



15 January 2025

PROPOSED COMBINATION WITH PREMIER'S APPAREL BRANDS – SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT

Myer Holdings Limited (ASX:MYR) ("Myer" or "the Company") refers to the Extraordinary General Meeting (the "Meeting") to be held at 9:00am on **23 January 2025** (Melbourne time) as a hybrid meeting:

- in person at The Edge, Fed Square – Swanston Street & Flinders Street, Melbourne VIC 3000; and
- online at <https://meetings.linkgroup.com/MYRGM25>.

at which Myer Shareholders will vote on Myer's proposed transformational combination with the Apparel Brands business of Premier Investments Limited ("Premier") pursuant to a Share Sale and Implementation Agreement between Myer and Premier, as announced to the ASX on 29 October 2024 ("**Proposed Combination**").

On 17 December 2024, Myer released the Explanatory Memorandum and Notice of Meeting (including the Independent Expert's Report contained at Annexure C of the Explanatory Memorandum), which can be downloaded [here](#), in which the Independent Expert concluded **that the Proposed Combination is fair and reasonable to Non-Associated Myer Shareholders, in the absence of a superior proposal.**

On 13 January 2025:

- Myer provided a preliminary and unaudited trading update for the 22 weeks ending 28 December 2024 ("**Myer Trading Update**"); and
- Premier provided an unaudited trading update for its 'Premier Retail' segment (Premier's wholly owned seven retail brands) for the 26 weeks ending 25 January 2025 ("**Premier Trading Update**").

The Independent Expert has considered the Myer Trading Update and Premier Trading Update and has advised Myer that it **continues to conclude that the Proposed Combination is fair and reasonable to Non-Associated Myer Shareholders, in the absence of a superior proposal.**

A supplementary Independent Expert's Report of 15 January 2025 issued by the Independent Expert ("**Supplementary Independent Expert's Report**") is attached to this announcement. The Supplementary Independent Expert's Report should be read in context with the Explanatory Memorandum and Notice of Meeting (including the Independent Expert's Report contained at Annexure C of the Explanatory Memorandum).

The Myer Independent Directors also continue to unanimously support the Proposed Combination, intend to vote in favour of the Combination Resolution at the Meeting, and unanimously recommend that Myer Shareholders also vote in favour of the Combination Resolution, subject to the Independent Expert continuing to conclude that the Proposed Combination is either fair and reasonable, or not fair, but reasonable to Non-Associated Myer Shareholders.

This announcement was authorised by the Board of Myer Holdings Limited.

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Myer Holdings Limited
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15 January 2025

Dear Myer Independent Directors

Part One – Supplementary Independent Expert's Report

1 Introduction

On 29 October 2024, Myer Holdings Limited (**Myer**) announced that it had entered into a binding Share Sale and Implementation Agreement with Premier Investments Limited (**Premier**) for a combination of Myer and Premier's Apparel Brands (consisting of Just Jeans, Jay Jays, Portmans, Dotti and Jacqui E) (the **Combination**). Under the Share Sale and Implementation Agreement, Myer will issue 890.5 million new, fully paid ordinary shares in Myer (**Consideration Shares**) to Premier in consideration for the acquisition of Just Group Limited (**Just Group**) which will retain \$82 million of cash. Prior to completion of the sale and purchase of Just Group (**Completion**), Premier will complete an internal corporate restructure (**Pre-Completion Restructure**) with Just Group such that it only owns the Apparel Brands business. Shortly after Completion, Premier will distribute the Consideration Shares and its existing 31.2% shareholding in Myer to Premier shareholders (**Premier Shareholders**) on a pro rata basis (**In Specie Distribution**).

On 13 December 2024, Kroll Australia Pty Ltd (**Kroll, us or we**) issued an independent expert's report advising that, in our opinion, the Combination was fair and reasonable to Non-Associated Myer Shareholders, in the absence of a superior proposal. In that report we assessed the value of Apparel Brands (including retained cash) on a controlling interest basis to be in the range of \$848.3 to \$946.3 million and assessed the value of the Consideration Shares to be in the range of \$823.7 million to \$1,064.1 million on a minority interest basis, excluding the Pre-Completion Dividend.¹ As the value of the Consideration Shares overlapped with our assessed value range of Apparel Brands (including retained cash), Kroll determined that the Combination was fair to Non-Associated Myer Shareholders. As the Combination was fair, it was also reasonable.

In addition, Kroll considered whether Non-Associated Myer Shareholders would be better off if the Combination is implemented than if it is not. In order to assess this, Kroll compared the value of Myer Shares on a stand-alone, minority basis of \$0.62 to \$0.71 with the value of Combined Myer Group Shares on a minority basis, including the Pre-Completion Dividend to which Myer Shareholders are entitled, of \$0.95 to \$1.22. As the value of a Combined Myer Group Share exceeded the value of a Myer Share on a stand-alone basis, Kroll determined that Non-Associated Myer Shareholders would be better off if the Combination is implemented than if it is not. As such, this analysis supported Kroll's opinion that the Combination is fair to Non-Associated Myer Shareholders.

¹ Prior to Completion, the Myer Board intends to declare a fully franked dividend of 2.5 cents per share to existing Myer Shareholders (**Pre-Completion Dividend**) provided all the conditions to the Combination have been satisfied or waived as described in the Explanatory Memorandum sent to Myer Shareholders. If Completion occurs, Myer does not expect to declare a dividend in FY25.

