METCASH LIMITED
ABN 32 112 073 480

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24 June 2024

Market Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

METCASH LIMITED – APPENDIX 4E AND FY24 FULL YEAR FINANCIAL REPORT

In accordance with ASX Listing Rule 4.3A, please find attached for release to the market the Appendix 4E and Financial Report (including the Directors' Report and Independent Auditor's Report) of Metcash Limited and its controlled entities for the year ended 30 April 2024.

These documents were authorised to be given to ASX by the Board of Directors of Metcash Limited.

Yours faithfully

Julie D. Hutton

Julie Hutton
Company Secretary

METCASH GROUP

METCASH LIMITED (ABN 32 112 073 480) AND ITS CONTROLLED ENTITIES

APPENDIX 4E FOR THE YEAR ENDED 30 APRIL 2024

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	FY24 $m	FY23 $m	Variance $m	Variance %
Sales revenue	**15,912.4**	**15,803.4**	**109.0**	**0.7**
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)	688.3	675.8	12.5	1.8
Depreciation and amortisation	(192.0)	(175.0)	(17.0)	(9.7)
Underlying earnings before interest and tax ('EBIT') (i)	**496.3**	**500.8**	**(4.5)**	**(0.9)**
Net finance costs	(92.6)	(64.7)	(27.9)	(43.1)
Underlying profit before tax	403.7	436.1	(32.4)	(7.4)
Tax expense on underlying profit	(120.5)	(127.3)	6.8	5.3
Non-controlling interests	(0.9)	(1.3)	0.4	30.8
Underlying profit after tax ('UPAT') (i)	**282.3**	**307.5**	**(25.2)**	**(8.2)**
Significant items	(31.9)	(59.6)	27.7	46.5
Tax benefit attributable to significant items	6.8	11.1	(4.3)	(38.7)
Net profit for the year attributable to members	**257.2**	**259.0**	**(1.8)**	**(0.7)**
Underlying earnings per share (cents) (ii)	**28.3**	**31.8**	**(3.5)**	**(11.0)**
Reported earnings per share (cents)	25.8	26.8	(1.0)	(3.7)

(i) EBIT and UPAT excludes significant items identified in Note 3.3 (VII) of Metcash's FY24 Financial Report.

(ii) Underlying earnings per share (UEPS) is calculated by dividing UPAT by the weighted average number of ordinary shares outstanding during the year.

EXPLANATORY NOTE ON RESULTS

Group reported revenue, which excludes charge-through sales[1], increased 0.7% to $15.9 billion (FY23: $15.8 billion). Including charge-through sales[1], Group revenue increased 0.7% to $18.2 billion (FY23: $18.1 billion) with growth in the Hardware and Liquor pillars more than offsetting a small decline in the Food pillar, driven by lower sales in tobacco.

Group underlying EBIT decreased by 0.9% to $496.3 million due to earnings growth in Food and Liquor being more than offset by lower earnings in Hardware and increased corporate costs. All pillars were supported by good operating discipline and the success of strategic initiatives, including acquisitions in Hardware. Superior Foods will be incorporated in Metcash's FY25 results from 3 June 2024.

The Food pillar continued to perform well in an environment of increased value-conscious shopping, providing further evidence of its shift to a sustainable and resilient business model. Earnings increased 3% to $210.1 million, reflecting its strong trading performance.

The Liquor pillar continued to perform strongly underpinned by its diversified customer strategy and the ongoing preference for localised liquor offers. Earnings increased 4.9% to $109.2 million, reflecting the strong trading performance, strategic buying and good cost management.

The Hardware pillar delivered pleasing results in a market of rapidly slowing builder confidence and reduced market activity. IHG continued to outperform market trends, while Total Tools faced significantly increased competition in the second half. Earnings decreased 3.8% to $210.9 million, reflecting the more challenging conditions and increased cost pressures. Pleasingly, IHG margins remain above its historical trend (pre COVID).

Group underlying profit after tax[2] decreased 8.2% to $282.3 million, reflecting lower earnings in the Hardware pillar and increased finance costs. Statutory profit after tax decreased 0.7% to $257.2 million and includes the impact of $25.1 million (after tax) of significant items in relation to Project Horizon, put option valuation adjustments, business acquisition costs and mega distribution centre transition costs.

This Appendix 4E should be read in conjunction with the Metcash Financial Report for the year ended 30 April 2024.

APPENDIX 4E (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2024

DIVIDENDS ON ORDINARY SHARES

On 24 June 2024, the Board determined to pay a fully franked FY24 final dividend of 8.5 cents per share, sourced from the profit reserve established by Metcash Limited (Parent Company), with a record date of 17 July 2024 and payable in cash on 27 August 2024.

Under the Dividend Reinvestment Plan (DRP), eligible shareholders may elect to reinvest all or part of their dividends in additional Metcash shares.

OTHER DISCLOSURES

Net tangible assets[3] backing

At 30 April 2024, the net tangible assets was 42.8 cents per share (FY23: 19.7 cents per share).

Entities where control has been gained or lost

In March 2024, Metcash acquired 100% ownership interest in Bianco Construction Supplies (Bianco) and Alpine Truss.

Bianco is the leading independent building materials supplier in the South Australian market, servicing builders, concreters, bricklayers, and landscapers from 10 sites.

Alpine Truss is one of the largest Frame & Truss operations in Australia and operates a large fabrication plant in Wangaratta, Victoria. The business services small to large volume builders across Victoria and Southern New South Wales.

These acquisition supports Metcash's Independent Hardware Group (IHG)'s 'Whole of House' growth strategy which focuses on increasing the proportion of material supplied by IHG in the building of a house (i.e. across the foundations, frame & truss, lock up, fix and fit out steps).

Further, during the year, Metcash's Total Tools retail store ownership continued to expand with the acquisition of ownership interests of 51% in five Total Tools independent retail stores, together with the establishment of two greenfield Total Tools joint venture stores.

Other than the above, there were no changes in control that were material to the Group. Refer Note 6.1 of Metcash's FY24 Financial Report for further details.

SUBSEQUENT EVENTS

On 3 June 2024, Metcash announced that completion had occurred in relation to the acquisition of a 100% ownership interest in SFG Group Holdings Pty Ltd ('Superior Foods'). Superior Foods is a leading Australian foodservice distribution business in the large and growing foodservice market. The acquisition delivers immediate scale and growth opportunities in the adjacent foodservice market and further strengthens and diversifies our existing Food business. The purchase price for the acquisition comprises an enterprise value of up to $412.3 million ($390 million fixed and paid at completion, plus a potential Group Earn-Out payment of up to $22.3 million) plus/minus certain other customary adjustments in relation to net debt and working capital, which are expected to be finalised in October 2024.

Other than the above, there were no events that have occurred after the end of the financial year that would materially affect the reported results or would require disclosure in this report.

STATEMENT OF COMPLIANCE

This report is based on the consolidated FY24 financial report of Metcash Limited and its controlled entities which has been audited by Ernst & Young. The financial report was lodged with the ASX on 24 June 2024.

Metcash Limited has a formally constituted Audit Committee.

On behalf of the Board

Doug Jones
Director
Sydney, 24 June 2024

1 Direct sales from suppliers to retailers, invoiced through Metcash.
2 Underlying profit after tax excludes significant items: Project Horizon implementation costs $14.4 million, put option valuation adjustment and business acquisition costs $8.7 million and Mega DC transition costs of $2.0 million.
3 The calculation of the net tangible assets per share includes the right-of-use assets and lease liabilities.

This Appendix 4E should be read in conjunction with the Metcash Financial Report for the year ended 30 April 2024.

Metcash

ACCELERATING GROWTH MOMENTUM

FINANCIAL REPORT 2024

Your Directors submit their report of Metcash Limited (the 'Company') and its controlled entities (together the 'Group' or 'Metcash') for the financial year ended 30 April 2024 ('FY24').

OPERATING AND FINANCIAL REVIEW

1. METCASH'S BUSINESS MODEL

Metcash is Australia's leading wholesaler and distributor, supplying and supporting an extensive network of independent retailers which form part of our bannered network and several other unbannered businesses across the Food, Hardware and Liquor pillars. Metcash's retail customers operate some of Australia's leading independent brands including: IGA, Foodland, Mitre 10, Home Hardware, Total Tools, Cellarbrations, IGA Liquor and the Bottle-O. We help them to be the 'Best Store in their Town' by providing merchandising, operational and marketing support.

Metcash operates a low-cost distribution model that enables independent retailers to compete against the vertically integrated retail chains and other competitors. The Group's core competencies include: procurement, logistics, marketing, retail development and retail operational support. Metcash operates major distribution centres in all the mainland states of Australia which are complemented by a number of smaller warehouses and a portfolio of corporate and joint venture stores.

The Group employs over 9,000 people and indirectly supports employment in the independent retail network.

2. STRATEGIC OBJECTIVES

Metcash's purpose is '*Championing Successful Independents in support of Thriving Local Communities'* to create sustainable shareholder value.

Metcash's vision includes:

- supporting independent retailers to be the best store in their town;
- being passionate about independents;
- being a favourite place to work;
- being a business partner of choice for suppliers and independents;
- supporting thriving communities; and
- creating a sustainable future.

At the core of Metcash's strategy is to further improve the competitiveness of independent retail networks. This includes continuing to improve the quality and value of the offer to shoppers, and in strengthening and growing Metcash's own, and its network's capabilities to deliver value to Metcash's retailers and suppliers.

Metcash achieves its strategy through its flywheel, which captures the key competitive advantages that set it apart, at its heart is logistics to support the end-to-end supply chain, followed by Metcash's strategy to nurture brands and formats that shoppers love to shop in, and independent entrepreneurs want to invest in and run; and finally Metcash's support and services provided to help independents compete with the larger chain stores.

Metcash remains committed to investing in growth and have a significant and expanding pipeline of opportunities across the Food, Hardware and Liquor pillars. All capital investments are assessed through a disciplined process that includes consideration of the investment's strategic fit and ability to meet financial return hurdles.

3. KEY DEVELOPMENTS

Business Acquisitions

Bianco Construction Supplies

In March 2024, Metcash acquired a 100% ownership interest in Bianco Construction Supplies. Bianco is the leading independent building materials supplier in the South Australian market, servicing builders, concreters, bricklayers, and landscapers from 10 sites.

The acquisition supports Metcash's Independent Hardware Group (IHG)'s 'Whole of House' growth strategy which focuses on increasing the proportion of material supplied by IHG in the building of a house (i.e. across the foundations, frame & truss, lock up, fix and fit out steps). It broadens IHG's offer and presence in South Australia and the Northern Territory and provides access to key trades not currently serviced. It is also complementary to Metcash's company owned K&B business in South Australia and other independents in South Australia and Northern Territory.

Alpine Truss

In March 2024, Metcash acquired a 100% ownership interest in Alpine Truss. Alpine Truss is one of the largest Frame & Truss operations in Australia and operates a large fabrication plant in Wangaratta, Victoria. The business services small to large volume builders across Victoria and Southern New South Wales.

Frame & Truss is a key element of Metcash's IHG 'Whole of House' growth strategy. The acquisition extends IHG's network of Frame & Truss operations across Australia to 24, of which 12 are wholly owned by Metcash or partly owned under joint venture. The acquisition enables access to the previously under-represented Victora and Australian Capital Territory Frame & Truss markets.

Total Tools

In November 2023, Metcash increased its ownership from 85% to 100% in Total Tools Holdings Pty Ltd (TTH), which is the parent entity in the Total Tools Group, following the exercise of a put option by the holders of the minority 15% ownership interest. The purchase consideration for the remaining 15% interest of $101.5 million was paid on 30 November 2023 and was accounted for as a reduction in the associated put option liability to nil. The Total Tools business is a complementary business to the Hardware pillar and forms part of the largest professional tools retail network in Australia.

In addition, Metcash has reset its put option arrangements with a number of its Total Tools joint venture (JV) stores. This is to provide JV partners with a balance between receiving some capital upfront and remaining both vested and engaged in the ongoing success of their stores through continued equity interest.

During FY24, Metcash has reset put option arrangements for 11 JV stores by acquiring an additional ownership interest upfront and deferring the put option in relation to the residual ownership interest by a further three years.

In conjunction with the above JV reset, Metcash also reduced its ownership interest in 6 corporate stores from an FY23 ownership interest of 100% to an ownership interest of between 51% and 70%. Metcash has issued put options in relation to these stores over the residual ownership interest of between 30% and 49%, exercisable in May 2027 (4 stores) and May 2030 (2 stores).

Further, during the year, Metcash's Total Tools retail store ownership continued to expand with the acquisition of ownership interests of 51% in five Total Tools independent retail stores, together with the establishment of two greenfield JV stores.

At balance date, Metcash has ownership of between 51% and 95% in 51 Total Tools JV stores. Put and call option arrangements exist which enable Metcash to acquire 100% of all 51 Total Tools JV stores across FY25 to FY31. Further details are set out in notes 5.3 and 6.1 of the financial report.

Project Horizon

Project Horizon is a critical group technical infrastructure consolidation and replacement program aimed at repositioning Metcash to be a modern, technology-led wholesaler. The program provides the platform to drive simplification and efficiency across the Food and Liquor businesses, as well as making it easier for customers and suppliers to do business with Metcash. The program continues to make steady progress, most recently delivering a streamlined all-in-one payables solution. The program is expected to be completed by the end of FY26.

In FY24, the Group incurred $20.6 million (FY23: $34.6 million) of expenses on the project. The project expenses included resource costs, accelerated amortisation and impairment of redundant software assets and incremental software licence and maintenance costs. These costs are separately disclosed within significant items in the Statement of Comprehensive Income to enable a better understanding of the Group's results.

Changes in key management personnel (KMP)

Ms Deepa Sita was appointed as Group CFO in February 2024 to succeed Mr Alistair Bell following his retirement from the role.

Ms Kylie Wallbridge was appointed as CEO ALM in March 2024 following the retirement of Mr Chris Baddock due to health reasons.

Mr Richard Murray was appointed as CEO Total Tools in January 2024 to succeed Mr Paul Dumbrell who had decided to step down after more than five years in the role.

Dividend declaration

The Board has determined to pay a fully franked final FY24 dividend of 8.5 cents per share, which brings total dividends for the year to 19.5 cents per share fully franked, which represents a dividend payout ratio of 71.0 % of underlying profit after tax.

4. KEY FINANCIAL MEASURES

Warehouse earnings

Metcash's operations are designed to allow significant volumes to be distributed through its warehouse infrastructure at a relatively fixed cost base. The ability to leverage volumes through the warehouse is a key driver of profitability for both Metcash and the independent retail network.

In addition to warehouse revenue, earnings are impacted by product category mix and the proportion of the Group's products bought by the network. Warehouse revenue and related margins are driven by competitive pricing, promotional activities and the level of supplier support through volumetric and other rebates.

Metcash also operates a portfolio of corporate and joint venture retail stores, predominantly in the Hardware pillar.

Metcash has a number of key programs in place to drive sales and margins, including through pricing and promotion, product range, retail operational standards and consumer alignment.

Cost of doing business

The Group's profitability depends on the efficiency and effectiveness of its operating model. This is achieved by optimising the Group's cost of doing business ('CODB') which comprises the various costs of operating the distribution centres, retail stores and the administrative support functions.

The Group continues to have a strong focus on both revenue growth and maintaining a sustainable cost base.

Funds employed and return on capital

The Group's funds employed is primarily influenced by the seasonal working capital cycle. The Group has longer term capital investments predominantly in relation to its supply chain capabilities, including warehouse automation technologies and software development. In Hardware, the Group has acquired a network of corporate and JV retail stores. The Group also invests alongside the independent retail network, mainly in the form of equity participation or short-term loans.

The Board's intention is to continue to invest in the business for future growth while maintaining a strong financial position and otherwise to assess returning surplus capital to shareholders.

Climate change and sustainability disclosure

In June 2023, the International Sustainability Standards Board (ISSB) published the first two IFRS Sustainability Disclosure Standards. In October 2023, the Australian Accounting Standards Board published its Exposure Draft on the Australian-specific climate-related financial disclosure standard, based on IFRS S2 Climate-related Disclosures. In March 2024, the Treasurer introduced into Parliament the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024. As described in Chapter 4 of the Explanatory Memorandum, this Bill contains amendments that set out new climate-related financial reporting requirements for entities that are required to lodge financial reports under Chapter 2M of the Corporations Act 2001. The introduction of the Bill follows the release of exposure draft legislation on climate-related financial disclosures earlier in the year.

Based on the exposure draft legislation, Metcash will be considered a Group 1 entity and required to prepare its first sustainability report in FY26. At the time of writing, the draft timetable for levels and scope of assurance is yet to be finalised through the legislation.

Metcash already discloses information related to greenhouse gas emissions and targets, transition risks, physical risks, climate-related opportunities and climate metrics in line with Task Force for Climate-Related Financial Disclosures. Current information on our climate response and associated metrics and targets can be sourced in Metcash's Sustainability Report. The management of climate-related risks and opportunities at Metcash is overseen by its ESG Council through the Climate Change Risk Register. These various risks are combined and represented in an overall Climate Risk category in the Group Risk Profile.

Non-IFRS Information

The Directors' Report contains IFRS and non-IFRS financial information. IFRS financial information is financial information that is presented in accordance with all relevant accounting standards. Non-IFRS financial information is financial information that is not defined or specified under any relevant accounting standards and may not be directly comparable with other companies' information. Non-IFRS measures are used by management to assess and monitor business performance at the Group and segment level and should be considered in addition to, and not as a substitute for, IFRS information. Non-IFRS information is not subject to audit or review.

5. REVIEW OF FINANCIAL RESULTS

Group overview

	FY24 $m	FY23 $m
Sales revenue	**15,912.4**	**15,803.4**
Food	210.1	204.0
Hardware	210.9	219.2
Liquor	109.2	104.1
Corporate	(33.9)	(26.5)
Underlying earnings before interest and tax ('EBIT')	**496.3**	**500.8**
Net finance costs	(92.6)	(64.7)
Underlying profit before tax	403.7	436.1
Tax expense on underlying profit	(120.5)	(127.3)
Non-controlling interests	(0.9)	(1.3)
Underlying profit after tax ('UPAT') (a)	**282.3**	**307.5**
Significant items	(31.9)	(59.6)
Tax benefit attributable to significant items	6.8	11.1
Net profit for the year attributable to members	**257.2**	**259.0**
Underlying earnings per share (cents) (b)	**28.3**	**31.8**
Reported earnings per share (cents)	25.8	26.8

(a) EBIT and UPAT excludes significant items as identified in note 3.3 of the financial report.
(b) Underlying earnings per share (UEPS) is calculated by dividing UPAT by the weighted average number of ordinary shares outstanding during the year.

Group reported revenue, which excludes charge-through sales[1], increased 0.7% to $15.9 billion (FY23: $15.8 billion). Including charge-through sales[1], Group revenue increased 0.7% to $18.2 billion (FY23: $18.1 billion) with growth in the Hardware and Liquor pillars more than offsetting a small decline in the Food pillar, driven by lower sales in tobacco.

Group underlying EBIT decreased by 0.9% to $496.3 million due to earnings growth in Food and Liquor being more than offset by lower earnings in Hardware and increased corporate costs. All pillars were supported by good operating discipline and the success of strategic initiatives, including acquisitions in Hardware. Superior Foods will be incorporated in Metcash's FY25 results from 3 June 2024.

The Food pillar continued to perform well in an environment of increased value-conscious shopping, providing further evidence of its shift to a sustainable and resilient business model. Earnings increased 3% to $210.1 million, reflecting its strong trading performance.

The Liquor pillar continued to perform strongly underpinned by its diversified customer strategy and the ongoing preference for localised liquor offers. Earnings increased 4.9% to $109.2 million, reflecting the strong trading performance, strategic buying and good cost management.

The Hardware pillar delivered pleasing results in a market of rapidly slowing builder confidence and reduced market activity. IHG continued to outperform market trends, while Total Tools faced significantly increased competition in the second half. Earnings decreased 3.8% to $210.9 million, reflecting the more challenging conditions and increased cost pressures. Pleasingly, IHG margins remain above its historical trend (pre COVID).

Group underlying profit after tax[2] decreased 8.2% to $282.3 million, reflecting lower earnings in the Hardware pillar and increased finance costs. Statutory profit after tax decreased 0.7% to $257.2 million and includes the impact of $25.1 million (after tax) of significant items in relation to Project Horizon, put option valuation adjustments, business acquisition costs and mega distribution centre transition costs.

Segment results

	Segment revenue (a)		Segment underlying EBIT	
	FY24 $m	FY23 $m	FY24 $m	FY23 $m
Food	8,307.8	8,410.1	210.1	204.0
Liquor	5,133.6	5,049.2	109.2	104.1
Hardware	2,471.0	2,344.1	210.9	219.2
Corporate	—	—	(33.9)	(26.5)
Metcash Group	**15,912.4**	**15,803.4**	**496.3**	**500.8**

(a) Segment revenue excludes gross charge-through sales to customers of $2.267 billion (FY23: $2.249 billion). Refer note 3.2.

Food

Total Food sales (including charge-through[1] and excluding tobacco) increased 4.6%, with strong growth in both Supermarkets and Campbells and Convenience. Including tobacco, total Food sales declined 0.5%.

In Supermarkets, the business continued to perform well in an environment of increased value-conscious shopping. Wholesale sales excluding tobacco were up 4.7%, underpinned by further improvement in network competitiveness and inflation. The independent network offer continues to resonate, with shoppers retaining IGA in their shopping repertoire even as they increasingly shop around in their search for value. Foot traffic into stores increased for the year, albeit items per basket declined reflecting cost of living pressures on household grocery budgets. Sales of private label products increased 15.5%, and sales of items on promotion grew faster than those not on promotion.

Sales volumes[3] were positive for the year, with growth in the second half more than offsetting a small decline in the first half. Wholesale price inflation continued to moderate with inflation[3] for the year at 4.8% (FY23: 7.6%), and fourth quarter inflation down to 2.4%. The teamwork score ex-tobacco increased 1.6 percentage points to 69.7%, and was flat at ~74% including tobacco.

The IGA retail network continued to invest in growth and remains healthy, strong and confident. There were a record 26 new store openings in the year, and 15 closures. Retail like for like[4] sales growth in the IGA network was +2.2% ex-tobacco.

Tobacco sales declined 13.9% in the year due to an acceleration in illicit trade and the shift to alternatives.

In Campbells and Convenience, total sales excluding tobacco increased 4.0% reflecting stronger sales from its major banner group customers.

Food EBIT increased 3.0% to $210.1 million, reflecting the strong trading performance ex-tobacco, continued strong support from suppliers and the effective management of costs. The EBIT margin[5] increased 7 basis points to 2.2%, largely reflecting the change in sales mix associated with the decline in tobacco sales, as well as good cost management.

Liquor

The Liquor pillar continued to outperform in a more challenging market with total sales (including charge-through[1]) increasing 1.7% to $5.2 billion, with growth in sales to independent retail and contract customers more than offsetting a decline in on-premise sales.

An increase in cost of living pressures continued to drive shopper focus on value, lower consumption and a decline in on-premise sales.

Wholesale sales to retail and contract customers increased 2.2%, resulting in further market share gains. Sales growth was underpinned by continuation of the increased preference for localised offers, including convenience, tailored ranges, competitive prices and local friendly service. Sales to on-premise customers declined 1.9% in line with market trends, albeit some improvement was evident in the second half.

The highest growth categories were again RTDs and beer, with cost of living pressures driving shopper preference for lower priced value choices.

Liquor EBIT increased 4.9% to $109.2 million, reflecting the contribution from the business' strong trading performance, strategic buying and good cost management. The EBIT margin[5] increased 6 basis points to 2.1%.

Hardware

The Hardware pillar delivered a pleasing result in the face of a rapid slowing in builder confidence and reduced market activity. Total Hardware sales (including charge-through[1]) increased 2.7% to $3.5 billion, with growth in Total Tools sales more than offsetting a decline in IHG sales. On a like for like basis[6], total Hardware sales declined 2.7%. Total sales in the combined IHG and Total Tools retail networks were flat at $4.5 billion.

The IHG business capitalised on the challenging conditions to outperform the softer addressable market through strong relationships with trade customers, the success of the Whole of House strategy and an improved DIY offer. Sales for the year were broadly flat at $2.8 billion and declined 3.0% on a like for like basis. Scan sales for the IHG retail network[7] increased 0.3% (LfL -2.6%) with DIY +2.7% and Trade -1.0%.

In Total Tools, sales increased 16.4% to $679.1 million, largely reflecting the impact of new stores and additional majority-owned joint venture stores. On a like for like basis, sales declined 1.3%.

Retail network sales[8] for Total Tools increased 2.6% to $1,112.3 million. On a like for like basis, sales declined 2.3% reflecting more challenging market conditions and intense pricing pressure in the market, particularly in the fourth quarter. Foot traffic was down in both the first and second half, but customer conversions increased, driven by Total Tools' competitiveness and leading market position. The pricing pressure had a short-term impact on Total Tools' gross margin as the business responded to protect market share. Margins normalised towards the end of the fourth quarter following more precise and strategic responses by Total Tools.

Hardware EBIT decreased 3.8% to $210.9 million, with both IHG and Total Tools delivering lower earnings compared to FY23. The year included a significant increase in regulatory costs (primarily in Victoria), higher labour and occupancy costs, and other cost inflation. On a like for like basis, Hardware EBIT declined 11.0%.

In IHG, EBIT decreased 4.9% to $129.0 million, reflecting the impact of lower sales volumes and additional costs. An increase in cost savings initiatives in the second half enabled the business to offset most of the additional costs and helped return the business to EBIT growth for the half.

In Total Tools, EBIT was $81.9 million, a decline of 1.9% or 11.5% on a like for like basis, and includes the one-off adverse impact associated with its transition to the new Ravenhall, Victoria distribution centre in the first half, and the increase in competitive intensity experienced in the fourth quarter. Total Tools EBIT margins continue to trend towards retail levels as the proportion of earnings from owned retail stores increases.

The Hardware EBIT margin[5] was 6.1% with IHG 4.6% and Total Tools 12.1%.

Finance costs and tax

Net finance costs increased during the year driven by higher interest rates and the higher levels of debt associated with capital investment. Tax expense of $120.5 million on underlying profit represents an effective tax rate of 29.8% (FY23: 29.2%).

Significant items

Significant items categories were consistent with the half-year and included *Project Horizon* implementation costs of $20.6 million (FY23: $34.6 million), put option valuation and business acquisition costs (net) of $8.7 million (FY23: $30.0 million), Mega Distribution Centre transition costs of $2.6 million (FY23: $4.3 million) and impairment reversals of nil (FY23: impairment reversals of $9.3 million).

Refer note 3.3 of the financial report for further information.

Cash flows

	FY24 $m	FY23 $m
Operating cash flows	482.6	372.7
Investing cash flows, excluding sublease receipts	(328.4)	(199.6)
Payment for acquisition of non-controlling interests	(139.8)	(12.8)
Payments for lease liabilities, net and other financing activities	(121.3)	(103.7)
	(106.9)	56.6
Proceeds from equity raise, net of share issue costs	351.9	—
Dividends paid to the owners of the parent	(147.3)	(217.2)
Decrease / (Increase) in net debt	**97.7**	**(160.6)**

Group operating cash flows were $482.6 million (FY23: $372.7 million), resulting in a strong cash realisation ratio of 102% (FY23: 77%) and reflecting a reduction in working capital.

