-audit services provided during the year by the auditor, and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the period ended 1 July 2023

32. Contingencies

| | 2023 \$m | 2022 \$m |
|--|-------------|-------------|
| Guarantees | | |
| Guarantees issued by the bankers of the Group in support of various rental and inventory arrangements. | | |
| The maximum future rental payments guaranteed amount to: | 4.3 | 4.7 |
| The maximum future inventory payments guaranteed amount to: | 2.2 | 1.7 |

Other Contingencies

On 19 January 2023, the FWO filed proceedings in the Federal Court of Australia against the Company and certain of its subsidiaries, seeking orders in relation to alleged contraventions of the Fair Work Act (refer Note 16 – Provisions). Further amounts may become payable as a result of these legal proceedings. Future professional advisory fees will be incurred in connection with these proceedings.

From time to time the Group is subject to legal claims as a result of its operations. A contingent liability may exist for any exposure over and above current provisioning levels.

33. Commitments

Commitments payable for the acquisition of plant and equipment and computer software, contracted for at the reporting date but not recognised as liabilities payable, total \$43.7 million as at 1 July 2023 (2022: \$4.7 million).

The Group leases various offices, warehouses and retail stores under non-cancellable operating leases. These leases have varying terms, escalation clauses and renewal rights. The Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. Refer Note 12 - Leases for details of Property right-of-use assets and Note 22 – Financial risk management for details of the contractual maturities of the lease liabilities.

34. Net tangible asset backing

| | 2023 Cents | 2022 Cents |
|---------------------------------------|---------------|---------------|
| Net tangible asset per ordinary share | \$2.64 | \$2.21 |

Net tangible asset per ordinary share (NTA) is calculated based on Net Assets of \$1,367.6 million (2022: \$1,289.0 million) less intangible assets of \$846.4 million (2022: \$866.0 million) adjusted for the associated deferred tax liability of \$75.3 million (2022: \$75.3 million). The number of shares used in the calculation was 225,826,500 (2022: 225,826,500).

The NTA calculation includes the right-of-use assets in respect of property, plant and equipment leases of \$944.4 million (2022: \$923.7 million), and the lease liabilities recognised under AASB 16 *Leases* of \$1,035.0 million (2022: \$1,010.7 million). If the right-of-use assets and associated deferred tax liability were excluded from the calculation, the NTA would have been negative \$0.30 per ordinary share (2022: negative \$0.67).

35. Events occurring after balance date

There were no material events subsequent to 1 July 2023 and up to authorisation of the financial statements for issue, requiring a disclosure in this Annual Report, other than those that have been disclosed elsewhere in this report.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 93 to 145 are in accordance with the Corporations Act, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 1 July 2023 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 26.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Group Managing Director and Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act.

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



Sally Pitkin AO
Chair



Anthony Heraghty
Group Managing Director and Chief Executive Officer

Brisbane
17 August 2023



Independent auditor's report

To the members of Super Retail Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Super Retail Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 1 July 2023 and of its financial performance for the period 3 July 2022 to 1 July 2023
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 1 July 2023
- the consolidated statement of comprehensive income for the period 3 July 2022 to 1 July 2023
- the consolidated statement of changes in equity for the period 3 July 2022 to 1 July 2023
- the consolidated statement of cash flows for the period 3 July 2022 to 1 July 2023
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

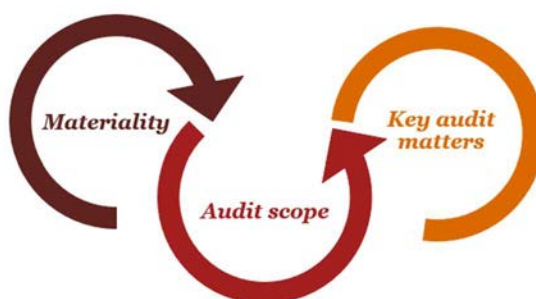
We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the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