In undertaking our work, we have referred to guidance provided by the Australian Securities and Investments Commission (**ASIC**) in its Regulatory Guides, in particular, Regulatory Guide 111 'Content of expert reports' (**RG 111**), which outlines the principles and matters which it expects a person preparing an independent expert report to consider and Regulatory Guide 112 'Independence of experts' (**RG 112**).

RG 111.120 states that if an expert becomes aware of a material change in circumstances, then depending on the circumstances, it may be appropriate for a commissioning party to send a supplementary report, even if security holders would receive that report shortly before the Scheme Meeting. RG 111.121 states that changes affecting valuations in reports are more likely to trigger the supplementary report obligation than tactical events in the progress of transactions, for example, the level of acceptances in a bid.

Kroll is of the view that the trading updates provided by Myer and Premier on 13 January 2025, as well as the changes to the price at which Myer Shares have traded since these announcements, may qualify as a material change in circumstances. Consequently, Kroll has prepared this supplementary independent expert's report (**Supplementary Independent Expert's Report**) for Myer Shareholders.

2 Subsequent events

On 13 January 2025, Myer and Premier each provided trading updates. The updates indicated that:

- for the financial year to date ended 28 December 2024 (**YTD25**) (a duration of approximately 22 weeks), Myer's earnings before interest and tax (**EBIT**)² on a pre-AASB 16 basis was approximately \$48 million, which represents a decrease of approximately \$16 million compared to the prior corresponding period; and
- for the 26 weeks ending 25 January 2025 (**1H25**), Premier expects that Apparel Brands will deliver underlying EBIT on a pre-AASB 16 basis in the range of \$31 million to \$35 million, which represents a \$16 million to \$20 million decrease relative to the prior corresponding period.³

Myer attributed the decline in earnings principally to cyclical and one-off factors, rather than any structural trends in the industry, including:

- challenging trading conditions for the retail sector driven by a tough economic environment. Despite strong trading during key sales events including Black Friday, cost of living pressures reduced consumer spending;
- the temporary closure of the Werribee store from 14 February to 29 November last year; and
- increased costs and ramp-up complexity at the National Distribution Centre in Ravenhall, which delayed the realisation of expected benefits.

Premier similarly attributed the deterioration in performance to continued challenging retail conditions through 1H25 with customers continuing to experience cost of living pressures across all of Premier Retail's global markets and having a strong focus on value.

Following the release of the trading updates, Myer's share price declined 23.1% from a close of \$1.145 on 10 January 2025 to a close of \$0.880 on 13 January 2025, before decreasing further to close at \$0.84 on 14 January 2025. This decline potentially also reflects perceived risk associated with the Combination.⁴ Kroll also notes that trading generally reflects small parcels of shares (an average of 2,022 shares on 13 January 2025 and 1,772 shares on 13 January 2025).⁵

Kroll also notes that from 12 December 2024 until 13 January 2025, the S&P/ASX Consumer Discretionary Index declined by 2.2%.

² Myer's EBIT excludes implementation costs and individually significant items.

³ Apparel Brands EBIT excludes the costs associated with the launch of the Just Shop loyalty program. It also excludes third party strategic review and transaction costs and interest revenue.

⁴ Source: "For Myer, Solomon Lew's Premier merger now hinges on a question of fairness," 13 January 2025, The Australian; "Myer, Premier sales hit by softer trading as vote on merger deal nears", 13 January 2025, Australian Financial Review.

⁵ Source: IRESS.

After improving throughout 2024, the Westpac MI Consumer Sentiment Index declined by 1.9% from 94.6 in November 2024 to 92.8 in December 2024. This likely reflects several factors including a disappointing September quarter national accounts update, ongoing uncertainty around inflation and the potential for interest rate easing, as well as a more unsettled global backdrop.⁶ The index declined by a further 0.8% to 92.1 in January 2025, with the publisher noting a range of factors that have been dragging on household finances, including ongoing cost-of-living pressures.⁷

On 9 January 2025, the Australian Bureau of Statistics reported that retail spending continued to improve in November 2024, up 0.8% month-on-month and up 3.0% compared with November 2023. We note that this is consistent with Myer acknowledging strength in sales for key sales events including Black Friday.

Kroll has also considered whether the comparable company multiples have changed since 12 December 2024 when Kroll prepared the independent expert's report. The following table indicates that the EBIT multiples at which Australian and New Zealand retail category specialists were trading as at 12 December 2024 and as at 13 January 2025 remain fairly unchanged, while the multiples for the international retail category specialists increased slightly. Kroll notes, however, that 1H25 earnings results may also be weaker for the comparable companies, resulting in lower historical EBIT multiples.

Comparison of EBIT Multiples

	12 December 2024			13 January 2025		
	EBIT CAGR ¹ FY to FY+3	Multiple (times) Historical	Multiple (times) Forecast	EBIT CAGR ¹ FY to FY+3	Multiple (times) Historical	Multiple (times) Forecast
Australia and New Zealand						
JB Hi-Fi	4.0%	15.5	15.2	4.0%	16.1	15.7
Harvey Norman	5.8%	11.2	11.0	5.8%	10.8	10.6
Super Retail	2.7%	8.7	8.9	2.7%	9.0	9.2
Accent Group	9.8%	12.2	11.6	9.8%	12.0	11.4
Nick Scali	10.7%	11.6	12.3	10.7%	11.4	12.1
Universal Store	14.9%	13.4	10.8	14.9%	13.9	11.3
Adairs Limited	14.4%	9.4	7.8	14.4%	8.8	7.3
Hallenstein Glasson	5.9%	8.4	7.6	8.9%	9.1	7.8
Kathmandu	61.2%	nmf	17.9	60.9%	nmf	20.7
Median	na	11.4	11.0	na	11.1	11.3
International						
The Gap	10.4%	7.8	7.8	10.0%	7.9	7.6
Abercrombie & Fitch	7.4%	8.7	8.0	7.4%	10.4	9.4
Levi Strauss	13.2%	12.1	10.4	13.2%	12.3	10.6
Urban Outfitters	7.5%	9.3	8.1	8.1%	10.4	9.0
American Eagle	9.4%	7.1	6.9	8.6%	6.7	6.5
Guess	4.2%	6.3	6.4	3.6%	5.9	6.0
Median	na	8.3	7.9	na	9.1	8.3

Source: S&P Capital IQ, Kroll analysis.