The Group had net investing outflows (excluding sublease receipts) of $328.4 million, including capital expenditure of $135.9 million and acquisitions of businesses of $205.6 million. The acquisitions of businesses were predominantly in the Hardware pillar and included the acquisition of Bianco Construction Supplies, Alpine Truss and an additional five Total Tools 'JV Stores'.

The Group also increased its ownership interest in Total Tools Holdings Pty Ltd from 85% to 100% and reset put option arrangements for 11 JV stores by acquiring additional ownership interests.

The Group raised $351.9 million of equity (net of transaction costs) during the year to fund the acquisition of Bianco Construction Supplies and Alpine Truss, both completed in March 2024 (refer Note 6.1) and the acquisition of Superior Foods which was subsequently completed on 3 June 2024.

The Group paid $147.3 million (FY23: $217.2 million) in dividends during the current financial year, net of $66.4 million (FY23: Nil) reinvested in shares post activation of the Dividend Reinvestment Plan with effect from the FY23 final dividend. Total dividends paid in FY24 was 22.0 cents per share (FY23: 22.5 cents per share).

Financial position

	FY24 $m	FY23 $m
Trade and other receivables	1,906.2	1,764.7
Inventories	1,196.9	1,183.4
Trade payables and provisions	(2,635.0)	(2,460.1)
Net working capital	**468.1**	**488.0**
Intangible assets	1,061.5	895.1
Property, plant and equipment	340.1	273.6
Equity-accounted investments	135.6	123.6
Customer loans and assets held for sale	22.9	20.6
Total funds employed	**2,028.2**	**1,800.9**
Lease balances (net)	(225.3)	(214.8)
Put option liabilities	(175.4)	(282.2)
Tax, derivatives and other financial liabilities	152.8	130.8
Net debt	(251.9)	(349.6)
Net assets/equity	**1,528.4**	**1,085.1**

Net working capital decreased by $19.9 million to $468.1 million reflecting the Group's continued strong focus on working capital management. Favourable management of inventory levels and customer collections over the fourth quarter helped offset the growth from the acquisition of businesses and the increase in sales.

Put option liabilities of $175.4 million predominantly relate to the Total Tools Group (refer note 5.3 of the financial report).

The Group was in a net debt position as at 30 April 2024 of $251.9 million (FY23: $349.6 million) of which $150.0 million was hedged via interest rate swaps, with a weighted average hedge maturity of 1.3 years and a weighted average interest rate of 3.7%. The decrease in the Group's net debt position largely reflects the contribution from the equity raise. Metcash had $845.5 million in unused debt facilities and $97.3 million of cash and cash equivalents available at the reporting date for immediate use.

Commitments, contingencies and other financial exposures

Put options, including in relation to Ritchies Stores Pty Ltd, are detailed along with other contingent liabilities in note 5.3 and note 7.3 of the financial statements.

Metcash has a moderate exposure to interest rate risk and minimal foreign exchange exposures. Further details are set out in note 5.6 of the financial statements.

6. OUTLOOK

Total Group sales for the first seven weeks of FY25 increased 2.2%, and were flat excluding Superior Foods which have been included in Metcash sales from the date of acquisition (3 June 2024).

Food (ex-tobacco) and Liquor have continued to perform strongly underpinned by their resilience and the continued successful execution of strategic initiatives.

Superior Foods is also performing strongly and winning new customers as expected.

The Hardware business is continuing to perform better than its softer addressable market, also demonstrating its resilience and the successful execution of initiatives. In professional tools, there are signs of some abatement to the intense pricing pressure seen in recent months.

The Company continues to have a strong focus on costs and working capital management and expects to deliver an additional $15 million of annualised cost savings in FY25.

Metcash is well positioned with the plans, platform, capabilities and diverse business portfolio for future growth and strong returns through the cycle.

7. MATERIAL BUSINESS RISKS

The following section outlines the material business risks that may impact on the Group achieving its strategic objectives and business operations, including the mitigating factors put in place to address those risks. The material risks are not set out in any particular order and exclude many general risks that could have a material effect on most businesses in Australia under normal operating conditions.

Strategy and disruption risks

Consumer behaviour and preferences continue to change and are influenced by factors such as economic conditions, digital and technological development and disruption, healthy living trends, sustainability preferences and increasing choices in both online and in-store retail options.

While Metcash's business operations and strategic priorities are frequently reviewed and developed, and management regularly reviews Metcash's plans against market changes and modifies its approach (where necessary), such reviews and modifications may be ineffective in light of significantly changed conditions. For example, tobacco sales, which represent a significant proportion of the products Metcash supplies to its independent retailers, have been and may continue to be adversely impacted by healthy living trends, cost of living pressures and the prevalence and supply of illicit tobacco.

Metcash is continuing to invest in digital, expanding our capability and improving our delivery of digital solutions to our retailers and shoppers. This is being achieved through investment in our online stores, the expansion of the 'Sorted' platform, and improvements in loyalty offerings in Liquor.

Further, while Metcash is accelerating its investment in digital solutions, expanding its capability and improving the delivery of digital solutions to its retailers and shoppers, there is a risk that Metcash may experience project execution issues or may not realise the full benefits of these projects. There is also a risk that projects may experience scope variations, delays or cost overruns.

Accordingly, if the Group fails to adjust or execute its strategies to respond to changes in consumer behaviour and preferences, this may have a material adverse impact on the Group's financial performance and profitability. We seek to manage these risks through our Program Management Office and approach to project governance, including oversight by the Group Leadership Team and the Board.

COVID-19 and pandemic risks

Although the World Health Organisation has declared an end to the COVID-19 public health emergency of international concern, Metcash has continued to experience some challenges influenced by COVID-19, including employee absenteeism, low to moderate levels of supply chain disruption, and workforce labour shortages. The Group's operations and those of our customers and suppliers could be impacted by COVID-19 through any reintroduction of restrictions such as social distancing, quarantines, travel or migration restrictions, work stoppages, health authority actions, lockdowns or other related measures. Any of these factors may adversely impact the Group's operational and financial performance.

Competition risks

Any increase in competitive activity from new or existing competitors (including in the form of acquisitions by competitors of independent stores in our network, competitors soliciting customers to operate under non-Metcash banners, competitors engaging in price wars or competitive discount promotions, a new market entrant with a wholesaler model, where suppliers sell directly to the Group's customers, where customers form their own buying groups to collectively negotiate and purchase directly from suppliers or where indirect competitors change their business models to compete directly with the Group) may have a detrimental effect on the Group's operations, particularly if Metcash fails to respond effectively to that competitive activity or its response is delayed (for example, as a result of the time required to engage with the Group's independent retail network in order to implement an initiative). Increased competition may also adversely impact Metcash's long-term performance and profitability. We seek to manage this risk through the delivery of our strategic plan and execution of initiatives.

Key brands risk

Metcash's success in generating profits and increasing its market share is based on the success of the key brands it owns or licences. Reliance on key brands makes Metcash vulnerable to brand damage from negative publicity, product tampering or recalls, unauthorised use of its brands or ineffective brand management by Metcash or its licensees, increasing the risk of asset write downs. We seek to manage this risk through contractual arrangements with licensees, trademark monitoring, and implementation of controls to manage private label product quality and safety.

In addition, Metcash does not own the IGA brand, but rather licences it from IGA, Inc. While IGA, Inc. may only terminate the licence agreement in limited circumstances (including for insolvency and material breach of the agreement), there is no guarantee that Metcash will continue to have the right to use the IGA brand in perpetuity.

Macroeconomic and geopolitical risk

General macroeconomic conditions and factors including inflation, low levels of unemployment, monetary policy and variability in interest rates, changes in governments and their approach to fiscal policy including increasing taxes, levies and other imposts, variability in energy and input costs, cyclicality in building and construction markets, and changes in consumer purchasing behaviour may adversely impact our customers as well as Metcash's earnings, cost of doing business and profitability. For example, the increasing cost of living pressures may result in cost conscious consumers reducing purchases made at independent retailers or substituting such goods with purchases made at other perceived lower price retailers. Separately, the cost of housing and housing construction is subject to variations in building costs, materials and home-building capacity. Affordability of housing construction is impacted in addition by interest rates. Economic conditions may also impact the viability of some building and construction customers. These factors may have an impact on the hardware and tools parts of Metcash's business.

We seek to manage these risks through maintaining vigilance over our cost structure and delivering on our strategy to grow earnings and profitability.

Further, geopolitical tensions and actions of nation states, including trade wars, territorial disputes, incursions, and war may adversely impact Metcash's operations and supply chain, resulting in delivery delays or the unavailability of certain products or inputs, increased cost of doing business and subsequent impact on profitability. We seek to manage these risks through forecasting and planning to maintain adequate levels of supply, as well as understanding alternative avenues of supply.

Operational risks

As a wholesaler, Metcash is reliant upon the success of its suppliers and retailers. Metcash continues to invest in programs to improve the health of the independent retail network and improving Metcash's infrastructure to make it simpler to do business. These programs aim to strengthen Metcash as the business partner of choice for both its suppliers and retailers. As with any significant change, there is a risk that these transformation programs fail to deliver the expected benefits, experience delays, scope variations or cost overruns. Metcash has strengthened its governance frameworks to manage these change programs through the establishment of dedicated project teams to ensure projects are delivered and risks are addressed in a timely manner.

Disruption to, or inefficiency or failure within Metcash's supply chain, product sourcing ability, or of key support systems could impact the Group's ability to deliver on its objectives, its operational capability and financial performance. We seek to manage this risk through the ongoing monitoring of our operations to ensure our supply chain and support systems are able to scale appropriately to respond to business needs.

Compliance risks

Metcash's operations require compliance with various regulatory requirements including work health and safety, food and product safety, environmental, workplace industrial relations, public and product liability, modern slavery, privacy and security, financial, anti-money laundering, critical infrastructure and industry codes of conduct. Any regulatory breach could have a material negative impact on the operational performance, reputation or financial results of Metcash or its stakeholders. Non-compliance with applicable laws and regulations could expose Metcash to fines, penalties, investigations, liabilities and reputation impacts.

The Group has implemented internal processes and controls to manage and monitor compliance across areas including safety, security, sustainability, chain of responsibility, food safety and anti-money laundering. However, there is a risk that such internal processes may not be complied with. Further, Metcash has a strategy of driving growth by expanding through acquiring privately held retail stores as joint ventures. While Metcash will implement internal processes, as part of the operation of its joint ventures, to allow Metcash to monitor these joint venture stores, Metcash has less oversight over these stores compared to its corporate owned stores. Accordingly, compliance with Metcash's processes by joint venture stores and minority joint venture partners may be outside of Metcash's direct control and any such non-compliance may adversely affect Metcash's operational performance, reputation or financial results.

Metcash regularly assesses modern slavery risks in its supply chain as part of modern slavery reporting requirements. Any identification of such modern slavery risks could not only negatively impact Metcash's supply chain operations, but cause material reputational harm.

Further, the businesses of Metcash are highly regulated in many markets in which they sell their products. These regulations govern many parts of Metcash's operations, including the import, manufacturing, marketing, advertising, distribution and sales of its products. Examples of such regulation include industry codes of conduct, country of origin labelling laws, container deposit schemes and tobacco and liquor licensing, packaging and advertising laws. The products in a particular market could be subjected to changes or additions to existing regulations, which could increase the cost of goods or restrict Metcash's ability to sell or market products.

The introduction of new laws and regulations, or reform to existing structures, or increases in levies to fund government schemes and regulations, could materially impact Metcash's operational and financial performance, through increased expenditure on compliance and controls and any required adjustments to how we conduct business.

Property and facilities risk

Metcash leases facilities for the wholesale distribution of grocery, fresh produce, liquor, hardware and other fast-moving consumer goods. Damage to or destruction of these facilities could result in the loss or reduction of distribution capability and hence adversely impact Metcash's financial results. While Metcash has in place insurances that it considers are sufficient for a business of its type and size, Metcash will be required to pay for the loss on any event up to the deductible and self-insurance retention.

Financial risks

Competitive trading conditions and broader adverse economic conditions can increase the credit risk associated with the Group's activities, including the provision of credit and trading terms to its independent retailers.

Funding and liquidity risk continue to be relevant to the Group due to the need to adequately fund business operations, growth initiatives and absorb potential loss events that may arise. Inability to adequately fund the Group's business operations and growth plans may lead to difficulty in executing the Group's strategy. Metcash maintains a prudent approach towards capital management, which includes optimising working capital, disciplined capital expenditure, capital recycling and careful consideration of its dividend policy.

In an economic environment of high inflation and higher interest rates, Metcash may be impacted by increases in the cost of debt and potential instability in international banking markets. This could lead to a risk that the Group may be unable to refinance or renew its banking and debt facilities following expiry or will only be able to refinance or renew those facilities on terms that are less favourable to the Group than existing terms. Further, if Metcash failed to meet any of the covenants on its debt facilities there is a risk that the Group may be required to repay outstanding debt on notice or take other actions to remedy the breach.

Any requirement to repay outstanding debt on notice, or inability to refinance banking facilities or obtain capital or financing generally, on favourable terms or at all, may have a material adverse effect on the Group's financial performance and position.

We seek to manage these risks through maintaining diversity in our banking partners, the value and tenor of debt facilities we hold, including maintaining sufficient headroom, and managing our financial and operational performance to ensure ongoing compliance with debt covenants.

The Group's financial risk management framework is discussed in further detail in note 5.6 of the financial statements.

Trading and customer risks

Metcash's ability to operate efficiently is critical to support independent retailers in remaining competitive. A disruption to the business could result in an increased cost to serve retailers and inability to meet customers' requirements.

In our Food pillar, Metcash services a number of large customers known as Multiple Store Owners (MSOs). These customers own and/or operate more than one independent retail store, and in some cases can own and/or operate a sizeable number of stores (examples of larger MSOs include Ritchies Stores Pty Ltd (Ritchies), Romeo Retail Group and Drakes Supermarkets). In addition, Metcash Food is a supplier to a number of contract customers, one of which is Australian United Retailers ('AURs'), which operates the Foodworks bannered network. In 2022, Metcash entered into an agreement to supply AUR for a further five years commencing 1 July 2022. Metcash also extended the term of its agreement to supply Drakes Supermarkets stores in Queensland for a further five years, to 3 June 2029. If any one or more MSOs or AURs were to materially reduce or cease to source their inventory from Metcash for any reason (including vertically integrating their supply chain, establishing an alternative buying group, purchasing from another source, entering into a supply agreement with a competitor or closure of stores due to insolvency or poor performance), this would adversely impact Metcash's long-term performance and profitability.

In addition, there are a number of large contract customers in the Liquor business whose contracts are renewed on a regular basis. If one or more of these contract customers decided not to renew their supply contract or the contract is renewed on less favourable terms, this could adversely impact Metcash's long-term performance and profitability.

Further, the Liquor and Total Tools businesses also have a number of large suppliers and if one or more of these suppliers decided to no longer conduct business with Metcash or supply is materially reduced (which could occur for a number of reasons), this too could adversely impact Metcash's long-term performance and profitability.

We seek to manage these risks by building and maintaining strong relationships with our retailers, helping our retailers to be the best store in their town, and striving to be our retailer's and supplier's business partner of choice; underpinned by an effective and efficient wholesale and logistics supply chain.

Technology and cyber security risks

Metcash relies on a number of complex information technology systems to support its warehousing and distribution, supply chain, customer service, marketing and finance operations. A severe disruption to the information technology systems may significantly impact the operations and value of Metcash.

Metcash is undertaking a business transformation program called Program Horizon which will replace older technology, reducing operational risk and onerous maintenance costs. This program is subject to risk of execution, cost overruns and delays, which may adversely affect the Group's operations and may in turn affect its financial performance. Although Metcash has announced further strategies to de-risk the implementation of Program Horizon (including the completion of the build and subsequent deployment phases of the program being brought in-house and the extension of the deployment timeline to support a phased, lower-risk roll out strategy), there is a risk that such outcomes do not eventuate, resulting in cost overruns and further delays, which would adversely impact the Group's operations and financial performance.

Metcash has outsourced a number of functions in finance and IT to Tata Consulting Services ('TCS'), an Indian-based outsourcing provider. There is a risk that the provision of accounting and IT services could be disrupted through a failure at TCS due to a wide range of possibilities.

With expanding information privacy and security regulations, and an increasingly hostile cyber environment, Metcash recognises information privacy and cyber security as an increasing risk. Any impact on the availability, integrity or confidentiality of data could result in a breach of privacy and security regulations and/or impact Metcash's commercially sensitive information, which could expose Metcash to penalties (including financial penalties) and could adversely affect Metcash's operating and financial position or cause reputational harm. We seek to manage this risk through a suite of cyber and information security controls, including preventative and detective measures to manage exposure to cyber threats.

Social responsibility, environment and climate change risks

Metcash is committed to '*Championing Successful Independents in support of Thriving Local Communities*' and a key element of this is underpinned by ensuring its operations are conducted in a socially responsible manner.

Metcash has a moderate exposure to environmental risks. Metcash's operations could be impacted by natural disasters, extreme weather events or other catastrophic events which could materially disrupt its operations and supply chain. There is also a risk that, with time, the frequency and intensity of natural disasters and extreme weather events may increase if anthropogenic climate change accelerates or worsens.

Metcash is conscious of the impact its operations may have on the environment given the breadth of our operations across Australia. Although Metcash is only a moderate emitter of carbon emissions relative to its peers, we have set a science-based target to reduce our carbon emissions by 42% by 2030. In addition, Metcash seeks to reduce its environmental impact through programs and initiatives that manage its energy consumption and waste.

Metcash has a low to moderate exposure to social risks. Our business and our people are driven by our purpose of '*Championing Successful Independents in support of Thriving Local Communities*', and Metcash is proud to support independent retailers who are at the heart of local communities across Australia. At the core of our Purpose and Vision are our Values – we believe that independence is worth fighting for; in treating our people, retailers and suppliers the way we like to be treated; and in giving back to the communities where we live and work.

Metcash contributes to our local communities through the IGA Community Chest Program, disaster relief, and through our partnership with Foodbank. In addition, Metcash maintains an unwavering commitment to supporting remote communities through its partnership with The Arnhem Land Progress Aboriginal Corporation (ALPA) and the Outback Stores in the Northern Territory, to deliver improved affordability of food supply and outcomes for those communities.

Metcash meets the threshold for reporting under the Modern Slavery Act 2018 (Cth) with our most recent statement available at modernslaveryregister.gov.au and our Anti-Slavery Policy is available on our website. Metcash is taking steps to continually improve its exposure to modern slavery risks in its supply chain.

For further information on how we manage climate, social responsibility and environmental risks please refer to our most recent Sustainability Report available on our website.

Work health and safety risk

Metcash is focused on the safety of its staff and operations. While a strong emphasis is placed on the implementation of work, health and safety standards, the risk of serious injury, including psychosocial harm, or fatality remains. The occurrence of such events may have an adverse effect on the safety and wellbeing of our people and the productivity, operations and reputation of Metcash. We seek to manage this risk through our Safety, Health and Environment strategy and execution of initiatives to improve the safety and wellbeing of our people.

People and culture risks

The increasing competitive landscape and low levels of unemployment continues to place pressure on the competition for talent and labour capacity and the ability to efficiently operate our business. The ability to attract and retain talent with the necessary skills and capabilities to operate in a challenging market whilst being able to effect transformation is critical to Metcash's success. Similarly, the ability to attract and retain employees to meet our labour and leadership capacity needs is crucial for our operational capability and efficiency. Metcash competes in labour markets to attract and retain its employees and management team. The competitive nature of these labour markets may result in the loss of key employees and/or labour capacity which may make it more difficult and costly to attract or retain employees. If Metcash is unable to attract and retain employees, this may adversely affect the Group's operations and overall financial performance.

Interruptions at Metcash's workplaces arising from industrial disputes, work stoppages and accidents may result in production losses and delays. Renegotiation of collective agreements may increase Metcash's operating costs and may involve disputes. We seek to manage these risks through ongoing engagement with our people and unions and implementing safety measures to minimise the likelihood and impact of accidents.

Metcash is committed to being a favourite place to work by unlocking the potential of its people through empowerment and ensuring the Group's cultural values align with their values. Integrity is the foundation of the ethical values and standards of behaviour set for all employees through the Group's Code of Conduct.

Metcash invests in its people through training and development opportunities, by promoting diversity and workplace flexibility and maintaining succession planning. The short and long-term incentive schemes align the Group's remuneration structure to shareholders' interests.

Ritchies put option – contingent liability

Metcash has a 29.9% ownership interest in Ritchies Stores Pty Ltd (Ritchies). The remaining shareholders in Ritchies have the right to put their 70.1% ownership interests to Metcash, subject to a margin related annual financial hurdle ('hurdle') being achieved.

Metcash estimates that the put option consideration payable to Ritchies shareholders in respect of Ritchies' 2023 financial year would have been between $255 million and $265 million. Further details regarding the put option are set out in Note 5.3 of the Financial Report.

If the put option was exercised, it may divert funds from other intended uses of such funds, which may initially have an adverse impact on Metcash pursuing various capital investments and may require Metcash to obtain additional funding through debt or equity or a combination.

Investigations, disputes and litigation

The Group may, from time to time, be subject to regulatory reviews, audits and investigations which divert management's attention away from the Group's operations and may be costly. There is a risk that enforcement action may follow any regulatory review, audit or investigation and that such activities also adversely affect Metcash's reputation.

Exposure to disputes or litigation with third parties such as regulators (for example, the ACCC and AUSTRAC), employees, business associates, customers and suppliers (including as to the terms of supply arrangements), the holders of rental guarantees granted by Metcash (including where the guarantee is called on), contract counterparties (including in the context of business or share acquisition agreements) or other third parties (including in the context of historical and future acquisitions) could negatively impact on Metcash's financial performance through increased costs, settlement payments, concessions made in contract negotiations, damages payments and reputational damage.

End of the Operating and Financial Review

[1] Direct sales from suppliers to retailers, invoiced through Metcash
[2] Underlying profit after tax excludes significant items: Project Horizon implementation costs $14.4 million, put option valuation adjustment and business acquisition costs $8.7 million, and Mega DC transition costs of $2.0 million
[3] Excludes tobacco and produce
[4] Based on scan data from 1,133 IGA stores
[5] EBIT margin: EBIT/Total revenue (including charge-through)
[6] LfL results reflect sales or EBIT (as appropriate), excluding acquisitions
[7] Based on a sample of 380 network stores that provide scan data (represents >85% of sales)
[8] Based on 118 network stores' scan data

BOARD INFORMATION

The Directors in office during the financial year and up to the date of this report are as follows.

PETER BIRTLES (BSc (Hons), FCA, MAICD)
Independent Non-executive Director
Peter is the Chair of the Metcash Limited Board. He was appointed to the Board on 1 August 2019 and was appointed Chair effective 1 August 2022. He is also a member of the Safety and Sustainability Committee and a member of the Technology Advisory Working Group.

Having over 30 years' experience in retail and consumer goods industries, including 18 years with Super Retail Group Limited where he was Managing Director and Chief Executive Officer from 2006 to early 2019, Peter brings a strong retail and FMCG lens to his role. Peter's executive career also includes extensive experience in accounting and finance having previously held the position of Chief Financial Officer of Super Retail Group Limited, as well as other senior financial roles during his 12 years with The Boots Company in the UK and Australia.

Peter is Chair and non-executive director of Universal Store Holdings Limited (since October 2020), and also a non-executive director of APG & Co Pty Limited and Apparel Group (Hong Kong) Limited (both since July 2019), as well as Good360 Australia Ltd (since August 2019). Peter was formerly a non-executive director of GWA Group Limited (2010 to 2022).

DOUG JONES (BComm, Accounting, Tax, Auditing, Information Systems, CA(SA))
Group Chief Executive Officer, Executive Director
Doug is an experienced executive with extensive wholesale, retail and eCommerce experience in Canada, South Africa and Australia.

He has held senior finance, supply chain and general management roles at Makro SA, Massmart Limited, Amalgamated Beverages Industries Limited and The South African Breweries, all in Johannesburg, Coca-Cola Enterprises in Canada, and Deloitte in both Canada and South Africa.

He is a chartered accountant having qualified in South Africa, and registered in both South Africa and Australia and is a Graduate of the Australian Institute of Company Directors.

MARGARET HASELTINE (BA, FAICD)
Independent Non-executive Director
Margaret (Margie) was appointed to the Board on 3 May 2021. Margie is the Chair of the People, Culture and Nomination Committee (since August 2022) and is also a member of the Technology Advisory Working Group.

Margie has more than 30 years' of experience across supply chains and logistics, customer interface in the FMCG sector, change management and governance. Her executive career includes 20 years at Mars Inc. including five years as Chief Executive Officer of Food in Australia.

Margie is a non-executive director of Inghams Group Limited (since September 2023), Tyesoon Limited (since February 2022), Bapcor Limited (since 2016, and Chair since February 2021), Real Pet Food Company Pty Ltd (since March 2022) and Kennards Hire Pty Limited (since October 2022).

Margie was formerly a non-executive director of Bagtrans Group Pty Limited (2016 to 2021), Newcastle Permanent Building Society (2018 to 2022), Droppoint Australia Pty Ltd (2019 to 2022) and Fairhaven Disability Services (2021 to 2022).

CHRISTINE HOLMAN (MBA, PG Dip Mgt, GAICD)
Independent Non-executive Director
Christine was appointed to the Board on 14 September 2020. Christine is the Chair of the Safety and Sustainability Committee, which was established on 1 May 2023, and a member of the Audit, Risk and Compliance Committee.

From her previous executive capacity, as both CFO & Commercial Director of Telstra Broadcast Services, Christine brings a deep understanding of legacy and emerging technologies and digital transformations. During her time in private investment management, Christine assisted management and the boards of investee companies on strategy development, mergers & acquisitions, leading due diligence teams, managing large complex commercial negotiations and developing growth opportunities.

Christine is a non-executive director of Collins Foods Limited (since December 2019) and Chair of its Audit and Risk Committee (since July 2022) and also a non-executive director of AGL Energy Limited (since November 2022).

She is a non-executive director of Indara Corporation Pty Ltd (since May 2022) and Chair of its Audit & Risk Committee (since May 2022), a non-executive director of the McGrath Foundation (since July 2020) and Chair of its Risk, Investment and Audit Committee (since October 2020), a non-executive director of The National Intermodal Corporation Limited (since August 2018) and Chair of its Audit & Risk Committee (since October 2020), and a non-executive director of The State Library of New South Wales Foundation (since February 2017).

Christine is a former non-executive director of CSR Limited (2016 to 2022), Blackmores Limited (2019 to 2021), WiseTech Global Limited (2018 to 2019) and The Bradman Foundation (2016 to December 2023).

MARK G JOHNSON (BCom, CPA, FCA, FAICD)
Independent Non-executive Director
Mark was appointed to the Board on 1 August 2022. Mark is a member of the Audit, Risk and Compliance Committee and is the Chair of the Technology Advisory Working Group.

Mark has 35 years' experience as an accountant and senior partner with Coopers & Lybrand and then PwC, including as PwC's National Assurance Leader in Australia from 2003 to 2007 and then as its Chief Executive Officer, Australia and Deputy Chairman, Asia Pacific from 2008 to 2012. Mark has also had an extensive non-executive director career for over a decade, currently holding directorships at HCF Group (since 2013), where he is also Chairman, Boral Limited (since 2021), Goodman Group (since 2020), Aurecon Ltd (since 2017) and Sydney Aviation Alliance Holdings Pty Ltd and subsidiaries (since October 2022).