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$19 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>Carrying value of Goodwill (\$527.4m) and Brand names (\$253.3m) (Refer to note 11)</p> <p>Goodwill is allocated to the Group's cash generating units (CGUs) which are consistent with the Group's segments. During the annual review for impairment, the Group determined the recoverable amount for each CGU using discounted cash flow models which rely on significant assumptions and estimates of future trading performance.</p> <p>The carrying value of goodwill and brand names was a key audit matter due to its size and the judgements involved in estimating the cash flow forecasts.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Developed an understanding of the key controls associated with the preparation of the discounted cash flow models used to assess the recoverable amount of the Group's cash generating units (the impairment models) • Tested the mathematical accuracy of the discounted cash flow models • Assessed whether the allocation of the Group's goodwill and brand assets into cash generating units (CGUs) was consistent with our knowledge of the Group's operations and internal Group reporting • Compared the significant assumptions used in the discounted cash flow models to historical results, economic and industry forecasts • Compared the forecast cash flows used in the discounted cash flow models to the most up-to-date budgets and business plans formally approved by the Board • Evaluated the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results • Together with PwC valuation experts, assessed whether the discount rates appropriately reflected the risks of the CGUs by comparing the discount rate to market observable inputs |



Key audit matter

How our audit addressed the key audit matter

Inventory valuation (\$788.6m) (Refer to note 9)

The valuation of inventory was a key audit matter because of the judgments involved in estimating the net realisable value of inventory and adjusting inventory cost for attributable overheads and rebates received.

- Assessed the Group's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising
- Evaluated the Group's assessment that the indefinite life assumption for brand names remains appropriate at period end
- Evaluated the reasonableness of the disclosures made in note 11, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards

Our audit procedures included the following:

- Developed an understanding of the key controls associated with the costing and valuation of inventory
- Tested the mathematical accuracy of the inventory provision
- Assessed the inventory provision using data analysis techniques to compare the carrying value to the sales price for each item
- For a sample of inventory items, agreed the inputs used in the calculation of the weighted average cost to supplier invoices
- Tested the calculation of the weighted average cost
- Evaluated the Group's methodology for capitalising overheads and rebates to inventory in light of the requirements of the Australian Accounting Standards



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the period 3 July 2022 to 1 July 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf . This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 61 to 91 of the directors' report for the period 3 July 2022 to 1 July 2023.

In our opinion, the remuneration report of Super Retail Group Limited for the period 3 July 2022 to 1 July 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A stylized, handwritten-style signature of the PricewaterhouseCoopers firm.

PricewaterhouseCoopers

A handwritten signature of Paddy Carney.

Paddy Carney
Partner

Brisbane
17 August 2023

SHAREHOLDER INFORMATION

For the period ended 1 July 2023

The information set out in this section is current as at 10 August 2023.

Securities exchange listing

The ordinary shares of the Company are listed on the Australian Securities Exchange under the ASX code SUL.

Shares on issue

The Company has 225,826,500 fully paid ordinary shares on issue, held by 19,285 shareholders.

Distribution of shareholders

The following table shows the distribution of the Company's shareholders by size of shareholding and number of shareholders and shares.

| Ordinary shares | | | |
|------------------|------------------------|--------------------|----------------------|
| Holding | Number of shareholders | Number of shares | % of shares on issue |
| 1-1,000 | 11,438 | 4,376,537 | 1.94 |
| 1,001 – 5,000 | 6,443 | 15,046,686 | 6.66 |
| 5,001 -10,000 | 920 | 6,611,564 | 2.93 |
| 10,001 – 100,000 | 445 | 8,890,275 | 3.94 |
| 100,001 and over | 39 | 190,901,438 | 84.53 |
| Total | 19,285 | 225,826,500 | 100.00 |

There are 734 shareholders (representing 7,472 ordinary shares) holding less than a marketable parcel of shares.

20 largest holders

Details of the 20 largest holders of ordinary shares in the Company are as follows:

| Registered holder | Number of ordinary shares | % of ordinary shares |
|---|---------------------------|----------------------|
| 1. HSBC Custody Nominees (Australia) Limited | 64,392,536 | 28.51 |
| 2. SCA FT Pty Ltd <THE ROWE FAMILY A/C> | 61,490,627 | 27.23 |
| 3. J P Morgan Nominees Australia Pty Limited | 20,840,785 | 9.23 |
| 4. Citicorp Nominees Pty Limited | 18,506,387 | 8.19 |
| 5. National Nominees Limited | 5,291,740 | 2.34 |
| 6. BNP Paribas Noms Pty Ltd <DRP> | 5,254,599 | 2.33 |
| 7. Re-Grow Futures Pty Ltd | 3,787,379 | 1.68 |
| 8. Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C> | 1,242,432 | 0.55 |
| 9. Santos L Helper Pty Ltd <THE VAN PAASSEN FAMILY A/C> | 904,246 | 0.40 |
| 10. Ms Tracey Leanne Rowe | 757,126 | 0.34 |
| 11. Ms Tanya Joeann Southam | 648,346 | 0.29 |
| 12. Mr Kenneth Joseph Hall <HALL PARK A/C> | 627,143 | 0.28 |
| 13. Ms Jodi Maria Thomas | 625,298 | 0.28 |
| 14. SCCASP Holdings Pty Ltd <H & R SUPER FUND A/C> | 612,425 | 0.27 |
| 15. Ms Janene Julie Young | 611,876 | 0.27 |
| 16. Pacific Custodians Pty Limited <SCA MSP EXEMPT TST A/C> | 564,682 | 0.25 |
| 17. Pacific Custodians Pty Limited <EQUITY PLAN TST A/C> | 529,001 | 0.23 |
| 18. Pacific Custodians Pty Limited <SUL PLANS CTRL A/C> | 436,335 | 0.19 |
| 19. Mr Robert Edward Thorn | 426,665 | 0.19 |
| 20. BNP Paribas Noms Pty Ltd <GLOBAL MARKETS DRP A/C> | 332,413 | 0.15 |
| Total for Top 20 | 187,882,041 | 83.20 |
| Total | 225,826,500 | 100.00 |

SHAREHOLDER INFORMATION (continued)

For the period ended 1 July 2023

Substantial shareholders

The number of voting shares held by substantial shareholders and their associates, as disclosed in substantial holding notices given to the Company in accordance with the Corporations Act, is set out below:

| Name | Number of ordinary shares in notice | % of ordinary shares in notice | Date notice received |
|--|-------------------------------------|--------------------------------|----------------------|
| SCA FT Pty Ltd, SCCASP Holdings Pty Ltd, Re-Grow Futures Pty Ltd, Re-Grow Equities Pty Ltd, TLAR Pty Ltd, Reginald Allen Rowe and Mark John O'Hare | 65,918,556 | 29.189 | 16 June 2023 |

Unquoted securities

There are 2,027,140 unlisted performance rights on issue under the Company's employee incentive plans, held by 105 holders.

Distribution of holders of performance rights

The following table shows the distribution of the Company's holders of performance rights and number of holders and performance rights.

| Holding | Performance rights | | |
|------------------|--------------------|------------------------------|----------------------------------|
| | Number of holders | Number of performance rights | % of performance rights on issue |
| 1-1,000 | 6 | 3,532 | 0.18 |
| 1,001 – 5,000 | 40 | 93,247 | 4.60 |
| 5,001 -10,000 | 19 | 137,036 | 6.76 |
| 10,001 – 100,000 | 35 | 883,889 | 43.60 |
| 100,001 and over | 5 | 909,436 | 44.86 |
| Total | 105 | 2,027,140 | 100.00 |

Voting rights

At general meetings of the Company, each member holding ordinary shares may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. The voting rights attached to ordinary shares are as follows:

- on a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote;
- on a poll, every member present in person or by proxy, attorney or corporate representative has one vote for each fully paid ordinary share held by the member; and
- every member who duly lodges a valid direct vote in respect of a resolution has one vote for each fully paid ordinary share held by the member.

Performance rights do not carry any voting rights.

On-market share acquisitions

During FY23, 1,227,275 ordinary shares in the Company were purchased on-market at an average price of \$10.89 per share for the purposes of the Company's employee incentive plans.

On-market buy back

There is no current on-market buy-back of the Company's shares.

Restricted and escrowed securities

The Company does not have any restricted securities (as defined in the ASX Listing Rules) or securities subject to voluntary escrow on issue.

SHAREHOLDER INFORMATION (continued)

For the period ended 1 July 2023

Shareholder calendar⁽¹⁾

| Event | Date |
|---|-------------------|
| Full-year results announcement | 17 August 2023 |
| Ex-dividend date for final and special dividends | 7 September 2023 |
| Record date for final and special dividends | 8 September 2023 |
| DRP election date for final and special dividends | 11 September 2023 |
| Payment date for final and special dividends | 18 October 2023 |
| Annual General Meeting | 25 October 2023 |
| Interim results announcement | 22 February 2024 |
| Ex-dividend date for interim dividend | 6 March 2024 |
| Record date for interim dividend | 7 March 2024 |
| DRP election date for interim dividend | 8 March 2024 |
| Payment date for interim dividend | 12 April 2024 |

(1) Dates are subject to change. Changes will be notified to the ASX as required.

2023 Annual General Meeting

The Company's 2023 AGM will be held at 11.30am (AEST) on Wednesday, 25 October 2023. Details of the meeting will be sent to shareholders separately.