Notes:

1. The Compounded Annual Growth Rate (CAGR) is calculated using the mean broker forecasts for FY+3. For companies where the broker forecasts for FY+3 are unavailable, CAGR is calculated from FY to FY+2. EBIT for US companies with a year ending on 31 January 2025 and 28 February, respectively, is considered as data for the FY. Consequently, respective financial data with a year ending on 31 January 2028 and 28 February 2028, is used to compute the FY+3 multiple.
2. EBIT considered on a pre-AASB 16 basis.
3. 'nmf' means not meaningful. 'na' means not applicable.

⁶ Source: "Consumer sentiment stalls as confidence on economy fades", Matthew Hassan, Head of Australian Macro-Forecasting, Westpac, 17 December 2024.

⁷ Source: "Consumer sentiment slips a little further in January", Luci Ellis, Chief Economist Westpac Group, Westpac, 14 January 2025.

The following table indicates that the EBIT multiples at which department store companies were trading as at 12 December 2024, the date of Kroll's independent expert's report, and as at 13 January 2025, were broadly similar, with the median historical multiple being slightly lower and the median forecast multiple being slightly higher.

Comparison of EBIT Multiples

			12 December 2024			13 January 2025		
			EBIT CAGR ¹	Multiple (times) Historical	Multiple (times) Forecast	EBIT CAGR ¹	Multiple (times) Historical	Multiple (times) Forecast
Department Stores								
Target	United States		6.7%	12.4	13.3	6.6%	12.9	13.9
Marks & Spencer	United Kingdom		12.6%	9.0	7.3	12.9%	7.6	6.1
Dillard's	United States		(26.5%)	8.4	12.2	(26.7%)	8.3	12.0
Macy's	United States		(3.2%)	5.1	7.1	(0.4%)	5.1	7.9
Fraser's	United Kingdom		4.7%	4.9	4.9	3.9%	4.9	5.1
Nordstrom ²	United States		(0.5%)	8.8	9.0	(0.5%)	8.8	9.0
Woolworths SA	South Africa		13.4%	11.8	10.5	13.1%	11.2	10.1
Front Retailing	Japan		(0.5%)	5.5	6.7	(0.9%)	5.8	7.3 ³
Takashimaya	Japan		4.5%	6.8	6.4	5.4%	7.5	7.1
Kohl's	United States		3.7%	7.9	7.4	0.6%	7.8	7.4
Median			na	8.2	7.4	na	7.8	7.7

Source: S&P Capital IQ, Kroll analysis.

Notes:

1. The CAGR is calculated using the mean broker forecasts for FY to FY+3. For companies where the broker forecasts for FY+3 are unavailable, CAGR is calculated from FY to FY+2. EBIT for US and Japanese companies with a year ending on 31 January 2025 and 28 February, respectively, is considered as data for the FY. Consequently, respective financial data with a year ending on 31 January 2028 and 28 February 2028, is used to compute the FY+3 multiple.
2. Nordstrom's data is as of 18 March 2024, the date before the news about the acquisition was reported.
3. Median broker forecast is considered for normalisation.
4. EBIT considered on a pre-AASB 16 basis.

3 Opinion

3.1 The Combination remains fair

3.1.1 Assessment of fairness

Approach

The following table shows a comparison of EBIT for Apparel Brands and Myer for the 52 weeks ended 31 July 2024 (FY24) as well as estimated EBIT for the 52 weeks ending 25 January 2025 (LTM EBIT).

Comparison of EBIT (Pre-AASB 16) (\$ millions)

	FY24 EBIT		LTM EBIT	
	Apparel Brands	Myer	Apparel Brands	Myer
Maintainable EBIT (pre-AASB 16)	76.4	75.6	58.5 ¹	56.8 ²
Contribution	50.3%	49.7%	50.8%	49.2%
Percentage decrease			(23.4%)	(24.9%)

Source: Kroll analysis.

Notes:

1. Calculated as the sum of the mid-point of the range of guidance provided by Premier for 1H25 (\$31 million to \$35 million) plus Apparel Brands 2H24 EBIT.
2. Calculated as the sum of Myer's EBIT for the 22 weeks ended 28 December 2024, pro rated to reflect a six month period, plus Myer's 2H24 EBIT.

The table indicates that LTM EBIT⁸ for both Apparel Brands and Myer has declined by a similar amount (23.4% and 24.9%, respectively) when compared to FY24 EBIT. As such, it could be expected that the value of both Apparel Brands and Myer has decreased by an equivalent amount. If anything, Myer's EBIT has declined by slightly more than Apparel Brands, such that its contribution to the Combined Myer Group (49.2%) is slightly lower than when the contribution was based on FY24 EBIT (49.7%). In addition, earnings for Apparel Brands and Myer were below the broker forecast for 1H25 by a similar percentage. The midpoint 1H25 EBIT guidance for Apparel Brands of \$33 million is approximately 29% below the broker forecast. The YTD25 EBIT for Myer is \$48 million and, assuming Myer performs consistently for the remainder of the first half, 1H25 EBIT would be approximately \$57 million, which is approximately 29% below the broker forecast for Myer.