He was formerly a non-executive director of Corrs Chambers Westgarth (2018 to 2022), Coca Cola Amatil Limited (2016 to 2021), G8 Education Limited (2016 to 2021) and Westfield Group Limited (2013 to 2019). He is a Councillor of UNSW Sydney.

MURRAY P JORDAN (MPA and MAICD)
Independent Non-executive Director
Murray has been a member of the Board since 23 February 2016. He is also a member of the People, Culture and Nomination Committee, and the Safety and Sustainability Committee established on 1 May 2023.

Murray has extensive experience in the independent retail sector, bringing unique insight and perspective to the Board regarding the challenges faced by independent retailers and the valuable role they play in the community. Murray was previously Managing Director of New Zealand business Foodstuffs North Island Limited, a co-operative wholesale company, supplying independently owned and operated businesses in the supermarkets, food service and liquor sectors. He has also held key management positions in property development and investment.

Mr Jordan is a non-executive director of Metlifecare Limited, Asia Pacific Village Holdings Pty Limited and Asia Pacific Village Group Pty Limited (each since November 2020), Stevenson Group Limited (since July 2016) and Chorus Limited (since September 2015), each a New Zealand company.

He is also a trustee of the Foodstuffs Members Protection Trust and Co-operative Perpetuation Trust (both since January 2019), a trustee of the Southern Cross Health Trust (since August 2019), a director of the Southern Cross Medical Care Society (since January 2020), a director of Deakin TopCo Pty Ltd (ACN 657 472 074), the ultimate owner of Australian Retirement Services, which owns the Levande Living retirement village portfolio (since July 2022), a former trustee of the Starship Foundation in New Zealand that raises funds for the National Children's Hospital (2015-2022) and a former director of Sky City Entertainment Group Limited (NZ) (2016-2021).

HELEN NASH (BA Hons, GAICD)
Independent Non-executive Director
Helen was appointed to the Board on 23 October 2015. She is the Chair of the Audit, Risk and Compliance Committee (since 1 August 2022), and a member of the People, Culture and Nomination Committee.

Helen has more than 20 years' executive experience across three diverse industries: consumer packaged goods, media and quick service restaurants.

Helen brings rounded commercial and consumer focused experience to her role. She initially trained in the UK as a Certified Management Accountant. 18 years in brands and marketing allow her to bring a strong consumer lens to the Board. She gained extensive strategic, operational and general management experience in her role of Chief Operating Officer at McDonalds Australia, overseeing business and corporate strategy, store operations including all company and franchised stores, marketing, menus, research and development and information technology.

Helen is a non-executive director of Southern Cross Media Group Limited (since April 2015) and Inghams Group Limited (since May 2017) and was appointed Chair of Inghams in August 2022. Helen is a former non-executive director of Blackmores Ltd (2013 to 2019).

COMPANY SECRETARY

JULIE S HUTTON (B Asian Studies (Viet), LLB, LLM, GAICD)
Julie is Chief Legal, Risk and Compliance Officer and Company Secretary at Metcash, responsible for the legal, risk and compliance, safety and company secretariat functions. She was previously a partner at law firm Baker & McKenzie where she specialised in mergers & acquisitions, private equity and corporate restructures. Julie is a Graduate of the Australian Institute of Company Directors.

Indemnification and insurance of Directors and Officers

Under the Constitution of the Company, the Company indemnifies (to the full extent permitted by law) current and former Directors and Company Secretaries and such other current and former officers as the Board may determine from time to time against all losses and liabilities incurred as an officer of Metcash or its related companies. The Company may enter into a deed indemnifying such officers on these terms. The Company enters into such deeds with each of its Directors and Company Secretaries from time to time.

During the financial year, the Company has paid, or agreed to pay, a premium in respect of a contract of insurance insuring officers (and any persons who are officers in the future) against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

The following table presents information relating to membership and attendance at meetings of the Company's Board of Directors and Board committees held during the financial year. The information reflects those meetings held and attended during a Director's period of appointment as a Director during the year.

	Appointed	Meetings held	Meetings attended	Ordinary shares held at reporting date
BOARD OF DIRECTORS				
Peter Birtles (Chair)	1 August 2019	7	7	121,954
Doug Jones	11 March 2022	7	7	205,245
Mark Johnson	1 August 2022	7	6	54,335
Murray Jordan	23 February 2016	7	7	66,397
Margaret Haseltine	3 May 2021	7	7	65,936
Christine Holman	14 September 2020	7	7	63,956
Helen Nash	23 October 2015	7	7	60,145
AUDIT, RISK & COMPLIANCE COMMITTEE				
Helen Nash (Chair)	1 August 2022	6	6	
Mark Johnson	1 August 2022	6	6	
Christine Holman	14 September 2020	6	6	
PEOPLE, CULTURE & NOMINATION COMMITTEE				
Margaret Haseltine (Chair)	1 May 2023	6	6	
Murray Jordan	1 May 2023	6	6	
Helen Nash	1 May 2023	6	6	
SAFETY AND SUSTAINABILITY COMMITTEE (a)				
Christine Holman (Chair)	1 May 2023	4	4	
Peter Birtles	1 May 2023	4	4	
Murray Jordan	1 May 2023	4	4	
TECHNOLOGY ADVISORY WORKING GROUP				
Mark Johnson (Chair)	1 August 2022	6	6	
Peter Birtles	1 August 2019	6	6	
Margaret Haseltine	3 May 2021	6	5	

(a) The Safety and Sustainability Committee was established on 1 May 2023. Ms Holman was appointed Chair of this Committee from 1 May 2023.

Each Board meeting generally runs for 1.5 days, while each Committee meeting generally runs for half a day.

In addition, the Board and Group Leadership Team hold a half day strategy and/or professional development session before three Board meetings each year, as well as a 2-day strategy session each October. The Board also holds regular calls with the Group CEO to stay abreast of current matters between meetings. Finally, from time to time, additional non-standing Board committees or working groups are established with representatives from among the Directors to consider material transactions or projects, including to support the decision-making of the full Board in relation to those matters. In FY24, for example, a Board committee was established to provide additional Board oversight and guidance of the execution of the equity raise announced on 5 February 2024. These strategy/professional development sessions, update calls and working group/steering committee meetings (with the exception of the Technology Advisory Working Group) are not included in the above table.

REMUNERATION REPORT

On behalf of the Board and the People, Culture & Nomination Committee, I am pleased to present our Remuneration Report for the year ended 30 April 2024

MARGARET HASELTINE
Chair, People, Culture & Nomination Committee

It is pleasing to report that the Group delivered solid and above market consensus earnings during a period of increasingly challenging economic conditions. Both the Food and Liquor pillars continued to perform well, underpinned by strong sales (non-tobacco) and sound cost management. In Hardware, a further deterioration in external conditions weighed on the overall performance of the pillar. Strategically, further progress was made with the Group continuing its transformation into a more diversified, resilient and high-quality business.

Leadership changes

During FY24, there were some notable changes within the Metcash executive team. As previously advised, Mr Alistair Bell, the former Group CFO, retired from the role and agreed to stay on until February 2024 to facilitate the transition to the incoming Group CFO, Ms Deepa Sita, who also took on responsibility for the Group Strategy function. Mr Chris Baddock, the former CEO ALM, retired from the role for health reasons and we welcomed Ms Kylie Wallbridge as CEO ALM in March 2024. The year also included the appointment of Mr Richard Murray in January 2024 to succeed Paul Dumbrell as CEO of our Total Tools business.

The diversity in background and experience of the newly appointed executives highlights the comprehensive nature of the searches undertaken in finding the right calibre of executive to form part of our leadership team and make a difference in *'Championing Successful Independents in support of Thriving Local Communities'*.

FY24 remuneration framework changes

Last year we flagged a change in the deferred proportion of any Short-term Incentive (STI) awards to be paid to the Group CEO and Group CFO. The STI deferral percentage for the Group CEO increased this year from 33% to 40% and will increase again in FY25 to 50%. Similarly, the STI deferral percentage for the Group CFO increased from 25% to 33% this year, with further increases in FY25 to 40% and in FY26 to 50%. This enhances alignment to market practice and shareholder expectations.

For FY24, we have increased the Long-term Incentive (LTI) opportunity of the Group CEO from 80% of fixed remuneration to 90% to enhance alignment with shareholders. In FY25, the Group CEO LTI opportunity will be further increased to reflect a higher weighting towards the longer-term.

The Board has also reviewed the approach for determining Group underlying earnings before interest and taxation (EBIT) for remuneration purposes. From FY24, Group Adjusted EBIT, which includes Project Horizon and Mega Distribution Centre transition costs, will be used in both the STI plan and to determine ROFE in the LTI plan. This change ensures that financial performance for remuneration purposes takes into account the costs of these significant projects.

The Balanced Scorecard to determine FY24 performance has also been refined, with all executives sharing Group Financial and Strategic objectives (weighted 70%) to ensure there is an increased collective focus and accountability on Group objectives. Each executive also has Individual Strategic objectives specific to their role (weighted 30%) to drive business specific performance and differentiate performance.

FY24 performance

Group Adjusted EBIT improved by 2.4% on FY23, reflecting strong results in Food and Liquor as well as lower Project Horizon costs. The Group Performance Scorecard outcomes are highlighted in the summary table on the following page and compare positively with FY23, reflective of the strong overall performance of the Group in a challenging year.

FY24 remuneration outcomes

Fixed remuneration

To continue to attract and retain high-calibre executives, careful consideration is given to market benchmarks, internal relativities and executive experience when establishing or adjusting fixed remuneration. Metcash continues to position remuneration around the market median but with capacity to move towards the upper quartile for deeply experienced or high-performing executives.

The fixed remuneration component for two of our executives was increased in the year to ensure remuneration reflected their deep level of role experience relative to the market benchmarks. The CEO IHG and the former CEO ALM were provided with an 8.3% and 4.2% increase respectively. The fixed remuneration of the new incoming executives was determined with reference to market benchmarks, their respective levels of experience, and the internal relativities across the executive team.

Short-term Incentives

The STI awards for executives are determined by Group and pillar financial performance and outcomes against the Balanced Scorecard, comprising both Group and Individual objectives. The FY24 STI awards for continuing executives ranged from 14.6% to 38.1% of maximum. In the context of an increasingly challenging market, and the stretch targets set in the FY24 Balanced Scorecard, the Board considers that these STI outcomes both align with overall performance and reflect the underlying strength of the business.

Long-term Incentives

The FY22 LTI offer was tested at the end of FY24 with an outcome of 76.7%. The average Return on Funds Employed over the three-year performance period was 28.8%, above the maximum of the vesting range. The compound annual growth of absolute Total Shareholder Return was 7.5% over the same period, between the target and maximum of the vesting range. This outcome aligns with the experience of shareholders over that period.

Further details on the performance and remuneration outcomes for FY24 are provided in the table on the following page, for reference.

Additional remuneration arrangements

The second tranche of the Group CEO's buy-out grant was tested during the year and subsequently vested at 100% based upon the performance conditions.

The incoming Group CFO, Ms Deepa Sita, was provided with a buy-out grant in consideration of incentives forfeited from her previous employer. The details of this are provided in Section 4.7.

Non-executive Director fees

During the year, in consideration of the growing time commitments and workloads of Board and Committee members, and with reference to FY24 market benchmarks, the following fees were increased for Non-executive Directors, effective from 1 May 2023:

- The Board Member (excluding the Chair) fee increased by 3.8% to $167,595;
- The Chair fee for both the Audit, Risk & Compliance Committee (ARCC) and the People, Culture & Nomination Committee (PCNC) increased by 20.1% to $46,350; and
- The Member fee for both the ARCC and PCNC increased by 30.5% to $22,660.

The Safety & Sustainability Committee was established on 1 May 2023 with fees aligned with the Technology Advisory Working Group. Board and Committee fees are provided in Section 7.

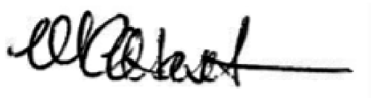
Looking ahead to FY25

Following a review in FY24, the Board appointed PwC to undertake market benchmarking for both executive remuneration and Non-executive Director fees. The Board determined to take a refined approach, with market data based on similar roles within two peer groups of comparable companies, focusing on market capitalisation and industry. The Board believes that the new approach is both fit-for-purpose and aligned with market practice. Further details are provided in Section 3.1.

The refined market benchmarks for both executive remuneration and Non-executive Director fees are lower than under the previous methodology and the Board will continue to consider the market data to inform decisions when determining appropriate remuneration. In consideration of Non-executive Director fee increases implemented in FY24, and the refined market benchmarks, the Board has determined that no fee increases will be implemented in FY25.

During FY25, the Board will review the remuneration framework to ensure that the remuneration mix and performance metrics align with the longer-term strategic objectives of the Group and continue to create shareholder value.

We hope you find this Report informative and, as usual, we welcome any feedback on our remuneration framework and disclosures.



MARGARET HASELTINE
Chair, People, Culture & Nomination Committee

FY24 Performance Summary

GROUP ADJUSTED EBIT	TOTAL SHAREHOLDER RETURN	WASTE-TO-LANDFILL DIVERSION	SAFETY (TRIFR)
$473.1m	7.5%	65.9%	14.3
2.4% increase from FY23	Average growth per annum FY22–24	Up from 61% in FY23	22.3% improvement on FY23[1]

FY24 Remuneration Outcomes Summary

Fixed remuneration	During the year, the fixed remuneration for two executives was increased. Ms Annette Welsh, the CEO IHG, was provided with an 8.3% increase in fixed remuneration and Mr Chris Baddock, the former CEO ALM, was provided with an increase in fixed remuneration of 4.2% to ensure their remuneration reflected their experience in their respective roles relative to market benchmarks. The fixed remuneration of incoming executives was established in consideration of market benchmarks and the relative experience of each executive. It is Metcash's approach to position remuneration around the market median with capacity to move towards the upper quartile for deeply experienced or high-performing incumbents to ensure we are able to attract and retain the calibre of executives required to drive the overall Metcash strategy.
Short-term incentive outcomes	*Group STI Pool Metric* Group Adjusted EBIT: Improved by 2.4% ($11.2 million) on FY23, reflecting strong results in Food and Liquor as well as lower Project Horizon costs. *Group Performance Scorecard Metrics* Group revenue (excluding tobacco): Improved by 3.2% on FY23, reflecting growth across all pillars. Safety: The Group Total Recordable Injury Frequency Rate (TRIFR) outcome of 14.3 was an improvement of 22.3% on FY23 (18.4[1]), an indicator that the ongoing focus on safety is keeping our people safe. Employee engagement: An increase of one percentage point across all Metcash employees was below target for FY24 but a positive outcome in the context of the changes across the organisation and leadership team. Net Promoter Score: An outcome of 17 was below the FY23 score of 21.1 across the Group. All pillars had positive NPS scores for FY24, with Hardware and Liquor the strongest performers. Sustainability: The waste-to-landfill diversion outcome was above target at 65.9%, up from 61% in FY23. Project Horizon: Progressed on track and on budget against the FY24 plan. The overall spend has been curtailed to reflect the extended build and deployment schedule, while risk management and quality assurance continue to be prioritised. *Overall STI Outcomes* These performance outcomes resulted in STI awards of between 14.6% to 38.1% of maximum for continuing executives. The Board considered that this was appropriate and aligned with the overall performance of the Group in FY24.
Long-term incentive outcomes	The FY22 LTI offer was tested as at 30 April 2024 with the following outcomes: – Return on Funds Employed (ROFE): 28.8% average over the three-year period, resulting in 100% of performance rights subject to that performance measure vesting; and – Absolute Total Shareholder Return (ATSR): 7.5% compound annual growth over the three-year period resulting in 53.4% of performance rights subject to that performance measure vesting. Overall outcome: 76.7% of performance rights under the FY22 LTI offer vested. The Board considers that this outcome is reflective of Group performance over the three-year period and that it aligns with the experience of shareholders over that time.

1. A re-classification of injury types was undertaken during FY24 to align with industry definitions. The FY23 outcome was 18.4 based on the new classifications, compared to 19.9 disclosed last year using the prior classifications.

CONTENTS OF REPORT

1. OVERVIEW OF THE REMUNERATION REPORT

The Directors present the Remuneration Report for the Company and its controlled entities (the 'Group') for the year ended 30 April 2024 ('FY24'). This report forms part of the Directors' Report and has been audited in accordance with section 308(3C) of the Corporations Act 2001 and Australian Accounting Standards.

The report sets out the remuneration arrangements for the Group's Key Management Personnel (KMP), comprising its Non-executive Directors, and the Group CEO and executives of Metcash (collectively referred to as 'Executives'), who together have the authority and responsibility for planning, directing, and controlling the activities of the Group.

The KMP in FY24 are listed below.

Name	Position	Term as KMP in FY24
NON-EXECUTIVE DIRECTORS		
Current		
Peter Birtles	Chair	Full year
Margaret Haseltine	Director	Full year
Christine Holman	Director	Full year
Mark Johnson	Director	Full year
Murray Jordan	Director	Full year
Helen Nash	Director	Full year
EXECUTIVES		
Current		
Doug Jones	Group CEO	Full year
Deepa Sita[1]	Group CFO	From 1 February 2024
Richard Murray	Chief Executive Officer, Total Tools	From 29 January 2024
Grant Ramage	Chief Executive Officer, Food	Full year
Kylie Wallbridge	Chief Executive Officer, Australian Liquor Marketers ('ALM')	From 1 March 2024
Annette Welsh	Chief Executive Officer, Independent Hardware Group ('IHG')	Full year
Former		
Alistair Bell[2]	Group CFO	Until 31 January 2024
Chris Baddock[3]	Chief Executive Officer, ALM	Until 6 October 2023

1. Ms Sita commenced employment on 8 January 2024 as Group CFO-elect and was appointed Group CFO on 1 February 2024. Unless otherwise stated, Ms Sita's remuneration disclosed in this report relates to the period from 1 February 2024 to 30 April 2024 as KMP.
2. Mr Bell retired as operational Group CFO on 31 January 2024 and ceased employment on 29 February 2024. Unless otherwise stated, Mr Bell's remuneration disclosed in this report relates to the period from 1 May 2023 to 31 January 2024 as KMP.
3. Mr Baddock retired as CEO of ALM effective 6 October 2023 and ceased employment on 9 February 2024. Unless otherwise stated, Mr Baddock's remuneration disclosed in this report relates to the period from 1 May 2023 to 6 October 2023 as KMP.

2. REMUNERATION PRINCIPLES AND FRAMEWORK OVERVIEW

2.1. Our Remuneration Principles

These principles underpin the remuneration framework.

Purpose, Vision & Values
Enabling our people to unleash their passion and give local Independents a fighting chance.

Market competitive
Attracting and retaining people who can make a difference in *'Championing successful Independents in support of Thriving Local Communities'*.

Performance based
Rewarding the individual contributions made to empowering our local Independents who turn postcodes into communities.

Shareholder alignment
Standing side by side with our local Independents through the generations, to sustain long-term value for shareholders.

Fair and simple
Making it easy to see how we recognise those who make their mark in our business.

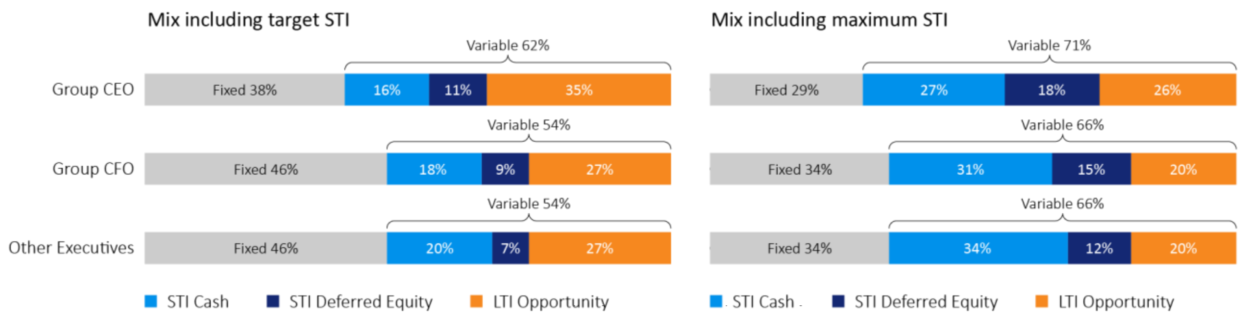
2.2. Our Remuneration Framework

The framework is designed to drive the delivery of our strategy.

Component:	Fixed Remuneration	Short-term Incentive (STI)	Long-term Incentive (LTI)
Purpose:	To attract and retain the calibre of people required to deliver the strategy.	To align the potential rewards for Executives with the performance of Metcash.	To align the potential rewards for Executives with the experience of shareholders.
Delivery:	Salary, superannuation, and salary sacrificed benefits.	A combination of cash and deferred equity.	Performance Rights.
Determined by:	Fixed remuneration is established at a level that is competitive in the market, with reference to comparable roles at similarly sized companies. Fixed remuneration is generally positioned around the median, however our framework also enables the recognition of deeply experienced, high-performing individuals.	12-month performance period. STI pool is distributed when threshold financial performance is met and scaled based on performance up to a prescribed maximum. Performance is then assessed against a scorecard of Group financial and strategic objectives (70%) and individual strategic objectives (30%). Outcomes are modified by a behavioural rating.	Three-year performance period. Performance is assessed against Return on Funds Employed (ROFE) (50%) and Absolute Total Shareholder Return (TSR) (50%).

2.3. Our Remuneration Mix

The remuneration mix is strongly weighted towards the variable reward components of STI and LTI, and therefore subject to performance outcomes. The chart below outlines the FY24 remuneration mix framework for Executives, including target and maximum STI and LTI opportunity.



3. FY24 REMUNERATION APPROACH

3.1. Fixed Remuneration

Feature	Description
Purpose	The purpose of fixed remuneration is to attract and retain Executives of the calibre to deliver on the Metcash strategy.
Delivery	Salary, superannuation, and salary sacrificed benefits.
Benchmarking	Metcash undertakes an annual benchmarking exercise to review the fixed remuneration of current Executives. As part of this review, Metcash considers the competitiveness of fixed remuneration levels in the context of the Executive's experience and performance. Market data is collated by an external remuneration advisor based upon companies of comparable size and industry. Previously, peer groups have been established with reference to market capitalisation, revenue, total assets and industry to reflect the complexity of the environment in which Metcash operates. From FY25, a refined approach has been adopted referencing two peer groups to be used for benchmarking purposes: the first is determined by company size and includes ASX 200 companies that are similarly sized to Metcash, based upon market capitalisation; the second includes similarly sized companies within a comparable industry. Remuneration benchmarking considers total remuneration in addition to fixed remuneration. It is Metcash's policy to position remuneration at the median with scope to move towards the upper quartile in recognition of deeply experienced, high-performing individuals.

3.2. Short-term Incentive plan

Feature	Description
Purpose	The 'at-risk' STI plan provides Executives the opportunity to earn an incentive that is contingent upon performance against a combination of agreed financial and non-financial performance targets, which are set by the Board in consultation with the Group CEO at the start of each financial year.
Delivery	Delivered in a combination of cash and deferred equity (40% for the Group CEO; 33% for the Group CFO and 25% for other Executives). Deferred equity comprises performance rights that convert into fully paid ordinary shares in Metcash, which only become unrestricted at the end of the deferral period.
Performance period	1 May each year to 30 April the following year.
Eligibility	All Executives participate in the STI plan. The Group CEO and Group CFO participate in the Group STI pool which is determined by the Group's Adjusted EBIT. Group Adjusted EBIT represents consolidated Group underlying EBIT adjusted to include Project Horizon and Mega Distribution transition costs ('Group Adjusted EBIT'). The pillar CEOs participate in their respective pillar STI pools which are determined by a combination of their respective pillar EBIT and Group Adjusted EBIT.
STI opportunities	The FY24 STI opportunities as a percentage of fixed remuneration for Executives are outlined below:

Position	Below threshold % of fixed	Threshold % of fixed	Target % of fixed	Maximum % of fixed
Group CEO	0%	17.5%	70.0%	157.5%
Other Executives	0%	15.0%	60.0%	135.0%

Performance measures

The Group Adjusted EBIT or pillar underlying EBIT acts as a 'gate opener' for the STI pools from which awards are paid. The STI pools are only released for distribution when the threshold Group Adjusted EBIT or pillar underlying EBIT budget result, as applicable, is achieved. The STI pools are generally made available for distribution on the following basis:

Achievement	Distribution of STI pool
Below threshold 95% of budget EBIT	0% - no pool is available for distribution
Threshold 95% of budget EBIT	50% of the respective STI pools
Budget or 'Target' EBIT	100% of the respective STI pools
Over-achievement >=105% of budget EBIT	150% of the respective STI pools

Once an STI pool is released for distribution and scaled as noted above, a participant's individual STI award is determined based on individual performance, as determined through a Balanced Scorecard, and behaviours. An individual's overall performance rating is equally weighted between their scorecard results and Metcash behaviours.

The Balanced Scorecard is established at the start of the financial year and includes a combination of financial and non-financial performance measures. A number of these performance measures are aligned to Group strategy (Group objectives), with additional individual performance measures, which vary for each Executive, aligning with the strategies for their respective pillars (Individual objectives).

Details of the FY24 performance measures and targets are provided in Section 4.3.