Dividend details

The Company generally pays a dividend on its fully paid ordinary shares twice a year following the interim and final results announcements. The Board has also resolved to pay a fully franked special dividend of 25.0 cents per share in respect of FY23. The proposed dividend dates for FY24 are in the calendar above.

The Company's Dividend Reinvestment Plan (DRP) remains active. The DRP is optional and offers eligible shareholders the opportunity to acquire fully paid ordinary shares in the Company rather than receiving dividends in cash. A shareholder can elect to participate in or terminate their involvement in the DRP at any time.

Shareholder enquiries

Shareholders who wish to enquire about their shareholding in the Company may contact the Company's share registry at:

Link Market Services Limited
 Locked Bag A14
 South Sydney NSW 1235 Australia
 Telephone: 1800 170 502 (within Australia)
 +61 1800 170 502 (outside Australia)
 Facsimile: +61 2 9287 0303
 Email: sul@linkmarketservices.com.au
 Website: www.linkmarketservices.com.au

Shareholders can access their current holding details as well as their transaction history, view dividend statements and payments made, download statements and documents, change their address, update their communication preferences and banking details, and check their tax details online via portfolio login on Link Market Services' Investor Centre at www.linkmarketservices.com.au.

Glossary

| Defined term | Definition |
|-------------------------------|---|
| \$ | Australian dollars, unless indicated otherwise |
| AASB | Australian Accounting Standards Board |
| AGM | Annual General Meeting |
| Annual Report | the Company's FY23 Annual Report |
| ARC | Audit and Risk Committee |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange or ASX Limited ABN 98 008 624 691 and the market operated by ASX Limited |
| Board | the Board of Directors of the Company |
| bps | basis points |
| CAGR | compound annual growth rate |
| carparc | the number of registered vehicles |
| CFO | Chief Financial Officer |
| Committee or Board Committee | a committee of the Board |
| Company or Super Retail Group | Super Retail Group Limited ABN 81 108 676 204 |
| Corporations Act | <i>Corporations Act 2001</i> (Cth) |
| Directors | the directors of the Company |
| DRP | Dividend Reinvestment Plan |
| EBITDA | earnings before interest, taxes, depreciation, and amortisation |
| EIP | the Super Retail Group Employee Equity Incentive Plan |
| ELT | Executive Leadership Team |
| EPS | earnings per share |
| ESG | Environmental, Social and Governance |
| EV | Electric vehicle |
| Executive KMP | Key Management Personnel of the Company other than Non-Executive Directors |
| FBT | Fringe Benefits Tax |
| FWO | Fair Work Ombudsman |
| FY22 | the financial year ending 2 July 2022, being the 53-week period from 27 June 2021 to 2 July 2022 (and inclusive of those two dates) |

| Defined term | Definition |
|-------------------------|---|
| FY23 | the financial year ended 1 July 2023, being the 52-week period from 3 July 2022 to 1 July 2023 (and inclusive of those two dates) |
| Group | the Company and its consolidated subsidiaries |
| Group MD and CEO | Group Managing Director and Chief Executive Officer |
| HRRC | Human Resources and Remuneration Committee |
| IFRS | International Financial Reporting Standards |
| ISSB | International Sustainability Standards Board |
| KMP | Key Management Personnel |
| KPI | Key Performance Indicator |
| LTI | Long-Term Incentive |
| LTI plan | the Company's Long-Term Incentive plan, as described in Section 6 of the Remuneration Report |
| MTBP | Medium-Term Business Plan |
| NPBT | net profit before tax |
| NPS | Net Promoter Score |
| PBT | profit before tax |
| PwC | PricewaterhouseCoopers |
| RCMF | Risk and Compliance Management Framework |
| rCX | rebel Customer Experience |
| ROC | return on capital |
| SCA | Supercheap Auto |
| Scope 1 and 2 emissions | GHG Protocol Corporate Standard classifies a company's Greenhouse Gas emissions into 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. |
| STI | Short-Term Incentive |
| STI scheme | the Company's Short-Term Incentive scheme, as described in Section 6 of the Remuneration Report |
| TCFD | Financial Stability Board's Task Force on Climate-related Financial Disclosures |
| TRI | Total Recordable Injury |

Corporate Directory

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Company Secretaries

Rebecca Farrell
Amelia Berczelly

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Super Retail
Group



SUPERCHEAP
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rebel




macpac

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