In assessing the amount by which the value of Apparel Brands and Myer should be reduced as a result of the trading updates, it is relevant to consider the extent to which the earnings decline was due to cyclical or one-off factors, as opposed to structural factors. As noted in Section 2 of this Supplementary Independent Expert's Report, management of Premier attributed the decline to cyclical factors and Myer attributed the decline to cyclical factors as well as one-off factors, including the temporary closure of the Werribee store and increased costs and ramp-up complexity at the National Distribution Centre.

In assessing revised values for Apparel Brands and Myer using the Market Approach, Kroll has continued to utilise a maintainable earnings based on the FY24 period, and has reflected the lower growth outlook for Apparel Brands and Myer as evidenced by the trading updates in the selection of the multiple.

Kroll has not utilised LTM EBIT as the basis for a maintainable level of earnings since:

- maintainable earnings should exclude one-off items. Furthermore, multiples for cyclical business will change throughout the cycle. Where earnings are at a low point in a cycle, trading multiples for that period are likely higher, reflecting the stronger growth outlook as earnings recover; and
- it is necessary to match the earnings period with the period for the multiple. As none of the Australian and New Zealand retail category specialists have provided a trading update for 1H25, it is not possible to calculate earnings multiples for these periods. Presumably other retail category specialists have been impacted by similar trading conditions. In addition, the growth outlook for the comparable companies will likely be updated when these companies release their 1H25 results, and growth outlook is a key driver in selecting multiples.

Kroll has reduced each of the multiples applied to Apparel Brands and Myer by approximately 15%. This quantum of reduction is both significant and subjective. In this respect we have applied our judgement, noting the size of the earnings decline in 1H25⁹ as well as that the decline is largely cyclical and/or a result of one-off and not structural factors. Further, brokers have not yet updated forecasts for Apparel Brands and Myer following the trading updates. In any event, Kroll notes that regardless of the quantum of any reduction in value, it is appropriate to make the same adjustment to both Apparel Brands and Myer as both businesses are heavily dependent on the impact of industry conditions.

Kroll notes that Myer's share price declined by 23.1% from a close of \$1.145 on 10 January 2025 to \$0.88 on 13 January 2025, before decreasing by a further 4.5% to close at \$0.84 on 14 January 2025 (a 26.6% reduction in aggregate). As noted, the decline in the Myer share price may also reflect perceived risks associated with the Combination.¹⁰

Control transaction analysis

Kroll has compared the assessed value of Apparel Brands (including retained cash) on a controlling interest basis (Section 3.1.2 of this report) with the fair value of the Consideration Shares being offered (Section 3.1.2 of this report). This analysis essentially determines whether Myer Shareholders are paying an

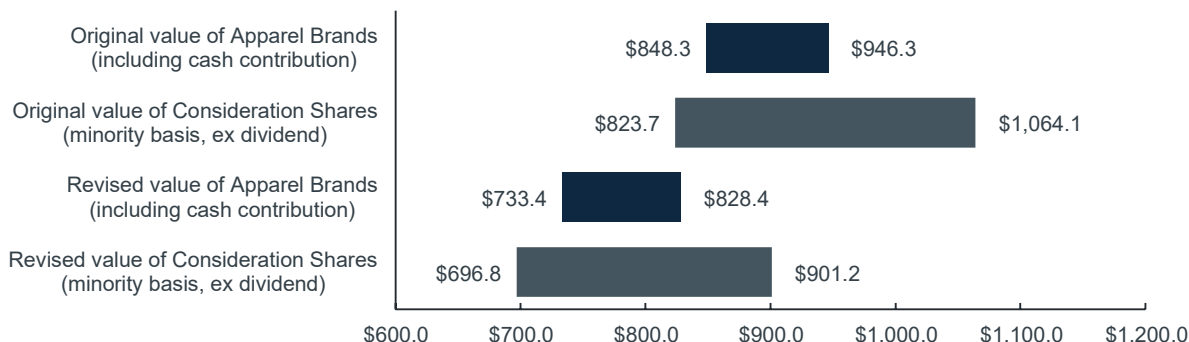
⁸ For Apparel Brands, calculated as the sum of the mid-point of the range of guidance provided by Premier for 1H25 (\$31 million to \$35 million) plus Apparel Brands 2H24 EBIT. For Myer, calculated as the sum of Myer's EBIT for the 22 weeks ended 28 December 2024, pro rated to reflect a six month period, plus Myer's 2H24 EBIT.

⁹ For Apparel Brands, this is earnings guidance. For Myer, this is an estimate assuming its performance in the last 4 weeks of the period is consistent with trading in the preceding 22 weeks.

¹⁰ Source: "For Myer, Solomon Lew's Premier merger now hinges on a question of fairness," 13 January 2025, The Australian, "Myer, Premier sales hit by softer trading as vote on merger deal nears", 13 January 2025, Australian Financial Review.

equivalent amount to Premier Shareholders for the value they are receiving, or whether they are overpaying or underpaying. The following chart shows Kroll's original fairness assessment as well as our revised fairness assessment.

Fairness Assessment – 'Control Transaction' Analysis (\$ millions)



Source: Kroll analysis.

Note 1: The value of the Consideration Shares excludes the Pre-Completion Dividend of 2.5 cents per share, since Premier Shareholders will not receive this dividend.