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Target setting</td><td>Challenging performance targets are set against each performance measure following a rigorous budget setting process that considers many factors, including market conditions. This process includes draft budgets being prepared by leadership teams with pillar CEO and CFO reviews and subsequently Group CEO and CFO reviews. The Board then reviews the draft budgets to ensure that they are both sufficiently challenging and achievable.</td></tr>
<tr><td>Performance Assessment</td><td>The People, Culture & Nomination Committee (PCNC) assesses the outcomes against the performance measures for all Executives. Behavioural ratings act to modify performance outcomes against scorecard objectives and can result in an increase for exceptional behaviour, a decrease for unacceptable behaviour or no change for successful behaviours in the overall performance rating.
Our Metcash Behaviours are:
<table>
<tr><th>Accountability</th><th>Continuous Improvement</th><th>Team Work</th><th>Think Customer</th></tr>
<tr><td>I am open and honest, accepting responsibility and delivering on promises. I act with integrity.</td><td>I learn from success and failure and seek out a better way and collaborate with others to reach the best outcome.</td><td>I am responsible for the strength and diversity of my team, and I own my development. I build a strong culture.</td><td>I understand and anticipate my customer / retailer / supplier / shopper needs and drive innovation for mutual benefit.</td></tr>
</table>
An individual's STI award is calculated on the following basis:
Fixed remuneration × STI target % × Group/Pillar EBIT outcome (0-150%) × Balanced Scorecard outcome (0-150%) = Individual STI award
When determining STI outcomes, the PCNC uses its judgement to ensure that the awards align to overall business performance in addition to shareholder and other stakeholder expectations. The PCNC makes a recommendation to the Board on the STI awards to be made to Executives for final approval.
The maximum reward is only paid on achievement of 'stretch' outcomes, which include:
- Maximum achievement against Group Adjusted EBIT and/or pillar underlying EBIT financial performance hurdles, as applicable (STI pool);
- Maximum achievement in overall individual performance results against all Group financial and non-financial measures together with achievement of individual objectives contained in the Balanced Scorecard; and
- An exceptional or successful rating against Metcash's behaviours framework.</td></tr>
<tr><td>Deferred vesting criteria</td><td>The deferred performance rights are conditional and only vest if the Executive remains employed by the Company up to and including a specified date in the year following the performance period. Prior to the FY24 STI awards, this date was in April in the following year with shares restricted from trading until the release of the annual results, typically in late June. With effect from FY24, the conditional vesting period for any deferred performance rights will be extended to early July following the release of the Group's annual results, typically in late June.</td></tr>
<tr><td>Deferred awards calculation</td><td>The number of performance rights issued to participants is calculated by dividing the value of the STI award to be deferred by the volume weighted average price (VWAP) of Metcash ordinary shares over the 20 trading days prior to the end of the performance period which ends on 30 April.</td></tr>
<tr><td>Board discretion</td><td>The Board may exercise discretion to adjust the STI pool to more appropriately reflect the performance of the Group or a specific pillar. The Board also retain discretion to adjust vesting outcomes in any circumstances to ensure they are appropriate.</td></tr>
<tr><td>Clawback</td><td>Executive STI awards are subject to clawback for cause or material misstatement of the Group's financial statements.</td></tr>
</table>

3.3. Long-term Incentive plan

Feature	Description
Purpose	The LTI is designed to enable Metcash to attract and retain Executives, whilst incentivising these Executives to achieve challenging performance outcomes aligned to the creation of shareholder value.
Delivery	Delivered in performance rights. Each performance right is a right to acquire Metcash shares at no cost, subject to the satisfaction of performance and service conditions.
Performance period	The performance period for LTI offers is three years, commencing on 1 May of the relevant financial year.
Eligibility	All Executives participate in the LTI plan.
LTI opportunities	The FY24 LTI opportunities as a percentage of fixed remuneration for Executives are outlined below:

Position	LTI Opportunity as % of fixed
Group CEO	90%
Other Executives	60%

Performance measures	LTI grants are subject to two performance measures: ROFE and TSR, equally weighted. **Return on Funds Employed (ROFE)** ROFE is a measure that evaluates the efficiency with which Metcash uses capital to generate profits. With effect from the FY24 LTI offer, ROFE is calculated as Group Adjusted EBIT divided by the average of funds employed at the beginning and end of the financial year (FY22 and FY23 LTI: Group Underlying EBIT divided by the average of funds employed at the beginning and end of the financial year). The overall ROFE result will be determined as the average of the individual ROFE result in respect of each of the three financial years over the performance period. **Absolute Total Shareholder Return (TSR)** Absolute TSR is a measure that aligns the reward outcomes of Executives with the experience of shareholders. TSR is measured as the growth in share price over the performance period plus dividends paid to shareholders and assumes dividends are reinvested when they are paid. The opening and closing share prices used in the calculation are typically set with reference to the VWAP of Metcash shares over the 20 business days prior to the end of the Metcash financial year. The Board may exercise discretion to adjust the calculation for capital transactions as deemed appropriate. The TSR result is expressed as a percentage and reported as the compound annual growth rate (CAGR) over the performance period. Details of the FY24 LTI offer are provided in Section 4.5.
Vesting hurdles	The rights vest against the ROFE and TSR hurdles as follows:

Vesting scale	Vesting %
Threshold	25%
Target	50%
Stretch	75%
Equal to or above maximum	100%

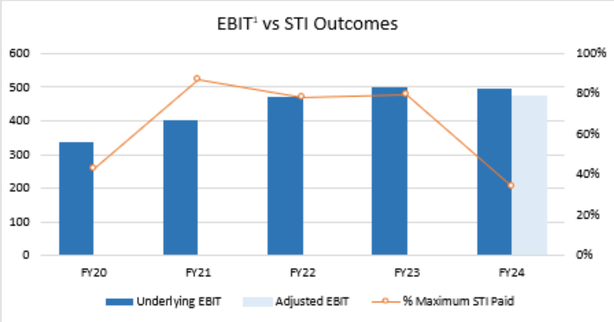
Vesting occurs on a straight-line basis between each hurdle, with nil vesting below threshold. Full vesting will only occur if Metcash achieves the following over the performance period:

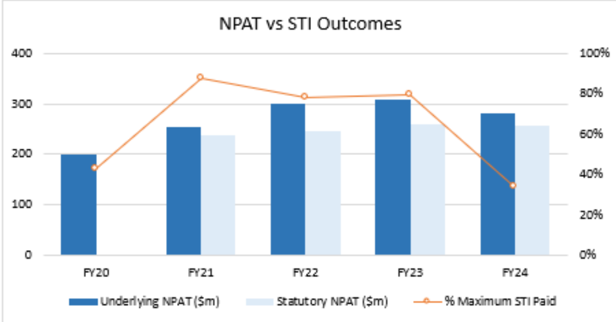
- ROFE of greater than 26.0% (FY22 and FY23 LTI) and 25.6% (FY24 LTI); and
- TSR CAGR of 10% or higher.

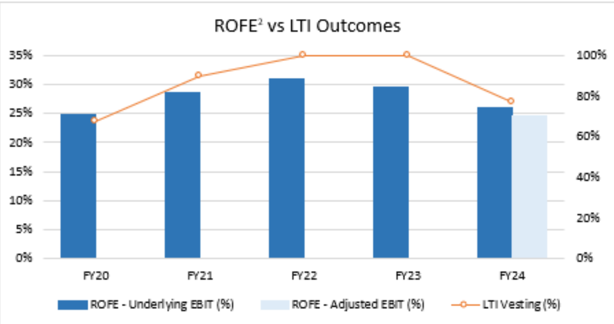
Board discretion	The LTI offers and vesting outcomes are subject to the Board's absolute discretion.
Clawback	Executive LTI awards are subject to clawback for cause or material misstatement of the Group's financial statements.

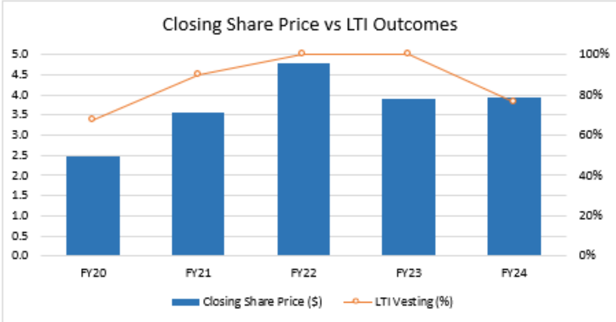
4. FY24 BUSINESS PERFORMANCE AND REMUNERATION OUTCOMES

The charts below show Metcash's financial performance and percentage of maximum STI or LTI, as appropriate, paid to Executives in the five-year period ended 30 April 2024.









1. Group Adjusted EBIT represents the Group Underlying EBIT adjusted to include Project Horizon and Mega DC transition costs. The FY24 STI pool is based on the Group Adjusted EBIT (FY20 to FY23: based on Group Underlying EBIT).
2. With effect from the FY24 LTI offer, ROFE is calculated as Group Adjusted EBIT divided by the average of funds employed at the beginning and end of the financial year (previously, based on Group Underlying EBIT divided by the average of funds employed at the beginning and end of the financial year).

Other Group performance metrics over the last five years were as follows:

Financial year	FY20	FY21	FY22	FY23	FY24
Revenue ($b)	13.0	14.3	15.2	15.8	15.9
Cash realisation ratio (%)	33%	114%	91%	77%	102%
Dividends declared per share (cents)	12.5	17.5	21.5	22.5	19.5
Closing share price (as at 30 April) ($)	2.49	3.55	4.79	3.90	3.94
Total STI payments to Executives as a % of maximum	43.0%	84.1%	78.1%	79.6%	33.8%

In FY24, the Group delivered solid and above market consensus earnings despite increasingly challenging economic conditions. Overall, however, the Metcash Group STI outcome was below target. Both the Food and Liquor pillars delivered above target EBIT results reflecting strong sales and sound cost management. The Hardware pillar delivered results above market consensus, but below target EBIT, with construction activity softening further during the year. IHG's EBIT was below target despite delivering market share gains and performing better than the market overall. Total Tools' EBIT was below threshold reflecting more challenging external conditions. Efficiency measures have been introduced in both IHG and Total Tools to help address the impact of the external conditions. The STI outcomes for continuing Executives range between 14.6% to 38.1% of maximum.

In FY23, the Group and the pillars delivered strong EBIT results. The pillars delivered EBIT results at 'maximum'/'above target' levels with Group EBIT increasing 6.0% on FY22 outcomes. Accordingly, the STI outcomes awarded to Executives ranged from 65% to 84% of maximum.

In FY22, the Group and the pillars delivered exceptional EBIT results. All pillars delivered EBIT results above the 'maximum' level with Group EBIT increasing 17.7% on FY21 outcomes. Accordingly, the STI outcomes awarded to Executives ranged from 73% to 85% of maximum.

In FY21, the Group and the pillars performed exceptionally well, delivering EBIT results against already stretching targets at a 19.9% increase on FY20 outcomes in extremely challenging circumstances.

In FY20, whilst the Group and the Food pillar delivered strong EBIT results, the Board exercised its discretion to reduce the overall STI award to the 'on target' level. The Liquor pillar was determined to have performed 'on target' and the Hardware pillar 'below target'.

4.1. Actual FY24 Executive remuneration

The table below reflects Executive KMP remuneration in respect of performance during FY24 and represents the remuneration for the period in which they were KMP. The table does not comply with AASB or IFRS requirements. The required statutory disclosures are shown in Section 8 of this report:

Executive KMP	Fixed remuneration $	FY24 STI cash[1] $	FY23 STI deferred[2] $	LTI[3] $	Other LTI[4] $	Total $
Current						
D Jones	1,750,000	591,135	762,213	839,653	627,273	4,570,274
D Sita	224,999	68,783	—	—	—	293,782
R Murray	223,725	31,937	—	—	—	255,662
G Ramage	750,000	289,386	—	212,496	—	1,251,882
K Wallbridge	116,667	—	—	—	—	116,667
A Welsh	800,000	179,221	180,397	336,784	—	1,496,402
Former						
A Bell	599,890	359,934	226,119	360,835	—	1,546,778
C Baddock	333,253	112,401	162,124	336,784	—	944,562

1. Represents the cash component of the FY24 STI reward amount of 60% (Group CEO), 67% (Group CFO) and 75% (other Executives) payable in cash in July 2024. The deferred equity component of the FY24 STI reward of 40% (Group CEO), 33% (Group CFO) and 25% (other Executives) is not presented above because the reward is conditional upon the executive being employed by the Company on 3 July 2025.
2. Represents the deferred equity component of the FY23 STI reward of 33% (Group CEO) and 25% (other Executives) which were deferred as equity. The Executives have subsequently met the continuity of employment service condition. Accordingly, the performance rights have vested and will be allocated as shares following the share trading restriction period that ends 25 June 2024. The amounts presented above are based on the number of rights vested multiplied by the VWAP of Metcash shares over the 20 business days ending 30 April 2023 of $3.94 per share.
3. The FY22-FY24 LTI will vest at 76.7%, subject only to the Executives remaining in employment until 15 August 2024. The amounts presented above are based on the number of rights that will vest multiplied by the VWAP of Metcash shares over the 20 business days until 30 April 2024 of $3.91 per share.
4. Represents Mr Jones' FY23 Group CEO buy-out grant (Tranche 2) which vested at 100% following Mr Jones' achievement of the performance measures. The amounts presented above are based on the number of rights vested multiplied by the VWAP of Metcash shares over the 20 business days ending 30 April 2024 at $3.91 per share.

4.2. FY24 Fixed remuneration outcomes

During the year, the fixed remuneration for two Executives was increased. Ms Annette Welsh, the CEO IHG, was provided with an 8.3% increase in fixed remuneration and Mr Chris Baddock, the former CEO ALM, was provided with an increase in fixed remuneration of 4.2% to ensure their remuneration reflected their experience in their respective roles relative to market benchmarks.

The fixed remuneration of incoming Executives was established in consideration of market benchmarks and the relative experience of each Executive.

It is Metcash's approach to position remuneration around the market median with capacity to move towards the upper quartile for deeply experienced or high-performing incumbents to ensure we are able to attract and retain the calibre of executives required to drive the overall Metcash strategy.

4.3. FY24 STI outcomes

Whilst the FY24 Group STI pool outcome was below target, Group Adjusted EBIT improved by 2.4% ($11.2 million) on FY23, reflecting strong results in Food and Liquor as well as lower Project Horizon costs. Further details are provided in the introduction to Section 4.

The Balanced Scorecard outcomes against the Financial, Strategic and Individual objectives are shown on the following page. Group revenue (excluding tobacco) improved by 3.2% on FY23, reflecting growth across all pillars. The Group revenue scorecard outcome was, however, rated at below target for FY24.

There were strong scorecard outcomes across Safety (TRIFR), achieving stretch target, and Sustainable growth (waste-to-landfill diversion), at above target. Employee engagement improved by one percentage point across all Metcash employees but was below target for FY24. Whilst the Net Promoter Score was below threshold, all pillars delivered positive outcomes.

As outlined in Section 3.2, FY24 STI awards for Executives are determined by Group and/or pillar EBIT, Balanced Scorecard outcomes, and also informed by an assessment of behaviours. The FY24 STI awards for continuing Executives range from 14.6% to 38.1% of maximum which the Board considers is appropriate and aligns with performance of the Group over the financial year.

The FY24 Balanced Scorecard, weighted 70% against Group objectives and 30% against Individual objectives, is summarised below:

FY24 Balanced Scorecard						
	Measure	**Threshold**	**Target**	**Stretch**	**Actual Outcome**	
Group Objectives: Financial & Value Creation (35%)	Sales revenue (excl. tobacco)	- 2.8%	$16.2 billion	+ 2.8%	$15.8 billion	Above threshold
	Net working capital	+ 10%	14 days	- 10%	14.4 days	Above threshold
	Project Horizon	Varied	Delivery of key milestones	Varied	90% of targets	Above threshold
Group Objectives: Strategic (35%)	Sustainable growth: Waste diversion from landfill (FY23 = 61%)	- 4%	63%	+ 4%	65.9%	Above target
	Safety: TRIFR% (FY23 = 18.4)[1]	18.2	16.5	14.9	14.3	Stretch
	Employee Engagement	FY23 outcome	+ 4 percentage pts	+ 8 percentage pts	+ 1 percentage pts	Above threshold
	Customer NPS (FY23 = 21.1)	21.1	27.0	32.8	17.0	Below threshold
Individual Objectives (30%)	Objectives are commercially sensitive and align with the strategies of the Group and pillars. Typical Individual objectives include: cost reduction, network growth, a capital growth plan, working capital, loyalty programs and acquisitions.					

1. A re-classification of injury types was undertaken during FY24 to align with industry definitions. The FY23 outcome was 18.4 based on the new classifications, compared to 19.9 disclosed last year using the prior classifications.

The table below outlines the Group and Individual objective outcomes and how the FY24 STI awards are determined:

	Balanced Scorecard Outcome (0 - 150%)					
Executive KMP	**Group Objectives** (a)	**Individual Objectives** (b)	**Overall Outcome** (c) = (a) + (b)	**Group/Pillar Pool EBIT Outcome (0 - 150%)** (d)	**STI Outcome as a % of target** (c) x (d)	**STI Outcome as a % of maximum**
Current[1]						
D Jones	63.2%	41.3%	104.5%	77.0%	80.4%	35.7%
D Sita	63.2%	35.6%	98.8%	77.0%	76.0%	33.8%
R Murray	63.2%	22.1%	85.4%	38.5%	32.9%	14.6%
G Ramage	63.2%	30.0%	93.2%	92.0%	85.7%	38.1%
A Welsh	63.2%	33.0%	96.2%	51.8%	49.8%	22.1%
Former						
A Bell[2]	n/a	n/a	n/a	n/a	100.0%	44.4%
C Baddock	63.2%	14.1%	77.3%	97.0%	75.0%	33.3%

1. The CEO ALM, Ms Kylie Wallbridge, was appointed on 1 March 2024 and was not eligible for the FY24 STI.
2. The retirement of the former Group CFO, Mr Alistair Bell, was announced in December 2022. Mr Bell agreed to stay on with Metcash until February 2024, following the commencement of Ms Sita in the role to ensure a smooth transition. The pro-rated STI award to Mr Bell recognises his ongoing commitment to Metcash and his contribution to finalising the strategic acquisitions during FY24. Mr Bell was not provided with an FY24 LTI offer.

The table below reflects the Executives' FY24 STI outcomes when compared against target and maximum potential STI:

Executive KMP	**Target potential STI $**	**Maximum potential STI $**	**STI awarded % of maximum**	**STI cash[1] $**	**STI deferred[2] $**	**Total STI awarded $**	**Maximum STI forfeited $**
Current							
D Jones	1,225,000	2,756,250	35.7%	591,135	394,090	985,225	1,771,025
D Sita	134,999	303,749	33.8%	68,783	33,878	102,661	201,088
R Murray	129,590	291,578	14.6%	31,937	10,646	42,583	248,995
G Ramage	450,000	1,012,500	38.1%	289,386	96,462	385,848	626,652
A Welsh	480,000	1,080,000	22.1%	179,221	59,740	238,961	841,039
Former							
A Bell	359,934	809,852	44.4%	359,934	—	359,934	449,918
C Baddock	199,952	449,892	33.3%	112,401	37,467	149,868	300,024

1. The cash component of the FY24 STI reward of 60% (Group CEO), 67% (Group CFO) and 75% (other Executives) is payable in cash in July 2024.

2. The deferred equity component of the FY24 STI reward of 40% (Group CEO), 33% (Group CFO) and 25% (other Executives) is deferred and released through the issue of Metcash performance rights, conditional upon the executive being employed by the Company on 3 July 2025 or in accordance with separation arrangements.

4.4. FY23 STI deferred equity outcomes

The following table presents the vesting of the FY23 STI deferred equity component, following completion of the employment service condition or in accordance with separation arrangements:

Participant	Vesting date	No. of rights held	No. of rights vested	No. of rights forfeited
D Jones	30 April 2024	193,455	193,455	—
A Welsh	30 April 2024	45,786	45,786	—
A Bell	30 April 2024	57,391	57,391	—
C Baddock	30 April 2024	41,148	41,148	—

The number of performance rights were calculated by dividing 33% (Group CEO) and 25% (other Executives) of the FY23 STI award dollar value by the VWAP of Metcash ordinary shares over the 20 trading days ended 30 April 2023 of $3.94 per share. The FY23 STI deferred equity component subsequently vested on 30 April 2024 following the Executive's completion of the service condition or in accordance with separation arrangements. These performance rights will be allocated as shares following the share trading restriction period that ends on 25 June 2024.

4.5. FY24 LTI outcomes

FY22-FY24 LTI grant

The plan is expected to vest on 15 August 2024 at 76.7%, subject only to the active participants remaining in employment until that date. The FY22-FY24 LTI grant vesting results are set out below:

Performance measure	Weighting	Performance result	Vesting result (%)
ROFE	50%	ROFE performance over the three-year plan period was 28.8%	100%
ATSR	50%	ATSR CAGR performance over the three-year plan period was 7.5%	53.4%

The ROFE vesting scale ranged from 23% (threshold 25% vesting) to 26% (maximum 100% vesting). The TSR vesting scale ranged from 6% CAGR (threshold 25% vesting) to 10% CAGR (maximum 100% vesting). Vesting occurs on a straight-line basis between each hurdle, with nil vesting below threshold. Full vesting only occurs if Metcash achieves a ROFE of greater than 26% and TSR CAGR of greater than 10% over the performance period.

The Board applied their customary diligence when performance testing this LTI grant and ensured that all significant items were prudently considered, before determining the 76.7% vesting outcome. Significant items primarily comprised put option valuation adjustments and business acquisition costs, Mega Distribution Centre transition costs and non-capitalisable *Project Horizon* implementation costs which included resource costs, accelerated amortisation of legacy software assets and incremental software licence and maintenance costs.

Participant	Hurdle	No. of rights held	No. of rights expected to vest	No. of rights expected to be forfeited
D Jones	ROFE	139,990	139,990	—
	ATSR	139,990	74,755	65,235
G Ramage	ROFE	35,428	35,428	—
	ATSR	35,428	18,919	16,509
A Welsh	ROFE	56,150	56,150	—
	ATSR	56,150	29,984	26,166
A Bell[1]	ROFE	60,160	60,160	—
	ATSR	60,160	32,125	28,035
C Baddock[2]	ROFE	56,150	56,150	—
	ATSR	56,150	29,984	26,166

1. Mr Bell retired as operational Group CFO on 31 January 2024 and ceased employment on 29 February 2024. As a 'good leaver', Mr Bell's performance rights in relation to the FY22-FY24 LTI grant remained on foot to be tested at the end of the performance period. The amortisation of all of Mr Bell's performance rights have been accelerated for accounting purposes up to the end of his service period.
2. Mr Baddock retired as CEO ALM on 6 October 2023 and ceased employment on 9 February 2024. As a 'good leaver', Mr Baddock's performance rights in relation to the FY22-FY24 LTI grant remained on foot to be tested at the end of the performance period. The amortisation of all of Mr Baddock's performance rights have been accelerated for accounting purposes up to the end of his service period.

FY23-FY25 LTI grant and FY24-FY26 LTI grant

Based on an interim performance assessment, the expected vesting outcomes of the FY23 and FY24 LTI plans are as follows:

LTI plan	ATSR[1]	ROFE
FY23 – FY25 LTI plan	Below threshold	Above stretch, below maximum
FY24 – FY26 LTI plan	Below threshold	Below threshold

1. This interim performance assessment of the ATSR component is based on a VWAP of $3.91 per share, measured across the 20 business days to 30 April 2024.

4.6. Details of LTI grants made to Executives during the financial year

FY24-FY26 LTI grant

The following FY24-FY26 LTI grant was made to the Executives during FY24:

Participant	Grant date	Hurdle	Vesting date	No. of rights	Fair value per right $	Grant entitlement (% of fixed remuneration)[1]
Current						
D Jones	15 September 2023	ROFE	14 August 2026	199,873	3.23	90%
		TSR	14 August 2026	199,873	1.35	
D Sita	29 January 2024	ROFE	14 August 2026	68,528	3.15	60%
		TSR	14 August 2026	68,528	1.32	
R Murray[2]	16 February 2024	ROFE	14 August 2026	48,600	3.11	45%
		TSR	14 August 2026	48,600	1.30	
G Ramage	13 July 2023	ROFE	14 August 2026	57,107	3.20	60%
		TSR	14 August 2026	57,107	1.34	
A Welsh	13 July 2023	ROFE	14 August 2026	56,271	3.20	60%
		TSR	14 August 2026	56,271	1.34	
Former						
C Baddock[3]	13 July 2023	ROFE	14 August 2026	56,271	3.20	60%
		TSR	14 August 2026	56,271	1.34	

1. The grant entitlement is expressed as a percentage of the face value of performance rights divided by the participants' annual fixed remuneration at grant date.
2. Mr Murray commenced employment on 29 January 2024 as CEO Total Tools. Mr Murray was granted an FY24-FY26 LTI on a pro-rata basis, under the same vesting timelines and performance conditions as the other participants.
3. Mr Baddock retired as CEO ALM on 6 October 2023 and ceased employment on 9 February 2024. In FY24, Mr Baddock was issued 112,542 performance rights in relation to the FY24-FY26 grant. Mr Baddock is expected to retain 29,188 FY24-FY26 LTI performance rights, determined on a pro-rata basis up to the date of his cessation of employment. These performance rights will remain on foot and will be tested in accordance with existing performance conditions. The amortisation of these performance rights has been accelerated for accounting purposes up to the end of his service period. The balance of 83,354 performance rights were forfeited.
4. Ms Wallbridge, CEO ALM was appointed on 1 March 2024 and was not eligible for the FY24-FY26 LTI grant.

4.7. Additional remuneration arrangements

These additional grants are delivered in performance rights to secure key talent and accelerate growth objectives. Each performance right is a right to acquire a Metcash share at no cost, subject to the satisfaction of performance and service conditions as set out below.

Group CEO buy-out grant

Upon appointment in FY23, the Group CEO, Mr Jones was provided with a grant of performance rights in consideration of incentives foregone from his previous employer. These performance rights were subject to performance and tenure conditions over two tranches. The first tranche was tested on 31 January 2023 and vested fully, as disclosed in the FY23 Remuneration Report. The second tranche was to be tested as at 31 January 2024, however the Board determined that it was appropriate to defer assessment of the performance conditions until the FY24 EBIT outcome was finalised to ensure the outcome aligned with the overall Group performance. Following Board review and approval, the outcome of the second and final tranche is shown below:

Participant	Tranche	Performance results	Vesting result	No. of rights held	No. of rights vested	No. of rights forfeited
D Jones	Tranche 2	Service condition and FY24 Group underlying EBIT performance hurdle met[1]	100%	160,428	160,428	—

1. The shares are expected to be allocated to Mr Jones around 3 July 2024.

Group CFO buy-out grant

Upon appointment, the Group CFO, Ms Sita was provided with a grant of performance rights in consideration of incentives foregone from her previous employer. These performance rights are subject to performance and tenure conditions over two tranches. The details are shown below:

Participant	Tranche	Performance conditions	Testing Date	No. of rights granted
D Sita	Tranche 1	Service condition and FY24 Group Adjusted EBIT performance hurdle	30 June 2024	126,904
	Tranche 2	Service condition and FY25 Group Adjusted EBIT performance hurdle	30 June 2025	126,904

CEO Total Tools Business Performance Incentive

Following the appointment of Mr Murray as CEO Total Tools, a Business Performance Incentive was implemented with effect from 1 May 2024, and is designed to reward Mr Murray for material growth in EBIT of the Total Tools business over the FY25, FY26 and FY27 performance periods. The award will deliver a maximum of $200,000 in performance rights to Mr Murray for each of the three years, subject to the achievement of stretch year-on-year Total Tools EBIT growth targets. The details of the Business Performance Incentive will be provided in the FY25 Remuneration Report.

5. EXECUTIVE KMP SERVICE AGREEMENTS

Name	Agreement term	Executive notice	Metcash notice	Redundancy
D Jones	Ongoing unless notice given	12 months	12 months	12 months
D Sita	Four years (based on visa limitations)[1]	6 months	6 months	6 months
R Murray	Ongoing unless notice given	6 months	6 months	6 months
G Ramage	Ongoing unless notice given	6 months	6 months	6 months
K Wallbridge	Ongoing unless notice given	6 months	6 months	6 months
A Welsh	Ongoing unless notice given	12 months	12 months	12 months

1. Ms Sita's visa expires in September 2027.

In the event of cessation of employment, an Executive's unvested performance rights will ordinarily lapse; however, this is subject to Board discretion which may be exercised in circumstances such as death, disability, retirement, redundancy, or special circumstances.

In some circumstances on termination of employment, the Group may require individuals to enter into non-compete arrangements with the Group. These arrangements may require a payment to the individual.

Minimum shareholding guidelines

Minimum shareholding guidelines have been implemented for all Executive KMP commencing as of the effective date specified below or upon the date of appointment as KMP, whichever occurs later.