As the revised value of the Consideration Shares overlaps with our revised value range of Apparel Brands (including the retained cash), **the Combination remains fair to Non-Associated Myer Shareholders.**

The value of the Consideration Shares will vary with movements in the Myer share price. We consider that the high end of the valuation range for Apparel Brands (including retained cash) represents the relevant threshold for fairness since any consideration amount over this threshold indicates that Myer Shareholders are overpaying for Apparel Brands. As such, given the revised value range of the Consideration Shares falls below the high end of the revised value range for Apparel Brands (including retained cash), the Combination remains fair, and it is irrelevant where in the range the revised value of Apparel Brands falls.

As noted in our independent expert's report, any re-rating of the sector is likely to impact the value of both Myer and Apparel Brands equally. To the extent a re-rating changes the value of Apparel Brands, it will change the break-even Myer share price, however, it is likely to change the value of Myer equally such that the Combination is likely to remain fair. We note that the break-even price above which the Combination is not fair has decreased from \$1.063 (\$1.088 cum-dividend) to \$0.930 (\$0.955 cum-dividend).

The range of values of the Consideration Shares overlaps with and exceeds the range of values for Apparel Brands, reflecting that our assessed value of the Consideration Shares incorporates the unique combination benefits that are available due to the complementary nature of Myer and Apparel Brands. In contrast, Kroll's valuation of Apparel Brands reflects only the synergies available to a broader, hypothetical pool of potential acquirers (consistent with the requirements of RG 111). Importantly, both Myer Shareholders and Premier Shareholders will share in the combination benefits in proportion to their overall equity ownership in the Combined Myer Group, wherein existing Myer Shareholders will hold 48.5% of the Combined Myer Group Shares.

The revised range of assessed values for Combined Myer Group Shares is wider than the range of values for Apparel Brands. This reflects the Combined Myer Group's relatively high financial leverage (including lease liabilities) of 67.3% on a pro forma basis as at 27 July 2024, compared to the financial leverage of Apparel Brands of 48.9%, as well as the relatively wide range of values ascribed to Myer Shares by the market.

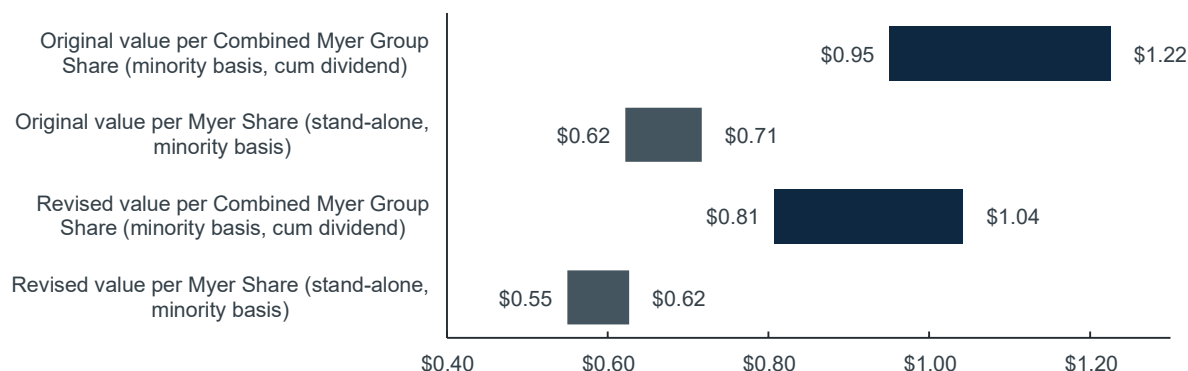
Accordingly, we consider that a wider range is appropriate in relation to the revised value of the Combined Myer Group Shares. In this respect we have determined a revised range of \$0.783 to \$1.012 (ex-dividend) per Myer Share to be appropriate in valuing Combined Myer Group Shares, which is also reasonable having regard to our cross check.

Comparison of the value of Myer Shares with the value of the Combined Myer Group Shares

In addition, Kroll has compared the value of a Myer Share on a stand-alone basis (Section 3.1.2 of this report) with the value of a Combined Myer Group Share (Section 3.1.2 of this report). Both valuations have

been performed on a minority interest basis since, as noted, there is no change of control of Myer.¹¹ The following chart shows Kroll's original fairness assessment as well as our revised fairness assessment.

Fairness Assessment – Comparison of Value of Myer Shares with the Value of Combined Myer Group Shares



Source: Kroll analysis.

Note 1: The value of a Combined Myer Group Share is presented cum dividend, since Myer Shareholders will receive the Pre-Completion Dividend of 2.5 cents per share if the Combination is implemented.

As the revised value of a Combined Myer Group Share exceeds the revised value of a Myer Share on a stand-alone basis, Non-Associated Myer Shareholders will be better off if the Combination proceeds than if it does not. As such, this analysis supports our opinion that **the Combination remains fair to Non-Associated Myer Shareholders.**

3.1.2 Valuations

The following section summarises the original and revised valuations of the following:

- Apparel Brands (including the retained cash) on a controlling interest basis;
- Myer Shares on a stand-alone, minority basis; and
- Combined Myer Group Shares on a minority basis, including combination benefits.

Valuation of Apparel Brands

Based on our revised valuation of Apparel Brands' operating business of \$651.4 million to \$746.4 million on a controlling interest basis, the revised value of Apparel Brands' equity (including the retained cash) is \$733.4 million to \$828.4 million.

Kroll's original valuation and revised valuation of Apparel Brands is summarised as follows.

Apparel Brands Valuation Summary (\$ millions)

	Original Valuation Range		Revised Valuation Range	
	Low	High	Low	High
Maintainable EBIT (pre-AASB 16)	76.6	78.6	76.6	78.6
Capitalisation multiple (control basis)	10.0	11.0	8.5	9.5
Value of Apparel Brands' operating business (control basis)	766.3	864.3	651.4	746.4
Add: Retained cash ¹	82.0	82.0	82.0	82.0
Equity value of Apparel Brands (control basis)	848.3	946.3	733.4	828.4

Source: Kroll analysis.

Note 1: Retained cash excludes lease liabilities as Kroll's valuation is prepared on a pre-AASB 16 basis.

¹¹ Premier will distribute its existing Myer Shares and the Consideration Shares to Premier Shareholders via an In Specie Distribution. Following the In Specie Distribution, it is expected that Century Plaza Group will become Myer's largest shareholder with pro forma ownership of 26.8%, which is below its current deemed relevant interest in Myer of 31.2%.

Taking into account Apparel Brands' trading update and noting that FY24 multiples for Australian and New Zealand retail category specialists remain fairly unchanged, Kroll has reduced the selected multiple for Apparel Brands from a range of 10.0 to 11.0 to a range of 8.5 to 9.5 (a reduction of approximately 15%).

The median control premium for transactions involving retail category specialists is 33.6% and the median control premium for retail company transactions in the period from 2014 to 2024 sourced from Factset is 33.5%. If the equivalent minority discount of 25.1%¹² is applied to the revised equity value of Apparel Brands (control basis), the revised implied minority multiple is 6.1 to 6.8 times FY24 EBIT. This remains below the trading multiples for all of the Australian retail category specialists that Kroll has analysed and well below Premier's pre-Indicative Proposal trading multiple¹³ of 10.2 times historical EBIT, noting that the S&P/ASX 200 Consumer Discretionary Index has increased by 9.6% since 21 June 2024.

Valuation of Myer Shares

Kroll has assessed the revised value of Myer's equity on a stand-alone, minority basis to be in the range of \$460.4 million to \$520.9 million, which equates to an underlying value per Myer Share of between \$0.55 and \$0.62.¹⁴ The value of Myer's equity has been determined by estimating the fair value of Myer's operating business, together with consideration of any surplus assets and liabilities, and net cash (excluding lease liabilities).

Kroll's original valuation and revised valuation of Myer (stand-alone) is summarised as follows.

Myer Valuation Summary (\$ millions)

	Original Valuation Range		Revised Valuation Range	
	Low	High	Low	High
Maintainable EBIT (pre-AASB 16)	75.6	75.6	75.6	75.6
Capitalisation multiple (minority basis)	5.25	6.25	4.45	5.25
Value of Myer's operating business (minority basis)	396.9	472.5	336.4	396.9
Add: estimated net cash ¹	124.0	124.0	124.0	124.0
Value of Myer equity (minority basis)	520.9	596.5	460.4	520.9
Number of Myer Shares outstanding (millions)	837.6	837.6	837.6	837.6
Value per Myer Share (minority basis) (\$)	\$0.62	\$0.71	\$0.55	\$0.62

Source: Kroll analysis.

Note 1: Net cash is an estimate of the monthly average net cash balance for Myer (stand-alone), less transaction costs that will be incurred irrespective of whether the Combination proceeds. It does not deduct the Pre-Completion Dividend of 2.5 cents per share that will only be paid if the Combination is implemented or transaction costs that will only be incurred if the Combination proceeds. The net cash balance excludes lease liabilities since Kroll's valuation is prepared on a pre-AASB 16 basis.

Taking into account Myer's trading update and noting that FY24 multiples for Australian and New Zealand retail category specialists and international department stores remain fairly unchanged, Kroll has reduced the selected multiple for Myer from a range of 5.25 to 6.25 to a range of 4.45 to 5.25 (a reduction of approximately 15%).

Kroll has cross-checked the values derived from our primary valuation methodology by comparing the resulting value per share to trading in Myer Shares prior to the announcement of the Indicative Proposal. Kroll notes that Myer Shares closed at \$0.645 on 21 June 2024, the last trading day prior to the announcement of the Indicative Proposal. This price is towards the low end of our original range of values for Myer Shares on a stand-alone, minority basis of \$0.62 to \$0.71, however, it is above the revised range

¹² Calculated as $1 - (1 / (1 + 33.6\%))$.

¹³ Premier's multiple has been calculated by including its proportionate share of EBIT and net borrowings from its investments in Breville and Myer. Share price is as at 21 June 2024, the last trading day before the announcement of the Indicative Proposal.

¹⁴ Calculated as our assessed range of value of the equity of Myer divided by the 837,557,023 ordinary shares.

of values for Myer Shares on of \$0.55 to \$0.62. This is appropriate, given the 24.9% reduction in EBIT for LTM EBIT relative to FY24.

Valuation of Combined Myer Group Shares

Kroll has selected a value range of \$0.8075 to \$1.037 for the Combined Myer Group Shares on a cum-dividend, minority basis, which is equivalent to \$0.783 to \$1.012 on an ex-dividend basis. The following chart illustrates the range of selected values of a Combined Myer Group Share relative to trading in Myer Shares since the announcement of the Combination on 29 October 2024.

Combined Myer Group Selected Value Range



Source: Capital IQ, Kroll analysis.