Position	Value	Time to achieve	Effective date
Group CEO	1 x Fixed remuneration	Five years	1 May 2018
Other Executives	0.5 x Fixed remuneration	Five years	1 May 2019

6. REMUNERATION GOVERNANCE

The following diagram illustrates Metcash's remuneration governance framework.

BOARD

The Board is responsible for overseeing and approving recommendations from the People, Culture & Nomination Committee and the Audit, Risk & Compliance Committee. The Board ultimately approve the remuneration outcomes for the Executives.

AUDIT, RISK & COMPLIANCE COMMITTEE ('ARCC')

The ARCC support the PCNC by reviewing the Group's financial results which form the basis for STI and LTI awards and providing advice relating to material risk and accounting issues that may affect the Board's deliberations in determining STI and LTI award outcomes.

PEOPLE, CULTURE & NOMINATION COMMITTEE ('PCNC')

The PCNC is the key governing body in respect of remuneration matters. In addition to Non-executive Director and Executive remuneration, the PCNC oversee major people-related programs such as culture and diversity, equity, and inclusion. The PCNC makes recommendations to the Board based on its review of proposals received from management.

MANAGEMENT

Provides information relevant to people and remuneration decisions and makes recommendations to the PCNC. Undertakes work as directed by the PCNC including obtaining information from external advisors to assist the Committee with decision making.

EXTERNAL ADVISORS

The PCNC may commission external advisors to provide information and/or recommendations on remuneration. If recommendations are sought in respect of KMP remuneration, interaction with external advisors is governed by protocol, which ensures the Committee can obtain independent advice. The Committee Chair may appoint and engage directly with external advisors on KMP remuneration matters. Further, any remuneration recommendations obtained from external advisors are used as a guide, rather than as a substitute for the Committee's thorough consideration of the relevant matters. The Committee consider the recommendations, along with other relevant factors, in making remuneration decisions. Both the Committee and the Board are satisfied that the existing protocols ensure that remuneration recommendations obtained from external advisors are free from undue influence from the Executive KMP to whom the remuneration recommendations apply.

The People, Culture & Nomination Committee engage and consider advice from independent remuneration consultants where appropriate in relation to remuneration matters and Non-executive Director fees. During the year, no remuneration recommendations as defined in section 9B of the *Corporations Act 2001* were provided.

7. NON-EXECUTIVE DIRECTOR REMUNERATION

Remuneration policy

The objectives of Metcash's policy regarding Non-executive Director fees are:

- To preserve the independence of Non-executive Directors by not including any performance-related element; and
- To be market competitive with regard to Non-executive Director fees in comparable ASX-listed companies and to the time and professional commitment in discharging the responsibilities of the role.

All Non-executive Directors are paid a fixed annual fee. In addition, Committee fees are paid to recognise the additional responsibilities associated with participating on a Board Committee. The fixed fee to the Board Chair is to remunerate the Chair for all responsibilities, including participating on any Board Committees.

To align individual interests with shareholders' interests, Non-executive Directors are encouraged to hold Metcash shares. Non-executive Directors fund their own share purchases and must comply with Metcash's share trading policy.

Aggregate fee limit

Non-executive Director fees are limited to a maximum aggregate amount approved by shareholders. The current limit of $2,000,000 was approved in 2021.

Minimum shareholding guidelines

Minimum shareholding guidelines have been implemented for all Non-executive Directors of one year's base fees to be accumulated in five years from the effective date of 1 May 2019 or upon their date of appointment as a Non-executive Director, whichever occurs later.

Non-executive Director fee structure

The table below outlines the fees paid to Non-executive Directors in FY23 and FY24. In FY24, the Board base fee for Non-executive Directors was increased by 3.8%, and the Chair and Member fees for the Audit, Risk & Compliance and the People, Culture & Nomination Committees were increased by 20.1% and 30.5% respectively. These increases were considered appropriate in the context of the market benchmarks but also to better reflect the growing time commitments and workloads required of the Committee Chairs and Members.

Consistent with the approach for determining executive remuneration, refined market benchmarks have been established for Non-executive Director fees from FY25 onwards, using two peer groups: the first is determined by company size and includes similarly sized ASX 200 companies, based upon market capitalisation; the second includes similarly sized companies within a comparable industry.

In consideration of the refined market benchmarks, and the increases applied for FY24, the Board has determined that no increases in fees will be implemented for FY25.

	FY24 $[1]	FY23 $[1]
Board		
Chair	433,094	433,094
Non-executive Director	167,595	161,537
Committee		
Audit, Risk & Compliance		
– Chair	46,350	38,596
– Member	22,660	17,361
People, Culture & Nomination[2]		
– Chair	46,350	38,596
– Member	22,660	17,361
Safety & Sustainability[3]		
– Chair	36,050	—
– Member	18,540	—
Technology Advisory		
– Chair	36,050	36,050
– Member	18,540	18,540

1. Per annum fees as at the end of the financial year, including superannuation.
2. The People & Culture and Nomination Committees were combined on 1 May 2023.
3. The Safety & Sustainability Committee was established on 1 May 2023.

Non-executive Director remuneration

Name	Financial year	Fees $	Superannuation $	Total $
Current				
P Birtles[1]	FY24	406,046	27,048	433,094
	FY23	357,532	24,110	381,642
M Haseltine	FY24	209,604	22,881	232,485
	FY23	179,231	18,684	197,915
C Holman	FY24	204,033	22,273	226,306
	FY23	162,022	16,877	178,899
M Johnson[2]	FY24	204,033	22,273	226,306
	FY23	126,862	13,321	140,183
M Jordan	FY24	188,246	20,550	208,796
	FY23	177,737	18,514	196,251
H Nash	FY24	230,743	5,862	236,605
	FY23	190,625	9,509	200,134
Former				
R Murray[3]	FY24	—	—	—
	FY23	146,110	8,144	154,254
Total	**FY24**	**1,442,705**	**120,887**	**1,563,592**
	FY23	**1,340,119**	**109,159**	**1,449,278**

1. Mr Birtles was appointed Chairman on 1 August 2022.
2. Mr Johnson was appointed as a Non-executive Director on 1 August 2022.
3. Mr Murray retired as a Non-executive Director on 31 August 2022.

Non-executive Director shareholdings

Name	Balance at 1 May 2023	Acquired during the year	Balance at 30 April 2024
P Birtles	112,998	8,956	121,954
M Haseltine	57,839	8,097	65,936
C Holman	55,000	8,956	63,956
M Johnson	15,000	39,335	54,335
M Jordan	57,441	8,956	66,397
H Nash	51,189	8,956	60,145
	349,467	**83,256**	**432,723**

8. STATUTORY DISCLOSURES

Fixed and 'at-risk' remuneration

Executive	Year	Fixed remuneration $	STI cash[1] $	STI deferred [2, 3] $	Super-annuation $	Leave[4] $	LTI equity $	Termination benefit[5] $	Total $	Performance-related %
Current										
D Jones	FY24	1,722,952	591,135	578,152	27,048	7,346	834,804	—	3,761,437	53.3%
	FY23	1,724,995	1,547,524	464,484	25,005	26,923	1,322,995	—	5,111,926	65.2%
D Sita	FY24	218,150	68,783	16,939	6,849	21,564	297,564	—	629,849	60.9%
	FY23	—	—	—	—	—	—	—	—	—
G Ramage	FY24	722,952	289,386	48,231	27,048	65,541	137,843	—	1,291,001	36.8%
	FY23	—	—	—	—	—	—	—	—	—
R Murray	FY24	214,592	31,937	5,323	9,133	20,366	5,099	—	286,450	14.8%
	FY23	—	—	—	—	—	—	—	—	—
K Wallbridge	FY24	108,603	—	—	8,064	8,999	—	—	125,666	—
	FY23	—	—	—	—	—	—	—	—	—
A Welsh	FY24	772,952	179,221	120,069	27,048	16,187	209,889	—	1,325,366	38.4%
	FY23	714,020	541,190	189,080	25,005	26,499	287,774	—	1,783,568	57.1%
Former										
A Bell	FY24	579,692	359,934	113,060	20,198	(99,032)	181,811	—	1,155,663	56.7%
	FY23	774,495	678,356	208,193	25,005	12,679	314,574	—	2,013,302	59.7%
C Baddock	FY24	321,746	112,401	99,796	11,507	(22,895)	317,924	419,698	1,260,177	42.1%
	FY23	714,020	486,371	181,961	25,005	(15,891)	307,784	—	1,699,250	57.4%
S Marshall[6]	FY24	—	—	—	—	—	—	—	—	—
	FY23	1,074,995	928,125	298,126	25,005	80,060	106,365	—	2,512,676	53.0%
Total	**FY24**	**4,661,639**	**1,632,797**	**981,570**	**136,895**	**18,076**	**1,984,934**	**419,698**	**9,835,609**	**46.8%**
	FY23	**5,002,525**	**4,181,566**	**1,341,844**	**125,025**	**130,270**	**2,339,492**	**—**	**13,120,722**	**59.9%**

1. The cash component of the FY24 STI reward of 60% (Group CEO), 67% (Group CFO) and 75% (other Executives) is payable in cash in July 2024. The cash component of the FY23 STI reward of 67% (Group CEO) and 75% (other Executives) was paid in cash in July 2023.
2. The deferred equity component of the FY24 STI reward of 40% (Group CEO), 33% (Group CFO) and 25% (other Executives) is deferred and released through the issue of Metcash performance rights, conditional upon the executive being employed by the Company on 3 July 2025. The fair value of the deferred share component is amortised over the performance period.
3. The deferred equity component of the FY23 STI reward of 33% (Group CEO) and 25% (other Executives) vested during the year. Shares are expected to be issued to participants on 3 July 2024. The fair value of the deferred share component was amortised over the two-year performance period.
4. Includes changes in annual and long service leave entitlements.
5. The termination benefit paid to Mr Baddock was in accordance with the terms of his separation agreement.
6. Mr Marshall resigned as CEO Food on 27 January 2023 and ceased employment on 23 June 2023. The amounts disclosed above reflect Mr Marshall's remuneration relating to the period from 1 May 2022 to 30 April 2023.

Executive KMP performance rights holdings

Name	Balance at 1 May 2023	Granted	Vested/ Exercised[1]	Forfeited	Other changes during the year[2]	Balance at 30 April 2024
Current						
D Jones	741,484	593,201	(193,455)	—	—	1,141,230
D Sita	—	390,864	—	—	—	390,864
R Murray	—	97,200	—	—	—	97,200
G Ramage	220,868	114,214	(93,022)	—	—	242,060
K Wallbridge	—	—	—	—	—	—
A Welsh	367,670	158,328	(208,576)	—	—	317,422
Former						
A Bell	341,469	57,391	(212,411)	—	(186,449)	—
C Baddock	367,670	153,690	(203,938)	(83,354)	(234,068)	—
Total	**2,039,161**	**1,564,888**	**(911,402)**	**(83,354)**	**(420,517)**	**2,188,776**

1. As foreshadowed in the FY23 financial report, a total of 573,622 performance rights from the FY21-FY23 LTI plan vested on 15 August 2023. The vested shares were acquired on market and allocated to the participants on 15 August 2023. In addition, a total of 337,780 performance rights were granted to the Executives and have then subsequently vested in relation to the deferred component of the FY23 STI plan.
2. Includes balance adjustments for Executives leaving KMP roles.

Executive KMP shareholdings

Name	Balance at 1 May 2023	Acquired during the year[1]	Other changes during the year[2]	Balance at 30 April 2024
Current				
D Jones	196,289	8,956	—	205,245
D Sita[3]	—	—	—	—
R Murray[3]	—	—	—	—
G Ramage	165,911	93,022	—	258,933
K Wallbridge[3]	—	—	—	—
A Welsh	246,946	162,790	—	409,736
Former				
A Bell	79,688	155,020	(234,708)	—
C Baddock	295,751	162,790	(458,541)	—
Total	**984,585**	**582,578**	**(693,249)**	**873,914**

1. Includes vesting of shares in relation to Metcash's deferred STI and LTI plans. For Mr Jones, this includes 8,956 shares purchased as part of the Share Purchase Plan in February 2024.
2. Includes sale of ordinary shares and balance adjustments for Executives leaving KMP roles.
3. Ms Sita, Mr Murray and Ms Wallbridge all commenced with Metcash during FY24 and have five years to meet the minimum shareholding guideline.

This concludes the Remuneration Report.

OTHER DISCLOSURES

Unissued shares under share options and performance rights

At the date of this report, there were 5,734,038 performance rights (5,734,038 at the reporting date). There were no share options on issue at the reporting date or at the date of this report. Refer to note 7.1 of the financial statements for further details regarding performance rights.

Shares issued as a result of options and performance rights

During the year, a total 1,793,848 shares were issued to employees and executives in relation to the vesting of the FY21-FY23 LTI grant. There were no other shares issued to employees or executives during or since the end of the financial year in respect of the exercise of performance rights or options.

Indemnification of Auditors

Pursuant to the terms of engagement the Company has with its auditors, EY Australia, the Company has agreed to indemnify EY Australia to the extent permitted by law and professional regulations, against any losses, liabilities, costs or expenses incurred by EY Australia where they arise out of or occur in relation to any negligent, wrongful or wilful act or omission by the Company. No payment has been made to EY Australia by the Company pursuant to this indemnity, either during or since the end of the financial year.

Non-audit services

Details of the non-audit services undertaken by, and amounts paid to the Company's auditor, EY Australia are detailed in note 7.2 of the financial statements.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

The auditor's independence declaration for the year ended 30 April 2024 has been received and is included on page 82.

Subsequent events

On 3 June 2024, Metcash announced that completion had occurred in relation to the acquisition of a 100% ownership interest in SFG Group Holdings Pty Ltd ('Superior Foods'). Superior Foods is a leading Australian foodservice distribution business in the large and growing foodservice market. The acquisition delivers immediate scale and growth opportunities in the adjacent foodservice market and further strengthens and diversifies our existing Food business. The purchase price for the acquisition comprises an enterprise value of up to $412.3 million ($390 million fixed and paid at completion, plus a potential Group Earn-Out payment of up to $22.3 million) plus/minus certain other customary adjustments in relation to net debt and working capital, which are expected to be finalised in October 2024.

Other than the matters disclosed in this report, there were no events that have occurred after the end of the financial year that would materially affect the reported results or would require disclosure in this report.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest $100,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Signed in accordance with a resolution of the Directors.

DOUG JONES
Director

Sydney, 24 June 2024

FINANCIAL REPORT

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2024

	Notes	FY24 $m	FY23 $m
Sales revenue	3.1, 3.2	15,912.4	15,803.4
Cost of sales		(13,970.7)	(13,961.1)
Gross profit		**1,941.7**	**1,842.3**
Other income	3.3	22.2	21.0
Share of profit from equity-accounted investments	4.4	19.8	19.2
Employee benefit expenses	3.3	(969.3)	(905.5)
Depreciation and amortisation	3.3	(192.0)	(175.0)
Lease expenses	3.3	(80.5)	(67.2)
Impairment expenses, net of reversals	3.3	(30.6)	(48.9)
Other expenses		(215.0)	(185.1)
Finance costs, net	3.3	(92.6)	(64.7)
Significant items	3.3	(31.9)	(59.6)
Profit before income tax		**371.8**	**376.5**
Income tax expense	3.4	(113.7)	(116.2)
Net profit for the year		**258.1**	**260.3**
Other comprehensive income for the year, net of tax		1.3	1.3
Total comprehensive income for the year		**259.4**	**261.6**
Net profit for the year is attributable to:			
Equity holders of the parent		257.2	259.0
Non-controlling interests		0.9	1.3
		258.1	**260.3**
Total comprehensive income for the year is attributable to:			
Equity holders of the parent		258.5	260.3
Non-controlling interests		0.9	1.3
		259.4	**261.6**
Earnings per share attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents)	3.5	25.8	26.8
Diluted earnings per share (cents)	3.5	25.7	26.7

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2024

	Notes	FY24 $m	FY23 $m
ASSETS			
Current assets			
Cash and cash equivalents		97.3	89.5
Trade and other receivables and customer loans	4.1	1,912.0	1,767.8
Lease receivables	4.2	39.5	41.1
Inventories	4.3	1,196.9	1,183.4
Assets held for sale		7.6	7.6
Income tax receivable		6.7	—
Other financial assets		2.7	2.0
Total current assets		**3,262.7**	**3,091.4**
Non-current assets			
Customer loans	4.1	9.5	9.9
Lease receivables	4.2	182.8	216.5
Equity-accounted investments	4.4	135.6	123.6
Net deferred tax assets	3.4	152.4	152.3
Property, plant and equipment	4.5	340.1	273.6
Right-of-use assets	4.2	646.3	616.7
Intangible assets	4.6	1,061.5	895.1
Other financial assets		5.5	—
Total non-current assets		**2,533.7**	**2,287.7**
TOTAL ASSETS		**5,796.4**	**5,379.1**
LIABILITIES			
Current liabilities			
Trade and other payables		2,478.4	2,294.9
Interest-bearing borrowings	5.2	49.1	168.3
Lease liabilities	4.2	164.2	147.8
Provisions	4.8	156.6	164.1
Income tax payable		—	11.6
Put options and other financial liabilities	5.3	40.7	109.7
Total current liabilities		**2,889.0**	**2,896.4**
Non-current liabilities			
Interest-bearing borrowings	5.2	300.1	270.8
Lease liabilities	4.2	897.6	901.6
Provisions	4.8	32.1	40.8
Put options and other financial liabilities	5.3	149.2	184.4
Total non-current liabilities		**1,379.0**	**1,397.6**
TOTAL LIABILITIES		**4,268.0**	**4,294.0**
NET ASSETS		**1,528.4**	**1,085.1**
EQUITY			
Contributed equity	5.4	1,238.8	818.3
Retained earnings		270.8	257.2
Other reserves	5.4	7.0	(1.9)
Equity holders of the parent		**1,516.6**	**1,073.6**
Non-controlling interests		11.8	11.5
TOTAL EQUITY		**1,528.4**	**1,085.1**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2024

	Notes	Contributed equity $m	Retained earnings $m	Other reserves $m	Equity holders of the parent $m	Non-controlling interests $m	Total equity $m
At 1 May 2023		**818.3**	**257.2**	**(1.9)**	**1,073.6**	**11.5**	**1,085.1**
Total comprehensive income, net of tax		—	257.2	1.3	258.5	0.9	259.4
Transactions with owners							
Share issue, net of transaction costs	5.4	420.5	—	—	420.5	—	420.5
Dividends paid	5.5	—	(213.7)	—	(213.7)	(1.7)	(215.4)
Recognition of put option liabilities	6.1	—	(29.6)	—	(29.6)	—	(29.6)
Transactions with non-controlling interests		—	4.0	—	4.0	—	4.0
Transfers		—	(4.3)	4.3	—	—	—
Share-based payments settled in cash		—	—	(2.6)	(2.6)	—	(2.6)
Share-based payments expense		—	—	5.9	5.9	—	5.9
Acquired through business combination		—	—	—	—	1.1	1.1
At 30 April 2024		**1,238.8**	**270.8**	**7.0**	**1,516.6**	**11.8**	**1,528.4**
At 1 May 2022		**818.3**	**265.0**	**(3.4)**	**1,079.9**	**10.5**	**1,090.4**
Total comprehensive income, net of tax		—	259.0	1.3	260.3	1.3	261.6
Transactions with owners							
Dividends paid	5.5	—	(217.2)	—	(217.2)	(2.2)	(219.4)
Recognition of put option liabilities		—	(38.0)	—	(38.0)	—	(38.0)
Transactions with non-controlling interests	5.4	—	—	—	—	1.9	1.9
Transfers		—	(11.6)	11.6	—	—	—
Shares issued to employees	7.1	—	—	(18.4)	(18.4)	—	(18.4)
Share-based payments expense		—	—	7.0	7.0	—	7.0
At 30 April 2023		**818.3**	**257.2**	**(1.9)**	**1,073.6**	**11.5**	**1,085.1**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2024

	Notes	FY24 $m	FY23 $m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		19,732.9	19,722.0
Payments to suppliers and employees		(19,036.8)	(19,144.1)
Financing component of lease payments, net	4.2	(36.7)	(34.2)
Interest paid, net		(53.1)	(29.0)
Dividends received		7.8	9.7
Income tax paid, net of tax refunds	3.4	(131.5)	(151.7)
Net cash generated from operating activities	5.1	**482.6**	**372.7**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of assets		12.9	0.3
Payments for acquisition of assets		(135.9)	(152.1)
Payments for acquisition of subsidiaries, net of cash acquired	6.1	(205.6)	(55.9)
Payments for acquisition of additional interest in associate		—	(4.5)
Receipts from subleases, excluding the financing component	4.2	40.5	43.0
Loans repaid by other entities, net		0.2	12.6
Net cash used in investing activities		**(287.9)**	**(156.6)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	5.2	6,325.0	4,503.4
Repayments of borrowings	5.2	(6,416.4)	(4,359.3)
Payments for acquisition of non-controlling interests	6.1	(139.8)	(12.8)
Payments for lease liabilities, excluding the financing component	4.2	(152.3)	(119.8)
Proceeds from equity raise, net of the share issue costs	5.4	351.9	—
Payments for on-market purchase of shares		—	(16.2)
Payment of dividends to owners of the parent	5.5	(147.3)	(217.2)
Payment of dividends to non-controlling interests		(8.0)	(9.4)
Net cash used in financing activities		**(186.9)**	**(231.3)**
Net increase/(decrease) in cash and cash equivalents		**7.8**	**(15.2)**
Add: opening cash and cash equivalents		89.5	104.7
Cash and cash equivalents at the end of the year		**97.3**	**89.5**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial statements of Metcash Limited (the 'Company') and its controlled entities (together the 'Group') for the year ended 30 April 2024 were authorised for issue in accordance with a resolution of the Directors on 24 June 2024.

Metcash Limited is a for-profit company limited by ordinary shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report. The registered office of the Company is 1 Thomas Holt Drive, Macquarie Park NSW 2113.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. Basis of preparation

The financial statements are a general-purpose financial report that has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared using the historical cost basis except for derivative financial instruments and share-based payments which are measured at fair value.

The financial statements are presented in Australian dollars and all values are rounded to the nearest $100,000 unless otherwise stated under the option available to the Company under *ASIC Corporations Instrument 2016/191*. The Company is an entity to which the legislative instrument applies.

The financial statements comply with Australian Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The current financial year comprises a 52-week period that commenced on 1 May 2023 and ended on 28 April 2024. The prior financial year comprised a 52-week period that commenced on 2 May 2022 and ended on 30 April 2023.

Certain comparative information was amended in these financial statements to conform to the current year presentation. These amendments do not impact the Group's financial results and do not have any significant impact on the Group's balance sheet.

2.2. Changes in accounting policy

The accounting policies adopted are consistent with those of the previous period.

There are no accounting pronouncements which have become effective from 1 May 2023 that have a significant impact on the Group's financial report. Refer to Appendix A for new or amended Accounting Standards and Interpretations.

2.3. Material accounting policies

2.3.1. Basis of consolidation

Controlled entities

The financial statements comprise the consolidated financial statements of Metcash Limited and its controlled entities for the year ended 30 April 2024. Refer to Appendix B for a list of controlled entities.

Controlled entities are all those entities over which 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 over the entity.

Consolidation procedures

Controlled entities are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

In preparing the consolidated financial statements, all intercompany balances and transactions have been eliminated in full.

Non-controlling interests are allocated their share of total comprehensive income and are presented as a separate category within equity.

The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. For those controlled entities with non-coterminous year-ends, management accounts for the relevant period to the Group's reporting date have been consolidated. In the opinion of the Directors, the expense of providing additional coterminous statutory accounts, together with consequential delay in producing the Group's financial statements, would outweigh any benefit to shareholders.

Separate financial statements

Investments in entities controlled by Metcash Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from controlled entities are recorded as income in the separate financial statements of the parent entity, and do not impact the recorded cost of the investment unless the dividends effectively represent a return of capital.

2.4. Significant accounting judgements, estimates and assumptions

The Group has incorporated judgements, estimates and assumptions in determining the amounts recognised in the financial statements based on conditions existing at balance date.

2.4.1.Significant accounting judgements

In the process of applying the Group's accounting policies, the following judgements were made, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

Note	Areas	Judgements
Note 3.2	Sales revenue	– Charge-through sales – In addition to warehouse purchases, customers purchase goods through the Group's charge-through platform and have these goods delivered directly to them from suppliers. The Group earns a margin on these sales for providing procurement, cross-docking and settlement services. The Group also bears credit risk on the receivables from these sales with limited recourse to suppliers. – The Group determined that it is an agent in these contracts as it does not control the goods before they are transferred to customers.
Note 4.2	Leases	– Determination of lease term of contracts with renewal options.
Note 4.3	Inventories	– Supplier rebate income – The recognition and measurement of supplier rebate income requires the use of judgement, due to a high degree of variability and complexity in arrangements with suppliers, and due to timing differences between stock purchases and the provision of promotional services.
Note 6.1	Business combinations	– Determining the existence of control, joint control or significant influence over the Group's acquisitions. Where the Group exercises significant influence or joint control, the acquisitions are accounted for as equity accounted investments (note 4.4); and where the Group exercises control, the acquisitions are accounted for as business combinations. – Determining the acquisition date fair value of assets acquired and liabilities assumed on acquisition of controlled entities.

2.4.2.Significant accounting estimates

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Note	Areas	Estimates
Note 4.1	Trade receivables and loans	Allowance for impairment loss
Note 4.4	Equity-accounted investments	Assessment of recoverable amount
Note 4.7	Impairment of non-financial assets	Assessment of recoverable amount
Note 4.2 and 4.8	Provisions	Property provisions
Note 5.3	Put option liabilities	Determining put option consideration

3. GROUP PERFORMANCE

3.1. Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources. Discrete financial information about these operating segments is reported on at least a monthly basis.

The information reported to the CEO is aggregated based on product types and the overall economic characteristics of industries in which the Group operates. The Group's reportable segments are therefore as follows:

– **Food** activities comprise the distribution of a range of products and services to independent supermarket and convenience retail outlets.

– **Hardware** activities comprise the distribution of hardware products to independent retail outlets and the operation of company owned and joint venture retail stores.

– **Liquor** activities comprise the distribution of liquor products to independent retail outlets and hotels.

The Group operates predominantly in Australia. The Group has operations in New Zealand that represent less than 5% of revenue, results and assets of the Group. The Group does not have a single customer which represents greater than 10% of the Group's revenue.

Sales between segments are based on similar terms and conditions to those in place with third party customers and are eliminated from the results below.

Segment results

	Segment revenue		Segment revenue	
	FY24 $m	FY23 $m	FY24 $m	FY23 $m
Food	8,307.8	8,410.1	210.1	204.0
Hardware	2,471.0	2,344.1	210.9	219.2
Liquor	5,133.6	5,049.2	109.2	104.1
Segment total	**15,912.4**	**15,803.4**	**530.2**	**527.3**
Corporate			(33.9)	(26.5)
Group underlying earnings before interest and tax ('EBIT')			**496.3**	**500.8**
Finance costs, net (Note 3.3)			(92.6)	(64.7)
Significant items (Note 3.3)			(31.9)	(59.6)
Profit before income tax			**371.8**	**376.5**

3.2. Sales revenue

Sale of goods

The Group's revenue principally arises from the sale of goods within its wholesale distribution and retail operations. Sales revenue is recognised when the Group has delivered goods to its customers, and it is probable that consideration will be collected in exchange. Revenue is measured based on the consideration expected to be received, net of trade rebates.