Our valuation of the Combined Myer Group Shares is based on trading in Myer Shares since the announcement of the Combination. The original value range for the Combined Myer Group Shares (ex-dividend) of \$0.975 to \$1.195 covered most of the trading in Myer Shares since the announcement of the Combination on 29 October 2024, after adjusting for the Pre-Completion Dividend of 2.5 cents per share. The revised value range for the Combined Myer Group Shares (ex-dividend) of \$0.783 to \$1.012 covers earlier trading and trading since the announcement of the trading update on 13 January 2025.

Kroll has cross-checked our assessed value of a Combined Myer Group Share by comparing the historical multiples implied by our selected value range for the Combined Myer Group Shares to market evidence derived from listed department store companies and retail category specialists and transactions involving department stores. Kroll's assessed original and revised ranges of value per share (ex-dividend) implies the following value of the operating business of the Combined Myer Group.

Combined Myer Group Valuation Summary (\$ millions)

	Original Valuation Range		Revised Valuation Range	
	Low	High	Low	High
Value of Combined Myer Group Shares (minority basis)	\$0.925	\$1.195	\$0.783	\$1.012
Number of Combined Myer Group Shares	1,728.1	1,728.1	1,728.1	1,728.1
Value of Combined Myer Group's equity (minority basis)	\$1,598.5	\$2,065.1	\$1,352.2	\$1,748.8
Deduct: estimated net cash ¹	(96.5)	(96.5)	(96.5)	(96.5)
Deduct: retained cash	(82.0)	(82.0)	(82.0)	(82.0)
Value of Combined Myer Group's operating business (minority basis)	\$1,420.0	\$1,886.6	\$1,173.8	\$1,570.4

Source: Kroll analysis.

Note 1: Net cash is an estimate of the monthly average and deducts the Pre-Completion Dividend of 2.5 cents per share per Myer Share and transaction costs that would only be incurred if the Combination is implemented.

The values derived from share trading imply the following multiples of earnings.

Combined Myer Group Implied Multiples (\$ millions)

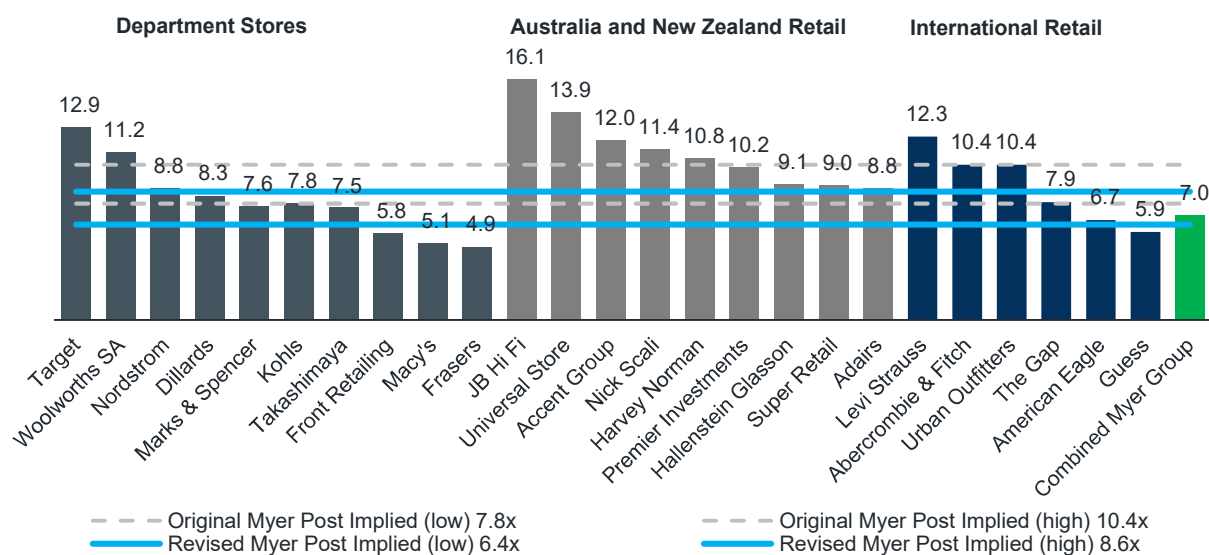
	EBIT ¹	Original Multiples (times)		Revised Multiples (times)	
		Low	High	Low	High
FY24 Underlying EBIT (pro forma, including combination benefits)	182	7.8	10.4	6.4	8.6
FY24 Underlying EBIT (pro forma, excluding combination benefits)	152	9.3	12.4	7.7	10.3

Source: Kroll analysis.

Note 1: Before impacts of transaction perimeter and TSA. EBIT is presented on a pre-AASB 16 basis.

The original multiples of 7.8 to 10.4 times pro forma EBIT (including combination benefits) and the revised multiples of 6.4 to 8.6 times relative to the historical EBIT multiples for the comparable companies is illustrated as follows.

The Combined Myer Group Implied Historical Multiples relative to Comparable Companies



Source: Capital IQ, Kroll analysis. Multiples are presented on a pre-AASB 16 basis.

The revised multiples of 6.4 to 8.6 times EBIT are low in comparison to the Australian and New Zealand retail category specialists, although in the middle of the range for the department stores and international retail category specialists. Kroll notes, however, that given the Australian and New Zealand retail category specialists are operating in the same macroeconomic environment, their 1H25 earnings results may also be weaker, resulting in lower historical EBIT multiples.

3.1.3 Valuation of the Consideration Shares

Under the Share Sale and Implementation Agreement, Myer will issue 890.5 million Consideration Shares to Premier upon Completion. Premier Shareholders will not receive the Pre-Completion Dividend of 2.5 cents per share in relation to the Consideration Shares. Based on a revised value of the Combined Myer Group Shares (ex-dividend) in the range of \$0.783 to \$1.012, the value of the Consideration Shares is \$696.8 to \$901.2 million.

Valuation of Consideration Shares (\$ millions)

	Original Valuation		Revised Valuation	
	Low	High	Low	High
Value per shares in Combined Myer Group (minority basis)	\$0.925	\$1.195	\$0.783	\$1.012
Number of Consideration Shares (millions)	890.5	890.5	890.5	890.5
Value of the Consideration Shares	\$823.7	\$1,064.1	\$696.8	\$901.2

Source: Kroll analysis.

The following table illustrates the sensitivity of the implied value of the Consideration Shares to changes in the Myer share price.

Sensitivity of the Consideration Shares¹ to Changes in the Myer Share Price (\$)

Original Valuation		Revised Valuation	
Illustrative Myer Share Price (Ex-dividend)	Implied Value of Consideration Shares	Illustrative Myer Share Price (Ex-dividend)	Implied Value of Consideration Shares
\$0.775	\$690.1	\$0.635	\$565.5
\$0.825	\$734.7	\$0.685	\$610.0
\$0.875	\$779.2	\$0.735	\$654.5
\$0.925	\$823.7	\$0.785	\$699.0
\$0.975	\$868.2	\$0.835	\$743.6
\$1.025	\$912.8	\$0.885	\$788.1
\$1.075	\$957.3	\$0.935	\$832.6
\$1.125	\$1,001.8	\$0.985	\$877.1
\$1.175	\$1,046.3	\$1.035	\$921.7
\$1.225	\$1,090.9	\$1.085	\$966.2
\$1.275	\$1,135.4	\$1.135	\$1,010.7
\$1.325	\$1,179.9	\$1.185	\$1,055.2

Source: Kroll analysis.

Note 1: Bold text indicates overlap with Kroll's assessed value per share in the Combined Myer Group (minority basis).

3.2 The Combination continues to be reasonable

In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Combination to be fair, it is also reasonable.** Kroll continues to be of the opinion that there are a number of advantages of the Combination that are compelling and would support a reasonableness conclusion in their own right. Kroll's assessment of reasonableness remains unchanged, with the exception of the following:

- the Combination continues to accelerate Myer's key strategic priorities. If anything, the challenging trading conditions indicate the necessity of accelerating Myer's key strategic priorities;
- the substantial positive re-rating of Myer's shares that was observed in our independent expert's report has moderated following the announcement of the trading update on 13 January 2025;
- Kroll considers that in the absence of the Combination, the Myer share price is likely to fall to levels either consistent with trading prior to the announcement of the Indicative Proposal (a one-month VWAP of \$0.64), or lower as a result of an allowance for factors including the 24.9% reduction in EBIT for LTM25 compared to FY24 and the impact as well as costs of the transaction not being approved; and
- in the event that the Combination is not approved, or any conditions precedent prevent the Combination from being implemented, Myer will face the elevated macroeconomic headwinds and continuing structural industry trends as a stand-alone entity. Furthermore, Myer does not expect to declare a dividend in FY25.

4 Other matters

This Supplementary Independent Expert's Report should be read in conjunction with, and not independently of, the information set out in the independent expert's report issued on 13 December 2024, included within the Explanatory Memorandum dated 17 December 2024. All limitations, disclaimers and declarations set out in that report apply in full to this report.

Our report has also been prepared in accordance with the relevant provisions of the ASX Listing Rules and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Non-Associated Myer Shareholders in considering whether to vote in favour of the Combination.

We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Non-Associated Myer Shareholders. This advice therefore does not consider the financial situation, objectives or needs of individual Myer non-associated shareholder.

The decision of Non-Associated Myer Shareholders as to whether or not to approve the Combination is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the Combination may be influenced by their particular circumstances, we recommend that individual Non-Associated Myer Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report and reflects circumstances and conditions at that date.

All currency amounts in this report are denominated in Australian dollars (\$) unless otherwise stated. References to a financial year have been abbreviated to FY. For Myer, Apparel Brands and the Combined Myer Group, the FY24 financial year is the 52 weeks to 27 July 2024. In the valuation section of our report, the 'historical' period refers to the last 12-month (**LTM**) period and the 'forecast' period refers to the next 12-month period (**NTM**). All earnings are on a pre-AASB 16 basis unless otherwise stated.

Kroll's Financial Services is included at the end of this Supplementary Independent Expert's Report.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ian Jedlin".

Ian Jedlin
Authorised Representative

A handwritten signature in black ink, appearing to read "Celeste Oakley".

Celeste Oakley
Authorised Representative

Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide ("FSG") is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), ("We", "us" and "Kroll") is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) ("Millinium"), Australian Financial Services License ("AFSL") no. 284336, as a Corporate Authorised Representative ("CAR"). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium's AFSL (our "Authorised Representative"). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by Myer Limited ("Client") to prepare a Supplementary Independent Expert's Report ("Report") in connection with the combination of Apparel Brands and Myer. The Client will provide our Report to you.

Our details

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Our Authorised Representatives

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Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
 - interests in managed investment schemes including investor directed portfolio services; and
 - securities,
- with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice ("SOA").

Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll \$50,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates ("Personnel") will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide

professional services to financial product issuers in the ordinary course of business.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaint Redressal

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:

<https://www.afca.org.au/make-a-complaint>

Telephone

1300 56 55 62 (local call rate)

Email

info@afca.org.au

Website

www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to \$1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.