Charge-through sales

The Group operates a charge-through platform whereby goods are delivered directly to the Group's customers by suppliers. The Group retains the credit risk associated with these transactions; however, the Group does not bear any material inventory risk or exercise any material discretion in establishing prices. Charge-through transactions are therefore reported on an agency or net 'commission' basis with the gross sale value included in trade receivables and the gross purchase cost included in trade payables. Gross charge-through sales to customers during the year were $2.267 billion (FY23: $2.249 billion).

3.3. Other income and expenses

	FY24 $m	FY23 $m
(I) OTHER INCOME		
Lease income – rent	8.3	8.2
Lease income – outgoings recoveries	12.7	12.8
Net gain from disposal of plant and equipment	1.0	—
Other, net	0.2	—
	22.2	**21.0**
(II) EMPLOYEE BENEFIT EXPENSES		
Salaries and wages, incentives, and on-costs	893.4	837.8
Superannuation expense	70.6	61.2
Share-based payments expense	5.3	6.5
	969.3	**905.5**
(III) DEPRECIATION AND AMORTISATION		
Depreciation of right-of-use assets	123.4	112.7
Depreciation of property, plant and equipment	43.4	39.6
Amortisation of software	20.3	18.1
Amortisation of other intangible assets	4.9	4.6
	192.0	**175.0**
(IV) LEASE EXPENSES		
Property rent	6.8	4.9
Property outgoings	62.6	53.8
Equipment and other leases	11.1	8.5
	80.5	**67.2**
(V) IMPAIRMENT EXPENSES, NET OF REVERSALS		
Trade receivables and loans	4.5	10.2
Inventories	22.9	31.7
Property provisions	(4.0)	2.3
Other impairments (net)	7.2	4.7
	30.6	**48.9**
(VI) FINANCE COSTS, NET		
Interest expense	42.2	25.3
Transaction fees in relation to customer charge cards (Note 4.1)	13.8	4.5
Deferred borrowing costs	1.7	1.3
Finance component of lease payments, net	36.7	34.2
Finance costs from discounting of liabilities	0.8	1.6
Interest income	(2.6)	(2.2)
	92.6	**64.7**

MATERIAL ACCOUNTING POLICIES

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other finance costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Certain provisions are measured at their discounted value. During each period the provision is increased by an amount that is equal to the provision multiplied by the discount rate. This increment, including any change in the value of the provision as a result of a change in discount rate, is treated as a finance cost.

	FY24 $m	FY23 $m
(VII) SIGNIFICANT ITEMS		
Project Horizon implementation costs	20.6	34.6
Put option valuation and business acquisition costs (net)	8.7	30.0
Mega Distribution Centre transition costs	2.6	4.3
Impairment reversals	—	(9.3)
Total significant items before tax	31.9	59.6
Income tax benefit attributable to significant items	(6.8)	(11.1)
Total significant items after tax	**25.1**	**48.5**

Project Horizon implementation costs

Project Horizon is a critical group technical infrastructure consolidation and replacement program aimed at repositioning Metcash to be a modern, technology-led wholesaler. The program provides the platform to drive simplification and efficiency across the Food & Liquor businesses, as well as making it easier for customers and suppliers to do business with Metcash. The program continues to make steady progress, most recently delivering a streamlined all-in-one payables solution. The program is expected to be completed by the end of FY26.

In FY24, the Group incurred $20.6 million (FY23: $34.6 million) of expenses on the project. The project expenses included resource costs, accelerated amortisation and impairment of redundant software assets and incremental software licence and maintenance costs. These costs are separately disclosed within significant items in the Statement of Comprehensive Income to enable a better understanding of the Group's results.

Put option valuation and business acquisition costs

The carrying amounts of the Group's put option liabilities at balance date were remeasured to reflect the estimated put option exercise prices, with a credit relating to the net reduction in put option value of $11.3 million (FY23: increase in put option value of $17.5 million) recorded as a significant item within the Statement of Comprehensive Income, together with the net present value interest unwind expense on the put option liabilities of $8.0 million (FY23: $9.5 million).

In addition, the Group incurred transaction costs of $12.0 million (FY23: $1.5 million) in relation to business acquisitions in FY24 including Bianco Construction Supplies, Alpine Truss and Total Tools JV stores as detailed in Note 6.1 as well as in relation to the acquisition of Superior Food Services which was completed on 3 June 2024 as detailed in Note 7.4.

Mega Distribution Centre (DC) transition costs

The Group continues to invest in its mega DC's capacity, capabilities, footprint & supply chain systems to support current and future business opportunities. During the period, the Group incurred $2.6 million (FY23: $4.3 million) of net costs primarily associated with the planned move to the new DC in Truganina, Victoria which is expected to be operational in mid FY25.

Impairment, net of reversals

In FY23, the Group recognised a $7.3 million reversal of impairment in relation to its joint venture entity, Adcome Pty Ltd (Cornetts) reflecting an increase in the estimated recoverable amount of the investment since the date the impairment loss was originally recognised in FY12.

In addition, in FY23 an impairment reversal of $2.0 million was recognised reflecting a decrease in the expected credit losses previously recognised in relation to specific groups of trade receivables impacted by COVID-19 provisions.

3.4. Income Taxes

	FY24 $m	FY23 $m
MAJOR COMPONENTS OF INCOME TAX EXPENSE		
Current income tax charge	112.6	125.8
Adjustments in respect of income tax of previous years	1.0	1.6
Deferred income tax relating to origination and reversal of temporary differences	0.1	(11.2)
Total income tax expense	**113.7**	**116.2**
RECONCILIATION OF INCOME TAX EXPENSE		
Profit before income tax	371.8	376.5
At the Group's statutory income tax rate of 30% (FY23: 30%)	111.5	113.0
Other assessable amounts – net	1.2	1.6
Adjustments in respect of income tax of previous years	1.0	1.6
Income tax expense	**113.7**	**116.2**
COMPONENTS OF NET DEFERRED TAX ASSETS		
Provisions	110.2	114.6
Leases	49.2	44.9
Accelerated depreciation for accounting purposes	10.7	7.0
Other	16.4	17.2
Intangible assets	(34.1)	(31.4)
	152.4	**152.3**
MOVEMENTS IN NET DEFERRED TAX ASSETS		
Opening balance	152.3	139.6
Credited to net profit for the year	—	11.6
Charged to other comprehensive income	(0.9)	—
Tax benefit associated with share issue costs	2.2	—
Adjustments related to business combinations	(1.2)	1.1
Closing balance	**152.4**	**152.3**

During the year, the Group paid $131.5 million of income tax (FY23: $151.7 million). The income tax paid exceeded the level of income tax expense of $113.7 million (FY23: $116.2 million) due to the increase in the ATO prescribed income tax instalment rate. Part of this excess is expected to be refunded upon lodgement of the Group's FY24 income tax returns.

Tax consolidation

Metcash Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2005. Metcash Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a modified standalone basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with a group allocation method using modified standalone tax calculations as the basis for allocation. Deferred taxes of members of the tax consolidated group are measured and recognised in accordance with the principles of AASB 112 *Income Taxes*.

Under the tax funding agreement, funding is based upon the amounts allocated and recognised by the member entities. Accordingly, funding results in an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head entity, Metcash Limited.

MATERIAL ACCOUNTING POLICIES

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the relevant reporting date.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

– except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and
– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

3.5. Earnings per share

The following reflects the earnings data used in the basic and diluted earnings per share (EPS) computations:

	FY24 $m	FY23 $m
EARNINGS USED IN CALCULATING BASIC AND DILUTED EPS		
Net profit attributable to ordinary equity holders of Metcash Limited	257.2	259.0

The following reflects the share data used in the basic and diluted EPS computations:

	FY24 Number	FY23 Number
Weighted average number of ordinary shares used in calculating basic EPS	997,148,620	965,541,602
Effect of dilutive securities	2,622,935	3,141,713
Weighted average number of ordinary shares used in calculating diluted EPS	**999,771,555**	**968,683,315**

At the reporting date, 5,734,038 performance rights (contingently issuable shares) (FY23: 7,064,289) were outstanding, of which 3,111,103 (FY23: 3,922,576) were not included in the calculation of diluted EPS. Refer to note 7.1 for more details about performance rights.

MATERIAL ACCOUNTING POLICIES

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

– costs of servicing equity (other than dividends);
– the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
– other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. Contingently issuable ordinary shares are included in the diluted weighted average number of shares only if the relevant condition of the issue is satisfied at the end of the reporting period.

4. ASSETS AND LIABILITIES

4.1. Trade and other receivables and customer loans

	FY24 $m	FY23 $m
CURRENT		
Trade receivables	1,468.6	1,392.6
Allowance for impairment loss	(46.7)	(49.7)
Trade receivables	1,421.9	1,342.9
Customer charge cards agreement (a)	235.6	232.5
Other receivables and prepayments	248.7	189.3
Trade and other receivables	**1,906.2**	**1,764.7**
Customer loans	6.4	3.8
Allowance for impairment loss	(0.6)	(0.7)
Customer loans	**5.8**	**3.1**
Total trade and other receivables and customer loans – current	**1,912.0**	**1,767.8**
NON-CURRENT		
Customer loans	11.4	12.3
Allowance for impairment loss	(1.9)	(2.4)
Total customer loans – non-current	**9.5**	**9.9**

(a) Amounts receivable under the customer charge card agreements are fully offset by a corresponding amount included in trade and other payables and are described below.

Movements in allowance for impairment loss

	FY24 $m	FY23 $m
Opening balance	52.8	60.2
Charged as an expense during the year	4.5	8.2
Accounts written off as non-recoverable	(8.1)	(15.6)
Closing balance	**49.2**	**52.8**

Weighted average interest

Trade and other receivables are non-interest-bearing and repayment terms vary by pillar. As at 30 April 2024, $7.6 million (FY23: $5.5 million) of customer loans are non-interest-bearing and $10.2 million (FY23: $10.6 million) of customer loans have a weighted average annual interest rate of 7.1% (FY23: 7.2%).

Maturity of trade receivables

At 30 April 2024, 96.9% (FY23: 89.2%) of trade receivables are either due or required to be settled within 30 days, 1.0% (FY23: 9.7%) have terms extending from 30 to 60 days and 2.1% (FY23: 1.1%) have terms greater than 60 days.

Customer charge cards agreement

Under an agreement between Metcash and American Express (Amex), eligible retail customers make trade purchases from Metcash using their Amex customer charge cards. Metcash's trade receivable is settled in full by Amex. Amex subsequently collects the amounts outstanding on the customer charge cards directly from the retailers.

Under the agreement, in the event a customer defaults on their payment obligation to Amex, Metcash must reacquire the trade receivable from Amex. The maximum amount payable by Metcash to Amex is limited to the actual face value of the outstanding trade receivable and does not include any interest or any other costs incurred by Amex. Once reacquired, Metcash would seek to collect the trade receivable from the retail customer through its normal credit processes.

The agreement was renewed during the prior year and operates on an evergreen basis until either Metcash or Amex provides a 12-month notice of cancellation. The earliest date on which the agreement could be cancelled is 30 June 2025.

The customer charge cards agreement is presented as part of current trade and other receivables and a matching current liability of $235.6 million (FY23: $232.5 million) is included within trade and other payables, with no impact to the Group's net asset position.

Customer loan security

The Group has access to security against most customer loans in the event of default. Security held may include bank and personal guarantees, fixed and floating charges and security over property and other assets. Due to the large number and the varied nature of security held, their fair value cannot be practicably estimated. The fair value of the security against a loan is determined when the loan is not deemed to be recoverable and an allowance for impairment loss is raised to cover any deficit in recoverability.

Ageing of trade receivables and loans, net

	Trade receivables (a)		Customer loans		Other receivables and prepayments	
Days overdue	**$m**	**%**	**$m**	**%**	**$m**	**%**
AT 30 APRIL 2024						
Neither past due nor impaired	1,522.7	91.9%	14.7	96.0%	248.7	100.0%
Less than 30 days	114.6	6.9%	0.1	0.7%	—	—
Between 30 and 60 days	16.1	1.0%	—	—	—	—
Between 60 and 90 days	4.1	0.2%	0.1	0.7%	—	—
Between 90 and 120 days	—	—	—	—	—	—
More than 120 days	—	—	0.4	2.6%	—	—
Total	**1,657.5**	**100.0%**	**15.3**	**100.0%**	**248.7**	**100.0%**
AT 30 APRIL 2023						
Neither past due nor impaired	1,485.1	94.3%	11.5	88.7%	189.3	100.0%
Less than 30 days	80.3	5.1%	0.1	0.8%	—	—
Between 30 and 60 days	8.1	0.5%	0.1	0.8%	—	—
Between 60 and 90 days	1.9	0.1%	—	—	—	—
Between 90 and 120 days	—	—	—	—	—	—
More than 120 days	—	—	1.3	9.7%	—	—
Total	**1,575.4**	**100.0%**	**13.0**	**100.0%**	**189.3**	**100.0%**

(a) The ageing profile of trade receivables includes amounts receivable under the customer charge cards agreement.

MATERIAL ACCOUNTING POLICIES

Trade receivables

Trade receivables are measured at the transaction price determined under the 'Sales Revenue' material accounting policy (Note 3.2).

Allowance for impairment loss

The Group recognises an allowance for impairment loss based on expected credit losses (ECL) for its trade and other receivables. The Group has established a provision rate matrix, under the simplified approach in calculating ECL, that is based on its historical credit loss experience, adjusted for forward-looking factors specific to a group of debtors and the economic environment.

SIGNIFICANT ACCOUNTING ESTIMATES

Allowance for impairment loss

The Group uses a provision rate matrix to calculate ECLs for receivables. The provision rates are initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information (e.g., any known changes in market conditions with reference to the most recent gross domestic product data). At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4.2. Right-of-use assets, lease receivables and lease liabilities

	Right-of-use assets (a)				
	Leasehold properties $m	Motor vehicles and equipment $m	Total $m	Lease receivables (b)(c) $m	Lease liabilities $m
As at 1 May 2023	**583.6**	**33.1**	**616.7**	**257.6**	**(1,049.4)**
New and modified leases	49.8	5.4	55.2	0.6	(56.1)
Additions through business combinations	46.0	—	46.0	—	(46.0)
Leases exited	(1.3)	—	(1.3)	(2.6)	4.2
Lease remeasurements	53.8	0.7	54.5	11.1	(66.8)
Depreciation	(110.6)	(12.8)	(123.4)	—	—
Impairments	(1.4)	—	(1.4)	(3.9)	—
Cash (receipts)/payments	—	—	—	(52.0)	200.5
Financing component of lease receipts/(payments)	—	—	—	11.5	(48.2)
As at 30 April 2024	**619.9**	**26.4**	**646.3**	**222.3**	**(1,061.8)**
Current	—	—	—	39.5	(164.2)
Non-current	619.9	26.4	646.3	182.8	(897.6)
As at 1 May 2022	**574.9**	**40.5**	**615.4**	**275.1**	**(1,030.6)**
New and modified leases	54.7	3.4	58.1	2.5	(61.0)
Additions through business combinations	16.6	—	16.6	—	(16.6)
Leases exited	(1.5)	—	(1.5)	(6.2)	6.6
Lease receivable measurement	—	—	—	3.9	—
Lease remeasurements	40.6	3.3	43.9	27.1	(70.0)
Depreciation	(98.6)	(14.1)	(112.7)	—	—
Reclassifications	(0.2)	—	(0.2)	(1.9)	2.3
Impairments, net	(2.9)	—	(2.9)	0.1	0.1
Cash (receipts)/payments	—	—	—	(55.8)	166.8
Financing component of lease receipts/(payments)	—	—	—	12.8	(47.0)
As at 30 April 2023	**583.6**	**33.1**	**616.7**	**257.6**	**(1,049.4)**
Current	—	—	—	41.1	(147.8)
Non-current	583.6	33.1	616.7	216.5	(901.6)

(a) The cost and accumulated depreciation and impairment of the right-of-use assets are presented below:

	Right-of-use assets		
	Leasehold properties $m	Motor vehicles and equipment $m	Total $m
Cost	1,113.4	95.6	1,209.0
Accumulated depreciation and impairment	(493.5)	(69.2)	(562.7)
As at 30 April 2024	**619.9**	**26.4**	**646.3**
Cost	971.4	91.4	1,062.8
Accumulated depreciation and impairment	(387.8)	(58.3)	(446.1)
As at 30 April 2023	**583.6**	**33.1**	**616.7**

(b) As at 30 April 2024, lease receivables include a gross carrying amount of $243.0 million (FY23: $273.5 million) and allowance for impairment losses of $20.7 million (FY23: $15.9 million).

(c) The future minimum rentals receivable under non-cancellable finance leases are as follows:

	FY24 $m	FY23 $m
Within one year	50.1	53.2
After one year but not more than five years	176.0	195.8
More than five years	62.3	77.9
	288.4	326.9
Unearned finance income	(45.4)	(53.4)
Impairment of receivables	(20.7)	(15.9)
	222.3	**257.6**

(d) The future minimum rentals receivable under non-cancellable operating leases are as follows:

	FY24 $m	FY23 $m
Within one year	2.3	2.4
After one year but not more than five years	9.6	9.9
More than five years	3.6	5.0
	15.5	**17.3**

(e) Lease cash receipts and payments are presented in the following lines of the statement of cash flows:

	FY24 $m	FY23 $m
Receipts from subleases, excluding the financing component	40.5	43.0
Payment for lease liabilities, excluding the financing component	(152.3)	(119.8)
Financing component of lease payments, net	(36.7)	(34.2)
Net cash payments	**(148.5)**	**(111.0)**

(f) In FY24, the Group recognised rent expense of $17.9 million (FY23: $13.4 million) from short-term leases and variable lease payments.

(g) Extension options are included in a number of lease contracts across the Group. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. The extension options are exercisable only by the Group and not by the lessors. The present value of lease payments to be made under these options that are considered reasonably certain to be exercised have been included in the lease liability balance at 30 April 2024. The undiscounted potential future payments at current rental rates under options that are not considered reasonably certain to be exercised is approximately $2.1 billion, which includes potential lease payments within the next five years of approximately $192.1 million.

MATERIAL ACCOUNTING POLICIES

Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement of a lease (i.e., the date the underlying asset is available for use). The initial measurement of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessments under AASB 136 *Impairment of Assets*.

Depreciation

Depreciation is provided on a straight-line basis on all right-of-use assets. Major depreciation periods are:

	FY24	FY23
Leasehold properties	1-30 years	1-30 years
Motor vehicles and equipment	4-5 years	4-5 years

Useful lives are reassessed on an annual basis and adjustments, where applicable, are made on a prospective basis.

Lease liabilities

At the commencement of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include renewal periods where the Group is reasonably certain to exercise the renewal option. Outgoings and other variable lease payments that do not depend on an index or a rate are recognised as incurred.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Group as a lessor

Lease receivables

The Group enters into back-to-back lease agreements with independent retailers where the terms of the lease transfer substantially all the risks and rewards of ownership to the sublessee and these are classified as a finance lease.

Amounts due from finance leases are recognised as lease receivables at the amount of the Group's net investment in the lease. Lease receivables are subsequently remeasured if there is a change in the lease term and for changes in future cash flows resulting from a change in an index or rate or variable lease payments becoming fixed. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Short-term leases and leases of low-value assets

The Group applies a recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies a recognition exemption to leases that are considered of low value. Lease payments and rental income from short-term and low-value leases are recognised on a straight-line basis over the lease term.

SIGNIFICANT ACCOUNTING JUDGEMENT

Determination of lease term of contracts with renewal options

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

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

SIGNIFICANT ACCOUNTING ESTIMATES

Property provisions

The Group recognises provisions for rental agreements on acquisition. In measuring these provisions, assumptions are made about future retail sales, rental costs and in determining the appropriate discount rate to be used in the cash flow calculations.

The Group has recognised a provision in accordance with the accounting policy described above. The Group assesses obligations on property make-good, restructuring and other costs. These estimates are determined using assumptions on property-related costs, redundancy and other closure or restructure costs.

4.3. Inventories

	FY24 $m	FY23 $m
Inventories	1,196.9	1,183.4

MATERIAL ACCOUNTING POLICIES

Inventory cost is measured at purchase price, net of trade rebates and discounts received, and including costs incurred in bringing the inventory to its present location and condition. Trade rebates include supplier rebate income, which is systematically allocated against inventory cost using estimates based on expected purchase patterns and earn rates.

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, net of estimated costs necessary to make the sale.

4.4. Equity-accounted investments

The following table presents key information about the Group's interests in associates and joint ventures.

Investee	Principal activities	Reporting date	FY24 %	FY23 %
ASSOCIATES				
Ritchies Stores Proprietary Limited	Grocery retailing	30 June	29.9	29.9
Dramet Holdings Pty Ltd	Grocery retailing	30 June	26.0	26.0
Metcash Export Services Pty Ltd	Grocery retailing	30 April	15.0	15.0
JOINT VENTURES				
Adcome Pty Ltd (Cornetts)	Grocery retailing	30 April	45.0	45.0
BMS Retail Group Holdings Pty Ltd	Grocery retailing	30 June	49.0	49.0
Waltock Pty Ltd	Hardware retailing	30 June	49.0	49.0
LA United Pty Limited[1]	Liquor wholesaling	30 June	75.3	75.3
Liquor Alliance Proprietary Limited[1]	Liquor wholesaling	30 June	66.7	66.7

1. The Group has a direct ownership of 26.0% in LA United Pty Ltd and an indirect ownership of 49.3% via its interest in Liquor Alliance Pty Ltd. While the Group has beneficial ownership of more than 50% of the entity, key operating and financial decisions require the unanimous consent of other joint venture partners. Accordingly, LA United Pty Ltd and Liquor Alliance Pty Ltd are accounted for as joint arrangements.

The principal place of business for all of the Group's equity-accounted investments is Australia, with the exception of Metcash Export Services Pty Ltd, which primarily deals with customers in China.

(a) Share of investees' financial information

The table below provides summarised financial information for Ritchies Stores Proprietary Limited (Ritchies), being an associate that is material to the Group. The Group has a 29.9% ownership interest in Ritchies (FY23: 29.9%).

Summarised Balance Sheet

Ritchies' financial year end date is 30 June. The summarised balance sheet information disclosed below represents the amounts presented in the statutory financial statements of Ritchies at 30 June, adjusted to include significant transactions over the following 10 months between that date and 30 April. The table also reconciles the summarised financial information to the carrying amounts of the Group's interest in Ritchies.

	FY24 $m	FY23 $m
Current assets	157.2	173.8
Non-current assets	450.7	409.3
Total assets	607.9	583.1
Current liabilities	(198.0)	(189.8)
Non-current liabilities	(206.4)	(208.9)
Total liabilities	(404.4)	(398.7)
Net assets	**203.5**	**184.4**
Proportion of the Group's ownership interest in the investment	**60.9**	**55.2**
Equity method notional goodwill	29.7	29.7
Carrying amount of the Group's investment	**90.6**	**84.9**

Summarised Statement of Comprehensive Income

The summarised financial information below reflects the amounts presented in the financial statements of Ritchies.

	FY24 $m	FY23 $m
Revenue	1,357.2	1,337.8
Profit before income tax	45.6	57.2
Income tax expense	(11.0)	(17.5)
Net profit for the year	34.6	39.7
Other comprehensive income/(loss), net of tax	—	—
Total comprehensive income for the year	**34.6**	**39.7**
Group's share of profit for the year	**10.4**	**11.6**
Dividends received by the Group	4.7	6.0

(b) Aggregate information of equity accounted investments that are not individually material

	FY24 $m	FY23 $m
Aggregate carrying amount of individually immaterial associates and joint ventures	**45.0**	**38.7**
Aggregate amounts of the Group's share of:		
– Profit after tax	9.4	7.6
– Other comprehensive income	—	—
Total comprehensive income	**9.4**	**7.6**

(c) Unrecognised share of gains or losses of equity accounted investments

At the reporting date, the Group's share of unrecognised gains or losses is not material.

Refer to note 7.3 for details of the Group's contingent liabilities in relation to equity-accounted investments.

MATERIAL ACCOUNTING POLICIES

Equity-accounted investments of the Group represent both associates and joint ventures and are structured through equity participation in separate legal entities. Metcash invests capital to support the independent retail network, strengthen relationships and fund growth. Relationships with co-investors are governed by contractual agreements which allow the Group to exercise either significant influence or joint control over these entities. Where the Group exercises joint control, key operating decisions are agreed unanimously, regardless of ownership interest.

The Group's investments in joint ventures and associates are accounted for using the equity method. Associates are those entities over which the Group exercises significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Equity-accounted investments are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the investee, less any impairment in value.

For those associates and joint ventures with non-coterminous year ends, management accounts for the relevant period to the Group's reporting date have been equity-accounted. In the opinion of the Directors, the expense of providing additional coterminous statutory accounts, together with consequential delay in producing the Group's financial statements, would outweigh any benefit to shareholders.

SIGNIFICANT ACCOUNTING ESTIMATES

Impairment of equity-accounted investments

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

In assessing the recoverable amount, assumptions are made about the growth prospects of the investment and in determining the discount rate used to calculate the net present value of future cash flows when a discounted cash flow model is used.

An impairment loss recognised in prior periods is reversed if there has been a change in estimates used to determine the equity-accounted investments recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the investment is increased to its recoverable amount, with the increase being recognised as a reversal of an impairment loss in the Statement of Comprehensive Income.

4.5. Property, plant and equipment

	Land & buildings $m	Plant & equipment $m	Total $m
YEAR ENDED 30 APRIL 2024			
Opening balance	38.4	235.2	273.6
Additions	—	97.8	97.8
Additions through business combinations	2.1	22.9	25.0
Disposals	(6.9)	(2.4)	(9.3)
Impairments	—	(0.3)	(0.3)
Reclassifications	0.6	(3.0)	(2.4)
Depreciation	(0.7)	(43.6)	(44.3)
Closing balance	**33.5**	**306.6**	**340.1**
AT 30 APRIL 2024			
Cost	42.4	655.8	698.2
Accumulated depreciation and impairment	(8.9)	(349.2)	(358.1)
Net carrying amount	**33.5**	**306.6**	**340.1**
YEAR ENDED 30 APRIL 2023			
Opening balance	35.7	210.2	245.9
Additions	—	71.3	71.3
Additions through business combinations	—	2.3	2.3
Disposals	—	(1.3)	(1.3)
Impairments	—	(3.0)	(3.0)
Reclassifications	3.0	(4.1)	(1.1)
Depreciation	(0.3)	(40.2)	(40.5)
Closing balance	**38.4**	**235.2**	**273.6**
AT 30 APRIL 2023			
Cost	46.6	540.5	587.1
Accumulated depreciation and impairment	(8.2)	(305.3)	(313.5)
Net carrying amount	**38.4**	**235.2**	**273.6**

Additions to plant and equipment include $61.1 million (FY23: $24.0 million) of assets under construction. The closing balance of plant and equipment includes $65.8 million (FY23: $34.1 million) of assets under construction.

MATERIAL ACCOUNTING POLICIES

Recognition and measurement

All classes of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than freehold land and assets under construction. Major depreciation periods are:

	FY24	FY23
Freehold buildings	25-40 years	25-40 years
Plant and equipment	2-20 years	2-20 years

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognised.

4.6. Intangible assets

	Software development costs $m	Customer contracts $m	Trade names and other $m	Goodwill $m	Total $m
YEAR ENDED 30 APRIL 2024					
Opening balance	181.0	30.9	73.1	610.1	895.1
Additions	29.0	—	—	—	29.0
Additions through business combinations	1.2	—	13.8	160.8	175.8
Adjustments to business combinations	—	—	—	0.3	0.3
Impairments	(13.3)	—	—	—	(13.3)
Reclassifications	0.5	—	—	—	0.5
Amortisation	(21.0)	(4.6)	(0.3)	—	(25.9)
Closing balance	**177.4**	**26.3**	**86.6**	**771.2**	**1,061.5**
AT 30 APRIL 2024					
Cost	420.5	176.1	90.5	1,753.6	2,440.7
Accumulated amortisation and impairment	(243.1)	(149.8)	(3.9)	(982.4)	(1,379.2)
Net carrying amount	**177.4**	**26.3**	**86.6**	**771.2**	**1,061.5**
YEAR ENDED 30 APRIL 2023					
Opening balance	122.4	35.4	73.7	567.3	798.8
Additions	80.8	—	—	—	80.8
Additions through business combinations	—	—	—	42.2	42.2
Adjustments to business combinations	—	—	—	0.4	0.4
Impairments	(2.3)	—	—	—	(2.3)
Disposals	(3.3)	—	—	—	(3.3)
Reclassifications	0.6	—	(0.5)	0.2	0.3
Amortisation	(17.2)	(4.5)	(0.1)	—	(21.8)
Closing balance	**181.0**	**30.9**	**73.1**	**610.1**	**895.1**
AT 30 APRIL 2023					
Cost	389.8	176.1	76.7	1,592.5	2,235.1
Accumulated amortisation and impairment	(208.8)	(145.2)	(3.6)	(982.4)	(1,340.0)
Net carrying amount	**181.0**	**30.9**	**73.1**	**610.1**	**895.1**

MATERIAL ACCOUNTING POLICIES

Recognition and measurement

Intangible assets acquired separately or in a business combination are initially measured at cost. Following initial recognition, the cost model is applied to the class of intangible assets.

Intangible assets (excluding software development costs) created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Goodwill acquired in a business combination is initially measured at cost; being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Trade names are acquired either through business combinations or through direct acquisition. Trade names are recognised as intangible assets where a registered trademark is acquired with attributable value. Trade names are valued on a relief from royalty method. Trade names are considered to be indefinite life intangibles and are not amortised, unless there is an intention to discontinue use of the name in which case it is amortised over its estimated remaining useful life.

Customer contracts are acquired through business combinations. Customer contacts are recognised as intangible assets when the criteria specified in AASB 138 *Intangible Assets* have been met. Customer contracts are valued by applying a discounted cash flow valuation methodology with consideration given to customer retention and projected future cash flows to the end of the contract period. The amortisation has been recognised in the statement of comprehensive income.

Software development costs incurred on an individual project are capitalised at cost when future recoverability can reasonably be assured and where the Group has an intention and ability to use the asset. Following the initial recognition of software development costs, the asset is carried at cost less accumulated amortisation and any accumulated impairment losses. Any costs carried forward are amortised over the assets' useful economic lives.

Configuration and customisation costs incurred in implementing cloud-based arrangements are only capitalised if the implementation activities create an intangible asset that the Group controls in accordance with the requirements of AASB 138 *Intangible Assets*. Costs that do not result in intangible assets are expensed as incurred. The exception is where they are paid to the suppliers of the cloud-based arrangement to significantly customise the cloud-based software for the Group. In this case, the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

When goodwill forms part of a group of cash generating units and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the groups of cash-generating units retained.

Useful lives

The useful lives of intangible assets are assessed to either be finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is recognised in the statement of comprehensive income on a straight-line basis.

The estimated useful lives of existing finite life intangible assets are as follows:

	FY24	FY23
Customer contracts	15 years	15 years
Software development costs	5-10 years	5-10 years
Other	10 years	10 years

Useful lives are reassessed on an annual basis and adjustments, where applicable, are made on a prospective basis.

4.7. Impairment of non-financial assets

Impairment tests for goodwill and intangibles with indefinite useful lives

Description of cash generating units

Goodwill acquired through business combinations is allocated to the lowest level within the entity at which the goodwill is monitored, being the three cash generating units (or 'CGU's) – Food, Hardware and Liquor. Indefinite life intangibles primarily comprise trade names and licences.

Allocation to CGUs

The carrying amounts of goodwill and indefinite life intangibles are allocated to the Group's CGUs as follows:

	Allocated goodwill		Trade names and other intangibles		Post-tax discount rates	
Cash-generating units	**FY24 $m**	**FY23 $m**	**FY24 $m**	**FY23 $m**	**FY24 %**	**FY23 %**
Food	217.2	214.3	1.4	1.5	10.0%	9.4%
Hardware	404.2	248.5	72.4	58.6	10.0%	9.4%
Liquor	149.8	147.3	12.8	13.0	10.0%	9.4%
	771.2	**610.1**	**86.6**	**73.1**		

Assessment of recoverable amounts

The recoverable amounts were determined based on value in use calculations using cash flow projections covering a five-year period, which are based on strategic plans or forecasts. Estimates beyond the five-year period are calculated using terminal growth rates that are applicable to the trading environment in which the CGU operates.

Key assumptions used in assessment

The valuations used to support the carrying amounts of intangible assets are based on forward looking key assumptions that are, by nature, uncertain. The nature and basis of the key assumptions used to estimate future cash flows and the discount rates used in the projections, when determining the recoverable amount of each CGU, are set out below and in the table above:

- Operating cash flows – Operating cash flow projections are extracted from the most recent strategic plans or forecasts that relate to the existing asset base. For each CGU, the cash flow projections for a five-year period have been determined based on expectations of future performance. Key assumptions in the cash flows include sales volume growth, costs of sales and costs of doing business. These assumptions are based on expectations of market demand and operational performance.
- Cash flow projections are based on risk-adjusted forecasts allowing for estimated changes in the business, the competitive trading environment, legislation and economic growth whilst noting that uncertainties remain over the potential impact of changes to consumer behaviour and other uncertainties surrounding macroeconomic indicators such as unemployment and GDP growth create future uncertainty over the Group's operating cash flows.
- Discount rates – Discount rates are based on the weighted average cost of capital ('WACC') for the Group adjusted for an asset-specific risk premium assigned to each CGU. The asset-specific risk premium is determined based on risk embedded within the cash flow projections and other factors specific to the industries in which the CGUs operate.
- The calculation of WACC is market-driven and key inputs include target capital structure, equity beta, market risk premium, risk-free rate of return and debt risk premium. Pre-tax equivalents of the adopted discount rates are derived iteratively and differ based on the timing and extent of tax cash flows. Pre-tax rates were 14.4 % across all CGUs (FY23: 13.4% across all CGUs).
- Terminal growth rates – Cash flows beyond the projection period are extrapolated indefinitely using estimated long-term growth rates applicable to the trading environment in which the CGUs operate. A terminal growth rate of 2.5% was applied to all CGUs.

Results of assessment

Based on the FY24 assessment, no impairment of goodwill was identified in any of the Group's CGUs.

Sensitivity to changes in key assumptions

At the assessment date, no reasonably likely change in key assumptions would cause the carrying amount of any CGU to exceed its recoverable amount.

MATERIAL ACCOUNTING POLICIES

At each reporting date, the Group assesses whether there is any indication that the value of a non-financial asset may be impaired. Goodwill and indefinite life intangible assets are tested for impairment at least annually and more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount is determined for the CGU to which the asset belongs.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated pre-tax future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the Statement of Comprehensive Income.

SIGNIFICANT ACCOUNTING ESTIMATES

Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the CGUs to which the goodwill is allocated.

4.8. Provisions

	Employee entitlements $m	Property provisions $m	Total $m
30 APRIL 2024			
Current	143.1	13.5	156.6
Non-current	13.5	18.6	32.1
	156.6	**32.1**	**188.7**
30 APRIL 2023			
Current	155.0	9.1	164.1
Non-current	10.2	30.6	40.8
	165.2	**39.7**	**204.9**

Movements in property provisions

	FY24 $m	FY23 $m
Opening balance	39.7	39.2
(Released)/charged as an expense during the year, net	(4.0)	3.1
Utilised during the year, net	(4.4)	(4.2)
Finance cost discount rate adjustment	0.8	1.6
Closing balance	**32.1**	**39.7**

MATERIAL ACCOUNTING POLICIES

Employee entitlements

Wages, salaries, incentives, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, incentives, annual leave and accumulating sick leave, are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities due to be settled within 12 months of the reporting date are classified as current liabilities. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments at the reporting date are discounted using market yields on high-quality corporate bonds with terms to maturity that match as closely as possible, the estimated future cash outflows.

Property provisions

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

Property provisions include the value of certain retail store lease obligations recognised as part of the acquisition of Franklins in FY12. The provision is initially recognised at the acquisition date fair value and subsequently utilised to settle lease obligations. The provision related to an individual lease is derecognised when the Group has met or otherwise extinguished its obligations in full under that lease.

Provisions are also recognised for obligations such as guarantees, property make-good and other costs. Depending on the nature of these obligations, they are expected to be settled over the term of the lease, at the conclusion of the lease or otherwise when the obligation vests.

If the effect of the time value of money is material, provisions are measured at the net present value of the expected future cash outflows using a current pre-tax rate that reflects the risks specific to the liability. During each period the provision is increased by an amount that is equal to the provision multiplied by the discount rate. This increment, including any change in the value of the provision as a result of a change in discount rate, is treated as a finance cost.

SIGNIFICANT ACCOUNTING ESTIMATES

Property provisions

The Group recognises provisions for rental agreements on acquisition. In measuring these provisions, assumptions are made about future retail sales, rental costs and in determining the appropriate discount rate to be used in the cash flow calculations.

The Group assesses obligations on property make-good, restructuring and other costs. These estimates are determined using assumptions on property-related costs, redundancy and other closure or restructure costs.

5. CAPITAL STRUCTURE, FINANCING AND RISK MANAGEMENT

5.1. Reconciliation of cash flows from operating activities

	FY24 $m	FY23 $m
Net profit for the year	258.1	260.3
ADJUSTMENTS FOR:		
Depreciation and amortisation	192.0	175.0
Provisions for impairment, net of reversals	30.6	48.9
Share of profit from equity-accounted investments	(19.8)	(19.2)
Movements in put option liabilities	(3.3)	28.5
Share-based payments expense	4.7	6.5
Other adjustments	12.6	5.3
CHANGES IN ASSETS AND LIABILITIES:		
Increase in trade and other receivables	(115.7)	(1.5)
Decrease / (increase) in inventories	14.7	(66.4)
Increase / (decrease) in payables and provisions	126.6	(29.7)
Decrease in tax balances	(17.9)	(35.0)
Cash flows from operating activities	**482.6**	**372.7**

5.2. Interest-bearing borrowings

	FY24 $m	FY23 $m
CURRENT		
Bank loans – working capital	49.1	168.3
	49.1	**168.3**
NON-CURRENT		
Bank loans – syndicated	303.4	200.0
Bank loans – bilateral	—	75.0
Deferred borrowing costs	(3.3)	(4.2)
	300.1	**270.8**

Financial covenants

Refer to note 5.6 for details of the Group's core borrowing facilities. The core borrowings of the Group must comply with two primary covenants which apply to the syndicated, bilateral and working capital bank facilities. They include a Fixed Charges Cover Ratio and a Senior Leverage Ratio. There were no defaults or breaches on the Group's core borrowings in FY24 and FY23.

Weighted average interest

The weighted average effective interest rate on the syndicated, bilateral and working capital loans was 5.66% (FY23: 3.73%), reflecting an average BBSY of 4.20% (FY23: 2.55%) over the year. These rates exclude line fees on unutilised facility balances.

Statement of Cashflows – Proceeds from and repayment of borrowings

The Statement of Cash Flows sets out the Group's proceeds from borrowings of $6.33 billion (FY23: $4.50 billion), which includes gross proceeds from syndicated and bilateral loans of $6.13 billion (FY23: $4.38 billion) and net proceeds from working capital loans of $115.8 million (FY23: $123.4 million). The increased volume of proceeds and repayments during the current year reflects higher debt levels and greater volatility in working capital requirements.

MATERIAL ACCOUNTING POLICIES

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

5.3. Put options and other financial liabilities

	Put option liabilities $m	Other financial liabilities $m	Total $m
30 APRIL 2024			
Current	32.7	8.0	40.7
Non-current	142.7	6.5	149.2
	175.4	**14.5**	**189.9**
30 APRIL 2023			
Current	108.5	1.2	109.7
Non-current	173.7	10.7	184.4
	282.2	**11.9**	**294.1**

Put option liabilities

		2024		2023	
Put Option Maturity	**Financial Year**	**Number of stores**	**Put option value $m**	**Number of stores**	**Put option value $m**
Total Tools Holdings Pty Ltd - Franchisor					
Between November 2023 and January 2024	FY24	n/a	—	n/a	95.8
Total Tools JV Stores					
Between May 2024 and July 2024	FY25	4	20.8	16	91.9
Between May 2025 and July 2025	FY26	16	47.0	14	52.6
Between May 2026 and July 2026	FY27	1	6.3	2	8.2
Between May 2027 and July 2027	FY28	20	53.0	—	—
Between May 2029 and July 2029	FY30	2	3.2	—	—
Between May 2030 and July 2030	FY31	8	21.3	6	20.1
		51	151.6	38	172.8
Total Tools Group put options			**151.6**		**268.6**
Other put options – Hardware pillar			**23.8**		**13.6**
Total			**175.4**		**282.2**

Total Tools Group put options

On 30 November 2023, Metcash increased its ownership from 85% to 100% in Total Tools Holdings Pty Ltd (TTH), which is the parent entity in the Total Tools Group, following the exercise of a put option by the holders of the minority 15% ownership interest. The purchase consideration for the remaining 15% interest of $101.5 million was paid on 30 November 2023 and accounted for as a reduction in the associated put option liability to nil.

In addition, Metcash has reset its put option arrangements with a number of its Total Tools joint venture (JV) stores. This is to provide JV partners with a balance between receiving some capital upfront and remaining both vested and engaged in the ongoing success of their stores through continued equity interest.

During FY24, Metcash has reset put option arrangements for 11 JV stores by acquiring an additional ownership interest upfront and deferring the put option in relation to the residual ownership interest by a further three years. The original put options in relation to these 11 stores were exercisable in May 2024. Metcash has now increased its ownership of these stores (FY23 ownership interest 51% - 60%, up to revised ownership interest 80% - 95%) for upfront purchase consideration of $42.5 million (allocated against the put option liability). The revised put options over the residual 5% - 20% ownership interests are now exercisable in May 2027 (the put option value of these residual 5% – 20% interests at FY24 was $20.7 million).

In conjunction with the above JV reset, Metcash also reduced its ownership interest in 6 corporate stores from an FY23 ownership interest of 100% to an ownership interest of between 51% and 70%, for $6.9 million sale consideration ($5.0 million deferred). Metcash has issued put options in relation to these stores over the residual ownership interest of between 30% and 49%, exercisable in May 2027 (4 stores) and May 2030 (2 stores), which are indicatively valued at $12.3 million.

Further, in FY24 Total Tools acquired a 51% ownership interest in five JV stores from franchise owners and established two greenfield JV stores (refer note 6.1).

The Total Tools JV Store put option agreements allow individual minority shareholders to sell their remaining equity interests in the 51 JV Stores to Total Tools. Metcash has the right to acquire the remaining equity interests via call options, generally exercisable at any time. The exercise price of the put options are based on a multiple of the respective store's EBITDA over a 12-month period immediately prior to the respective exercise dates, adjusted for a number of items, including net debt and working capital.

The Group has recognised financial liabilities for the Total Tools JV Store put options, has derecognised the non-controlling interests in the Total Tools JV Stores and has ceased accounting for the non-controlling interests. Accordingly, the Statement of Comprehensive Income includes 100% of the net profit of the Total Tools JV Stores.

The above put option liabilities are remeasured at each reporting date at the estimated put option exercise price, with any change in value recorded as a significant item within the Statement of Comprehensive Income, together with the net present value interest unwind on the put option liability.

At balance date, Total Tools has ownership of between 51% and 95% in 51 Total Tools JV stores. The carrying amount of the Total Tools Group put option liabilities was $151.6 million (FY23: $268.6 million). Refer note 3.3(VII) of the financial report for details in relation to the put option valuation adjustments recognised during the year.

Other put options

The Group has also recognised a liability of $23.8 million (FY23: $13.6 million) in respect of an additional 5 put options written over non-controlling interests in non-wholly owned subsidiaries within the Hardware pillar, including $11.9 million acquired in FY24 for M&B and TT Hobart. These put option arrangements allow minority shareholders to sell their equity interests to Metcash, subject to specific terms and conditions. These put options are measured at the present value of the redemption amount under the option.

MATERIAL ACCOUNTING POLICIES

Arrangements within certain business combinations entitle the non-controlling interests to require the Group to acquire their shareholding via exercise of a put option, subject to specific terms and conditions. Where such an arrangement is deemed to be part of the business combination, a financial liability is recognised on the acquisition date measured at the present value of the redemption amount under the arrangement. The initial recognition of the put option liability is charged directly to retained earnings and the non-controlling interest is derecognised.

The put option liability is subsequently remeasured at each reporting date at the estimated put option exercise price, with any change in value recorded within the Statement of Comprehensive Income, together with the net present value interest unwind on the put option liability.

SIGNIFICANT ACCOUNTING ESTIMATE

The valuations used to determine the carrying amount of put option liabilities are based on forward looking key assumptions that are, by nature, uncertain. This requires an estimation of future earnings and cash flows which includes assumptions in relation to sales volume growth, cost of sales and costs of doing business.

Contingent put option liabilities

Ritchies Stores Pty Ltd (Ritchies) put option

The Group has a put option with Ritchies Stores Pty Ltd (Ritchies). Metcash has a 29.9% (FY23: 29.9%) ownership interest in Ritchies, which is recognised as an equity-accounted investment on the Group's balance sheet. The remaining shareholders in Ritchies have the right to put their 70.1% (FY23: 70.1%) ownership interests to Metcash, via a put option, subject to a margin related annual financial hurdle ('hurdle') being achieved.

The put option can be exercised collectively by all shareholders during a prescribed period following the approval of Ritchies' annual audited financial report ('group put option' representing the remaining 70.1% shareholding) or in certain circumstances by individual minority shareholders within a prescribed period ('small shareholder put option').

Should the hurdle be achieved, and the shareholders elect to exercise any put option, the purchase consideration payable by Metcash is based on a multiple of the prior year reported earnings, normalised for certain adjustments.

Whilst the financial hurdle was achieved in respect of Ritchies' 2023 financial year, the group put option was not exercised in relation to that year. Metcash estimates that the group put option consideration payable to Ritchies shareholders in respect of the 2023 financial year would have been between $255.0 million and $265.0 million.

If any put options were to be exercised in future years, the exercise price will be determined with reference to Ritchies' results for that financial year and the consideration payable would reflect those results.

The put option agreement terminates when Metcash ceases to hold shares in Ritchies or if Ritchies lists on the ASX.

The Ritchies put option is recognised at a fair value of nil.

5.4. Contributed equity and reserves

Contributed equity

	FY24		FY23	
	Number of shares	$m	Number of shares	$m
At 1 May	965,541,602	818.3	965,541,602	818.3
Shares issued under the DRP	18,549,476	66.4	—	—
Issued under equity raising, net of share issue costs	107,462,688	354.1	—	—
At 30 April	1,091,553,766	1,238.8	965,541,602	818.3

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Shares have no par value.

In February 2024, Metcash issued 89.6 million shares via an Institutional Placement at $3.35 per share which raised $294.1 million of equity, net of $5.9 million transaction costs.

In March 2024, Metcash also issued 17.9 million shares under its Share Purchase Plan ('SPP') at $3.35 per share which raised $60.0 million of equity, net of transaction costs.

The proceeds from the capital raising will provide Metcash with additional capacity to support growth opportunities.

Other reserves

	Share-based payments reserve $m	Foreign currency translation reserve $m	Cash flow hedge reserve $m	Total other reserves $m
At 1 May 2022	3.3	(6.2)	(0.5)	(3.4)
Total comprehensive income, net of tax	—	1.3	—	1.3
Transferred to retained earnings	11.6	—	—	11.6
Shares issued to employees	(18.4)	—	—	(18.4)
Share-based payments expense	7.0	—	—	7.0
At 30 April 2023	**3.5**	**(4.9)**	**(0.5)**	**(1.9)**
Total comprehensive income, net of tax	—	(0.8)	2.1	1.3
Transferred to retained earnings	4.3	—	—	4.3
Share based payments settled in cash	(2.6)	—	—	(2.6)
Share-based payments expense	5.9	—	—	5.9
At 30 April 2024	**11.1**	**(5.7)**	**1.6**	**7.0**

MATERIAL ACCOUNTING POLICIES

Share-based payments reserve

The share-based payments reserve is used to record the value of equity benefits provided to executives as part of their remuneration. Once a performance right has lapsed the Group no longer has any obligation to convert these performance rights into share capital. The amount transferred to retained earnings represents the value of share-based payments previously recognised as an expense that have subsequently lapsed.

Foreign currency translation reserve

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

Cash flow hedge reserve

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

5.5. Dividends

	FY24 $m	FY23 $m
Dividends paid on ordinary shares during the year		
Final fully franked dividend for FY23: 11.0c (FY22: 11.0c)	106.2	106.2
Interim fully franked dividend for FY24: 11.0c (FY23: 11.5c)	107.5	111.0
Dividends declared during the period	**213.7**	**217.2**
Shares issued under the DRP (18.5 million shares issued)	(66.4)	—
Net cash dividends paid on ordinary shares during the period	**147.3**	**217.2**

Dividends determined (not recognised as a liability as at 30 April)

Final fully franked dividend for FY24: 8.5c (FY23: 11.0c)	92.8	106.2

On 24 June 2024, the Board determined to pay a fully franked FY24 final dividend of 8.5 cents per share, sourced from the profit reserve established by Metcash Limited (Parent Company), with a record date of 17 July 2024 and payable in cash on 27 August 2024.

Under the Dividend Reinvestment Plan (DRP), eligible shareholders may elect to reinvest all or part of their dividends in additional Metcash shares.

Franking credit balance of Metcash Limited

	FY24 $m	FY23 $m
Franking account balance as at the end of the financial year at 30% (FY23: 30%)	181.4	177.3
Franking credits that will arise/(refundable) from the payment of income tax payable at the reporting date	(6.5)	4.5
Franking credits on dividends determined but not distributed to shareholders during the year	(39.8)	(45.5)
	135.1	**136.3**

5.6. Financial risk management

Objectives and policies

The Group's principal financial instruments comprise bank loans and overdrafts, leases, cash and short-term deposits and derivatives. The main purpose of these instruments is to finance the Group's operations. The Group also has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are detailed below. The objective of the Group's risk management policy is to support delivery of the Group's financial targets while protecting future financial security.

Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and extreme circumstances. To limit this risk, the Group manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. The Group's primary sources of debt funding are syndicated, bilateral and working capital facilities, of which 29.8% (FY23: 40.6%) has been utilised as at 30 April 2024. The Group monitors forecasts of liquidity reserves on the basis of expected cash flow.

Available credit facilities

At the reporting date, the Group had the following unused credit facilities available for its immediate use:

	Total facilities $m	Debt usage $m	Guarantees & other usage $m	Facilities available $m
AT 30 APRIL 2024				
Syndicated facilities	725.0	300.0	—	425.0
Working capital, including guarantees	429.5	52.5	6.5	370.5
Bilateral loans	50.0	—	—	50.0
	1,204.5	**352.5**	**6.5**	**845.5**
AT 30 APRIL 2023				
Syndicated facilities	725.0	200.0	—	525.0
Working capital, including guarantees	250.0	168.3	3.0	78.7
Bilateral loans	125.0	75.0	—	50.0
	1,100.0	**443.3**	**3.0**	**653.7**

Syndicated facilities
Syndicated bank loans are senior unsecured revolving facilities. The facilities are due to expire in September 2025 ($100.0 million), May 2026 ($200.0 million), May 2027 ($300.0 million) and May 2028 ($125.0 million). Interest is payable on the facilities based on BBSY plus a margin. The applicable margin is dependent upon an escalation matrix linked to the Senior Leverage Ratio achieved. These bank loans are subject to certain financial undertakings as detailed in note 5.2.

Subsequent to the year end, as part of the Group's refinancing activities, an existing facility maturing in September 2025 for $100.0 million was refinanced for five years, whilst an additional $350.0 million of facilities was added in 2029 ($100.0 million) and 2031 ($250.0 million).

Working capital
Working capital bank loans are represented by five unsecured revolving facilities totalling $429.5 million. Three of these facilities mature in November 2024 ($180.0 million), with the others in February 2025 ($125.0 million) and July 2025 ($124.5 million).

Subsequent to year end, as part of the Group's refinancing activities, two facilities totalling $100.0 million were cancelled/reduced. The remaining facilities totalling $325.0 million mature in November 2024 ($130.0 million), February 2025 ($75.0 million) and July 2025 ($120.0 million).

Interest payable on any loans drawn under these facilities is based on BBSY or the RBA cash rate plus a margin. These bank loans are subject to certain financial undertakings as detailed in note 5.2.

Bilateral loans
Bilateral bank loans are represented by one unsecured revolving facility totalling $50.0 million. This facility matures in December 2028. Interest payable on any loans drawn under this facility is based on BBSY plus a margin. These bank loans are subject to certain financial undertakings as detailed in note 5.2.

Maturity analysis of financial liabilities based on contracted date
The following table reflects the gross contracted values of financial liabilities categorised by their contracted dates of settlement.

Gross settled derivatives comprise forward exchange contracts that are used to hedge anticipated purchase commitments. Under the terms of these agreements, the settlements at expiry include both a cash payment and receipt.

	1 year or less $m	1 – 5 years $m	More than 5 years $m	Total $m
AS AT 30 APRIL 2024				
Trade and other payables	2,478.4	—	—	2,478.4
Bank loans	69.7	341.8	—	411.5
Financial guarantee contracts	0.3	—	—	0.3
Other financial liabilities	8.1	7.4	—	15.5
Put options written over non-controlling interests	37.1	115.4	48.8	201.3
Lease liabilities	204.8	684.0	377.9	1,266.7
Derivative liabilities – gross settled:				
— Inflows	10.8	—	—	10.8
— Outflows	(10.8)	—	—	(10.8)
Net maturity	**2,798.4**	**1,148.6**	**426.7**	**4,373.7**
AS AT 30 APRIL 2023				
Trade and other payables	2,294.9	—	—	2,294.9
Bank loans	186.6	299.2	—	485.8
Financial guarantee contracts	0.9	—	—	0.9
Other financial liabilities	0.3	9.2	—	9.5
Put options written over non-controlling interests	123.3	151.6	28.2	303.1
Lease liabilities	186.6	660.4	439.1	1,286.1
Derivative liabilities – gross settled:				
– Inflows	3.1	—	—	3.1
– Outflows	(3.1)	—	—	(3.1)
Net maturity	**2,792.6**	**1,120.4**	**467.3**	**4,380.3**

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank debt obligations with a floating interest rate.

Metcash manages this risk by entering into interest rate swap contracts with various major Australian banks. At 30 April 2024, the principal hedged was $150.0 million (FY23: $150.0 million) with a weighted average hedge maturity of 1.3 years (FY23: 1.2 years) and a weighted average fixed interest rate of 3.7% (FY23: 3.7%). The Group considered these derivatives to be effective hedges in accordance with AASB 9 *Financial Instruments* and therefore treats them as cash flow hedges. These interest rate swaps are exposed to fair value movements based on changes to the interest rate curve.

The Group's treasury policy provides percentage ranges across yearly periods for the interest rate hedging of net debt. Core debt is defined as the minimum level of drawn debt which is expected to occur over the year. At 30 April 2024, Metcash has $352.5 million (FY23: $443.3 million) bank debt obligations.

At the reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that, except as indicated, are not designated in cash flow hedges:

	FY24 $m	FY23 $m
FINANCIAL ASSETS		
Cash and cash equivalents	97.3	89.5
FINANCIAL LIABILITIES		
Bank loans – syndicated	(300.0)	(200.0)
Bank loans – working capital	(52.5)	(168.3)
Bank loans – bilateral	—	(75.0)
Less: Interest rate swaps notional principal value – designated as cash flow hedges	150.0	150.0
Net exposure	**(202.5)**	**(203.8)**

Sensitivity analysis

Based on the Group's net debt position, after the impact of hedging as at 30 April 2024 and 2023, with all variables held constant, an 0.5% change in interest rates is estimated to result in a $0.7 million (FY23: $0.7 million) change in the Group's net profit after tax. This sensitivity estimate is driven by higher/lower interest costs from variable rate cash and bank debt, net of interest rate derivatives that hedge core debt.

These movements have been selected as they are considered reasonable, given the current economic climate and the current levels of short term and long-term Australian interest rates.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and loans

The Group trades with a large number of customers and it is Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, where a loan has been provided, the Group will obtain security over certain assets of the customer wherever possible.

Receivables and loans are monitored on an ongoing basis and a formal review of all balances occurs every six months to measure impairment losses. As identified in note 4.1, the current level of impairment provision represents 2.5% (FY23: 2.9%) of the Group's receivables and loans.

Lease receivables

The Group is exposed to credit risk on 'back-to-back' arrangements contained within its property leases where Metcash has subleased properties to retailers. The Group regularly reviews material lease arrangements on an ongoing basis and a formal review of all leases occurs every six months to measure impairment losses. Refer note 4.2 for further details.

Others

There are no other significant concentrations of credit risk within the Group.

Foreign exchange risk

The Group is exposed to foreign exchange fluctuations on transactions and balances in respect of its operations in New Zealand. This operation represents less than 5% of the Group's total sales revenue and total profit after tax.

In addition, the Group undertakes some foreign currency transactions when purchasing goods and services. The Group enters into forward foreign exchange contracts to manage the risk associated with anticipated purchase commitments denominated in foreign currencies.

The amount of foreign exchange cover is based on anticipated future purchases in light of current conditions in foreign markets, commitments from customers and experience.

MATERIAL ACCOUNTING POLICIES

Derivative financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently remeasured to fair value.

The fair value of derivative contracts is determined by reference to market values for similar instruments. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to the Statement of Comprehensive Income for the year.

Instruments that meet the strict criteria for hedge accounting are classified as:

– fair value hedges, when they hedge the exposure to changes in the fair value of a recognised asset or liability; or
– cash flow hedges, when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

Fair value hedges

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the Statement of Comprehensive Income as finance costs. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the Statement of Comprehensive Income.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the Statement of Comprehensive Income.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and carried forward to the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Comprehensive Income as finance costs.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the Statement of Comprehensive Income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects the Statement of Comprehensive Income.

Current versus non-current classification

Derivative instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances including the underlying contracted cash flows.

5.7. Capital management

For the purpose of the Group's capital management, capital includes all accounts classified as equity on the Statement of Financial Position. The Board's intention is to continue to invest in the business for future growth while maintaining a strong financial position and otherwise to assess returning surplus capital to shareholders.

On 24 June 2024, the Board determined to pay a fully franked FY24 final dividend of 8.5 cents per share. The FY24 final dividend represents a full year dividend payout ratio of 71.0% of underlying profit after tax.

The Board and management set out to maintain appropriate Statement of Financial Position ratios. Certain Statement of Financial Position ratios are also imposed under the Group's banking facilities (refer to note 5.2).

Management monitor capital through the debt leverage ratio (net debt / underlying EBITDA - depreciation of ROU assets). The FY24 debt leverage ratio was 0.45x, which reflects a low gearing position.

No changes were made to the overall objectives, policies or processes for managing capital during the year.

6. GROUP STRUCTURE

6.1. Business combinations and acquisition of non-controlling interests

Acquisition of subsidiaries

Details of the purchase consideration, the net assets acquired and goodwill in relation to businesses acquired during the financial year are as follows:

	Bianco Construction Supplies $m	Alpine Truss $m	Total Tools JV Stores $m	Other $m	Total $m
Net assets acquired					
Cash	11.0	—	—	9.3	20.3
Trade and other receivables	15.6	—	2.2	11.0	28.8
Inventories	14.8	3.1	15.3	19.2	52.4
Trade payables and provisions	(24.2)	(1.5)	(7.8)	(22.2)	(55.7)
Property, plant and equipment	6.9	7.3	2.4	8.4	25.0
ROU assets	11.1	2.6	10.1	22.2	46.0
Lease liabilities	(11.1)	(2.6)	(10.1)	(22.2)	(46.0)
Intangible assets	13.8	—	—	1.2	15.0
Tax balances – net	(3.4)	0.5	0.7	(0.3)	(2.5)
Net identifiable assets acquired	**34.5**	**9.4**	**12.8**	**26.6**	**83.3**
Non-controlling interest	(1.1)	—	(5.6)	(6.4)	(13.1)
Goodwill	61.1	56.9	10.7	32.1	160.8
Total purchase consideration	**94.5**	**66.3**	**17.9**	**52.3**	**231.0**
Purchase consideration – cash outflow					
Purchase consideration	94.5	66.3	17.9	52.3	231.0
Less: Deferred consideration	(5.1)	—	—	—	(5.1)
Less: Cash and cash equivalents acquired	(11.0)	—	—	(9.3)	(20.3)
Net cash outflow – investing activities	**78.4**	**66.3**	**17.9**	**43.0**	**205.6**

From their respective dates of acquisition, the businesses acquired during the financial year contributed $131 million of incremental sales revenue and $8.6 million of incremental earnings before interest and tax (EBIT) to the Metcash Group.

Bianco Construction Supplies

In March 2024, Metcash acquired a 100% ownership interest in Bianco Construction Supplies. Bianco is the leading independent building materials supplier in the South Australian market, servicing builders, concreters, bricklayers, and landscapers from 10 sites.

The acquisition supports Metcash's IHG 'Whole of House' growth strategy which focuses on increasing the proportion of material supplied by IHG in the building of a house (i.e. across the foundations, frame & truss, lock up, fix and fit out steps). It broadens IHG's offer and presence in South Australia and the Northern Territory and provides access to key trades not currently serviced. It is also complementary to Metcash's company owned K&B business in South Australia and other independents in South Australia and Northern Territory.

Alpine Truss

In March 2024, Metcash acquired a 100% ownership interest in Alpine Truss. Alpine Truss is one of the largest Frame & Truss operations in Australia and operates a large fabrication plant in Wangaratta, Victoria. The business services small to large volume builders across Victoria and Southern New South Wales.

Frame & Truss is a key element of IHG's 'Whole of House' growth strategy. The acquisition extends IHG's network of Frame & Truss operations across Australia to 24, of which 12 are wholly owned by Metcash or partly owned under joint venture. The acquisition enables access to the previously under-represented Victora and Australian Capital Territory Frame & Truss markets.

Total Tools JV stores

In FY24, Metcash's Total Tools retail store ownership continued to expand with the acquisition of ownership interests of 51% in five Total Tools independent retail stores, together with the establishment of two greenfield JV stores. The Total Tools business is a complementary business to our Hardware pillar and forms part of the largest professional tools retail network in Australia.

Other business combinations

During the year, the Group also entered into a number of other business combinations within the Hardware pillar (five businesses), Food pillar (two businesses) and Liquor pillar (one business) that were not material to the Group, individually.

Put and call options written over non-controlling interests

The Group has recognised financial liabilities for the Total Tools JV Store put options and put options in two non-wholly owned subsidiaries within the Hardware pillar at their provisional fair values totalling $35.2 million and has derecognised the non-controlling interests of $12.0 million related to these acquisitions. Details of these put options are set out in note 5.3 of the financial report. As at the date of acquisition, the net amount of $23.2 million has been recognised as an adjustment to retained earnings as shown below:

	$m
Non-controlling interests derecognised (a)	12.0
Adjustment recognised directly in equity (retained earnings) (b)	23.2
Fair value of put options recognised as a financial liability	**35.2**

(a) Non-controlling interests (NCI) derecognised of $12.0 million exclude the NCI in Bianco Construction Supplies of $1.1m relating to its 65% ownership interest in Mincon Supplies Pty Ltd.
(b) In addition to the adjustment referred to in the table above, the Group also recognised a further adjustment in equity of $6.4 million in relation to the reduction in its ownership interest in six Total Tools corporate stores (refer Note 5.3).

Any changes in the value of the put option financial liabilities that occur subsequent to initial recognition will be recognised in the Statement of Comprehensive Income and will be disclosed within significant items. Refer note 3.3 for further details.

The accounting for the above business combinations is provisional as at 30 April 2024.

MATERIAL ACCOUNTING POLICIES

Business combinations

The acquisition of controlled entities is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the costs of the business combination to the acquisition date fair value of net assets acquired, including intangible assets, contingent liabilities and contingent consideration.

Acquisition of non-controlling interests

Total Tools Holdings (TTH)

In November 2023, Metcash increased its ownership from 85% to 100% in TTH, which is the parent entity in the Total Tools Group, following the exercise of a put option by the holders of the minority 15% ownership interest. The purchase consideration for the remaining 15% interest of $101.5 million was paid on 30 November 2023 and was accounted for as a reduction in the associated put option liability to nil.

Total Tools JV Stores

In addition, Metcash has reset its put option arrangements with a number of its Total Tools JV stores. This is to provide JV partners with a balance between receiving some capital upfront and remaining both vested and engaged in the ongoing success of their stores through continued equity interest.

During FY24, Metcash has reset put option arrangements for 11 JV stores by acquiring an additional ownership interest upfront (FY23 ownership interest 51% - 60%, up to revised ownership interest 80% - 95%) for purchase consideration of $42.5 million (allocated against the put option liability) and deferring the put option in relation to the residual ownership interest by a further three years.

In conjunction with the above JV reset, Metcash also reduced its ownership interest in 6 corporate stores from an FY23 ownership interest of 100% to an ownership interest of between 51% and 70%, for $9.6 million sale consideration ($5.5 million deferred).

6.2. Parent entity information

	FY24 $m	FY23 $m
STATEMENT OF FINANCIAL POSITION		
Current assets – amounts receivable from subsidiaries	1,381.4	1,171.3
Net assets	**1,381.4**	**1,171.3**
Contributed equity (note 5.4)	1,238.8	818.3
Accumulated losses	(1,265.4)	(1,265.4)
Profit reserve	1,396.9	1,614.9
Share-based payments reserve	11.1	3.5
Total equity	**1,381.4**	**1,171.3**
STATEMENT OF COMPREHENSIVE INCOME		
Dividend received from a subsidiary	—	500.0
Net profit for the year	**—**	**500.0**
Total comprehensive income for the year, net of tax	**—**	**500.0**

Profit reserve

The parent entity, Metcash Limited, established a profit reserve in FY17 within its separate financial statements, in accordance with the Company's constitution.

Closed Group

The parent entity has provided guarantees as part of the Closed Group arrangements as disclosed in Appendix B.

Contingent liabilities

The contingent liabilities in relation to the parent entity are disclosed in note 7.3.

6.3. Related party disclosures

A list of the Group's subsidiaries is included in Appendix B and a list of equity-accounted investments is included in Note 4.4.

Material transactions and balances with related parties – Group

	FY24 $	FY23 $
TRANSACTIONS WITH RELATED PARTIES – EQUITY-ACCOUNTED INVESTMENTS		
Sales revenue	1,372,116,017	1,325,409,325
Lease and other charges	1,250,042	913,122
Dividends received	7,621,026	9,692,635
Interest income from lease receivables	1,815,199	2,202,054
BALANCES WITH RELATED PARTIES – EQUITY-ACCOUNTED INVESTMENTS		
Trade receivables – gross	123,743,822	127,329,465
Provision for impairment loss	—	—
	123,743,822	**127,329,465**
Lease receivables – gross	37,128,786	45,597,061
Provision for impairment loss	—	—
	37,128,786	**45,597,061**

All transactions with the above entities are conducted under commercial terms and in the ordinary course of business.

Parent entity

Details of the parent entity are set out in note 6.2.

Compensation of key management personnel of the Group

The table below reflects KMP remuneration for the period in which they were KMP.

	FY24 $	FY23 $
Short-term	9,138,409	11,866,054
Long-term	18,076	130,270
Post-employment	257,782	234,184
Share-based payments	1,984,934	2,339,492
	11,399,201	**14,570,000**

7. OTHER DISCLOSURES

7.1. Share-based payments

Description of share-based payment arrangements

In FY24, the Group had the following share-based incentive schemes for employees:

Scheme name	Description
SHORT-TERM INCENTIVES (STI SCHEMES)	
FY24 at-risk STI plan – deferred component	The FY24 at-risk STI plan included a 40% (Group CEO), 33% (Group CFO) and 25% (other KMP and senior executives) deferred component which will be released through the issue of performance rights conditional upon the executives remaining employed by the Company until 3 July 2025.
FY23 at-risk STI plan – deferred component	The FY23 at-risk STI plan included a 33% (Group CEO) and 25% (other KMP and senior executives) deferred component which will be released through the issue of performance rights conditional upon the executives remaining employed by the Company until 30 April 2024.
LONG-TERM INCENTIVES (LTI SCHEMES)	
FY24-FY26 LTI grant	This grant was issued to KMP and senior executives during FY24 and is subject to two performance conditions: Return on Funds Employed ('ROFE') and Total Shareholder Returns ('TSR') over a three-year period from 1 May 2023 to 30 April 2026.
FY23-FY25 LTI grant	This grant was issued to KMP and senior executives during FY23 and is subject to two performance conditions: Return on Funds Employed ('ROFE') and Total Shareholder Returns ('TSR') over a three-year period from 1 May 2022 to 30 April 2025.
FY22-FY24 LTI grant	This grant was issued to KMP and senior executives during FY22 and is subject to two performance conditions: Return on Funds Employed ('ROFE') and Total Shareholder Returns ('TSR') over a three-year period from 1 May 2021 to 30 April 2024.
Group CEO buy-out grant	This grant was issued to the Group CEO during FY22 and is subject to two performance conditions: Service condition and a forecast achievement of a minimum Group underlying EBIT hurdle over two annual performance periods that are measured between 1 February 2022 and 30 April 2024. The EBIT hurdles align to the Group's annual budget and STI metrics. In addition, the Group CEO's ongoing performance and behaviours must be deemed as acceptable over each performance period by the Board.
Group CFO buy-out	This grant was issued to the Group CFO during FY24 and is subject to two performance conditions: Service condition and a forecast achievement of a minimum Group Adjusted EBIT hurdle over two annual performance periods that are measured between 8 January 2024 and 30 June 2025. The EBIT hurdles align to the Group's annual budget and STI metrics. In addition, the Group CFO's ongoing performance and behaviours must be deemed as acceptable over each performance period by the Board.

The STI schemes (deferred component) and LTI schemes are also subject to service conditions, usually from grant date to the date of the allocation of shares.

The FY22-FY24 LTI is expected to vest at 76.7%. These vested performance rights will be converted to shares and allocated to the participants under the rights plan on 15 August 2024.

As foreshadowed in FY23, the FY21-FY23 LTI plan vested on 15 August 2023 at 100% which was equivalent to 2,490,012 performance rights. Each performance right entitled the participant to one Metcash share. Metcash acquired 1,793,848 shares on market and allocated these to the participants on 15 August 2023. The balance relating to good leavers was settled in cash.

Measurement of fair values

FY24 at-risk STI plan – deferred component

The 40% (Group CEO), 33% (Group CFO) and 25% (other KMP and senior executives) components of the FY24 at-risk STI plan will be deferred and released through the issue of Metcash performance rights conditional upon the executive remaining employed by the Company until 3 July 2025. The number of performance rights will be calculated by dividing 40% (Group CEO), 33% (Group CFO) and 25% (other KMP and senior executives) of the STI award dollar value by the volume-weighted average price (VWAP) of Metcash ordinary shares over the 20 trading days ended 30 April 2024 of $3.91 per share. The FY24 expense for the FY24 at-risk STI plan – deferred component has been based on an estimate of the fair value of the performance rights. The fair value per grant was determined in accordance with AASB 2 *Share-based payments* at grant date.

FY23 at-risk STI plan – deferred component

The 33% (Group CEO) and 25% (other KMP and senior executives) components of the FY23 at-risk STI plan will be deferred and released through the issue of Metcash performance rights conditional upon the executive remaining employed by the Company until 30 April 2024. The number of performance rights will be calculated by dividing 33% (Group CEO) and 25% (other KMP and senior executives) of the STI award dollar value by the volume-weighted average price (VWAP) of Metcash ordinary shares over the 20 trading days ended 30 April 2023 of $3.94 per share. The FY23 expense for the FY23 at-risk STI plan – deferred component has been based on an estimate of the fair value of the performance rights. The fair value per grant was determined in accordance with AASB 2 *Share-based payments* at grant date.

Performance rights

The weighted average inputs to the valuation of the STI deferred component and LTI performance rights valued at grant date using the Black-Scholes option pricing model are as follows:

	At-risk STI deferred FY23	LTI FY24–FY26 (ROFE)	LTI FY23–FY25 (ROFE)	LTI FY22–FY24 (ROFE)	Group CEO buy-out grant	Group CFO buy-out grant	Project Horizon LTI plan
Dividend yield	5.5%	5.5%	4.7%	4.5%	4.5%	5.5%	4.5%
Risk free rate	4%	4%	3%	0.1%	0.1%	4%	0.1%
Expected volatility	23%	23%	32%	35%	35%	23%	35%
Contractual life (days)	291	1,088	1,108	1,095	621	336	999
Share price at grant date	3.72	3.72	4.18	3.98	4.01	3.59	3.98
Fair value at grant date	3.56	3.20	3.55	3.44	3.89	3.38	3.53

The weighted average inputs to the valuation of performance rights valued at grant date by an external specialist using the Monte Carlo option pricing model are as follows:

	LTI FY24–FY26 (TSR)	LTI FY23–FY25 (TSR)	LTI FY22–FY24 (TSR)
Dividend yield	5.5%	4.7%	4.5%
Risk free rate	4%	3%	0.1%
Expected volatility	23%	32%	35%
Contractual life (days)	1,088	1,108	1,095
Share price at grant date	3.72	4.18	3.98
Fair value at grant date	1.34	1.69	1.74

Service and non-market performance conditions attached to the grants were not taken into account in measuring fair value. Market performance conditions associated with the grants have been reflected in the fair value measurement. Expected volatility is based on an evaluation of the historical volatility of Metcash's share price, particularly over the historical period commensurate with the expected term. Performance rights are only exercisable on their vesting date.

MATERIAL ACCOUNTING POLICIES

Share-based payment transactions

The Group provides a portion of senior executive and key employee remuneration as equity-settled share-based payments, in the form of performance rights.

The value of the performance rights issued is determined on the date which both the employee and the Group understand and agree to the share-based payment terms and conditions (grant date). The value at grant date is based upon the fair value of a similar arrangement between the Group and an independent third party and is determined using an appropriate valuation model. The fair value does not consider the impact of service or performance conditions, other than conditions linked to the share price of Metcash Limited (market conditions).

The fair value of performance rights is recognised as an expense, together with a corresponding increase in the share-based payments reserve within equity, over the period between the grant date and the date on which the employee becomes fully entitled to the award (vesting date). This expense is recognised cumulatively by estimating the number of performance rights expected to vest. This estimate is formed based on the best available information at the reporting date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date. Where the performance rights are cancelled, any expense not yet recognised for the award is recognised immediately.

The dilutive effect, if any, of outstanding performance rights are reflected as additional share dilution in the computation of earnings per share.

Reconciliation of outstanding performance rights

The following table illustrates the movement in the number of performance rights during the year:

	FY24 Number	FY23 Number
Outstanding at the beginning of the year	7,064,289	7,609,890
Granted during the year	3,034,578	2,339,496
Vested/exercised during the year	(2,302,875)	(2,530,339)
Expired/forfeited during the year	(2,061,954)	(354,758)
Outstanding at the end of the year	**5,734,038**	**7,064,289**

The outstanding balance of performance rights as at 30 April 2024 is represented by:

Scheme name	Vesting date	Total outstanding (number)	Exercisable (number)	Remaining contractual life
LTI FY24 – FY26	14 August 2026	1,886,754	—	2 years 4 months
LTI FY23 – FY25	15 August 2025	1,415,154	—	1 years 4 months
LTI FY22 – FY24[1]	15 August 2024	1,747,386	—	4 months
Group CEO buy-out grant (Tranche 2)	28 June 2024	160,428	—	2 months
Group CFO buy-out grant (Tranche 1)	30 June 2024	126,904	—	2 months
Group CFO buy-out grant (Tranche 2)	30 June 2025	126,904	—	1 year 2 months
Project Horizon LTI plan	15 August 2024	123,407	—	4 months
Others	Various	147,101	—	2 to 9 months
Total outstanding at the reporting date		**5,734,038**		

1. The FY22-FY24 LTI performance rights plan is expected to vest at 76.7% subject only to the employees remaining in employment until 15 August 2024. These vested performance rights will be converted to shares and allocated to the participants under the Rights Plan on 15 August 2024.

Key terms and conditions

All performance rights associated with the above schemes are equity-settled performance rights and were issued under the Metcash Executives and Senior Managers Performance Rights Plan (Rights Plan). Fully paid ordinary shares issued under this plan rank equally with all other existing fully paid ordinary shares in respect of voting and dividend rights.

The key terms of the 'LTI' and 'STI plan – deferred component' plans include:

1. Each performance right is an entitlement to receive a fully paid ordinary share in the Company on terms and conditions determined by the Board, including vesting conditions linked to service and performance over the contractual life of the rights;
2. Performance rights which do not vest are forfeited;
3. Performance rights are offered at no cost to participants;
4. Performance rights do not carry voting or dividend rights, however shares allocated upon vesting of performance rights will carry the same rights as other ordinary shares;
5. Ordinarily, in the event of cessation of employment, unvested performance rights will lapse; however, this is subject to Board discretion, which may be exercised in circumstances including death and disability, retirement, redundancy or special circumstances;
6. When testing performance conditions, the Board has full discretion in relation to its calculation and to include or exclude items if appropriate, including to better reflect shareholder expectations or management performance;
7. Some or all of a participant's performance rights may vest even if a performance condition has not been satisfied, if, using its discretion, the Board considers that to do so would be in the interests of the Group; and
8. If there is a change in control of the Group, the Board retains full discretion to vest or lapse some or all performance rights.

7.2. Auditors remuneration

	FY24 $	FY23 $
Amounts received or due and receivable by the auditor of the parent entity and any other entity in the Group for:		
– Auditing the statutory financial report of the parent entity covering the Group and the statutory financial report of any controlled entities	2,215,000	2,179,000
– Fees for advisory services	154,000	149,000
– Fees for other assurance and agreed-upon procedure services	43,000	60,000
– Fees for tax compliance and other	249,000	97,000
	2,661,000	**2,485,000**

7.3. Commitments and contingent liabilities

Commitments

Capital expenditure commitments

The Group had no material commitments for capital expenditure at 30 April 2024 (FY23: nil).

Contingent liabilities

	FY24 $m	FY23 $m
Bank guarantees to third parties in respect of property lease obligations	4.5	1.0
Bank guarantees in respect of Work Cover	2.0	2.0

Financial guarantee contracts

The Group has granted a financial guarantee contract relating to the bank loan of a joint venture, Adcome Pty Ltd (Cornetts). Under the contract, the bank has the right to require Metcash to repay the debt under certain prescribed circumstances of default. The estimate of the maximum amount payable in respect of the guarantee, if exercised, is $40.0 million (FY23: $40.0 million).

Had the guarantee been exercised at 30 April 2024, the amount payable would have been $17.2 million (FY23: $25.2 million). The fair value of the financial guarantee contract at the reporting date was $0.3 million (FY23: $0.9 million) and is recognised as a financial liability.

Put options

Put options, including in relation to Ritchies Stores Pty Ltd, are detailed along with other contingent liabilities in note 5.3 of the financial statements.

7.4. Subsequent events

On 3 June 2024, Metcash announced that completion had occurred in relation to the acquisition of a 100% ownership interest in SFG Group Holdings Pty Ltd ('Superior Foods'). Superior Foods is a leading Australian foodservice distribution business in the large and growing foodservice market. The acquisition delivers immediate scale and growth opportunities in the adjacent foodservice market and further strengthens and diversifies our existing Food business. The purchase price for the acquisition comprises an enterprise value of up to $412.3 million ($390.0 million fixed and paid at completion, plus a potential Group Earn-Out payment of up to $22.3 million) plus/minus certain other customary adjustments in relation to net debt and working capital, which are expected to be finalised in October 2024.

Other than the matters disclosed in this report, there were no events that have occurred after the end of the financial year that would materially affect the reported results or would require disclosure in this report.

APPENDIX A – NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

a) New or amended Accounting Standards and Interpretations

Several other amendments and interpretations apply for the first time in FY24, but do not have an impact on the financial report of the Group. These are as follows:

– Amendments to AASB 1: *Non-current Liabilities with Covenants*
– Amendments to AASB 17: *Insurance Contracts*
– Amendments to AASs: *Disclosure of Accounting Policies and Definition of Accounting Estimate*
– Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practice Statement 2: *Disclosure of Accounting Policies*
– Amendments to AASs: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
– Amendments to AASB 112: *International Tax Reform Pillar Two Model Rules*

b) Australian Accounting Standards issued but not yet effective

A number of new accounting standards (including amendments and interpretations) have been issued but were not effective as at 30 April 2024. The following are the pronouncements that the Group has elected not to early adopt in these financial statements:

– Amendments to AASB 16: *Lease liability in sale and leaseback*
– Amendments to AASB 101: *Classification of Liabilities as Current or Non-current*
– Amendments to AASB 107 and AASB 7: *Disclosures of Supplier Finance Arrangement*

The above standards are not expected to have a significant impact on the Group's financial statements in the year of their initial application.

APPENDIX B – INFORMATION ON SUBSIDIARIES

Metcash Limited is the ultimate parent entity of the group. The consolidated financial statements include the financial statements of Metcash Limited and the Subsidiaries listed in the following table. All entities are incorporated in Australia except where specifically identified.

	FY24 %	FY23 %
Entities within the Closed Group		
Action Holdings Pty Ltd	100	100
Action Supermarkets Pty Ltd	100	100
Alpine Valley Hardware Pty Ltd (Formerly Australian Hardware Support Services Pty Ltd)	100	100
Australian Asia/Pacific Wholesalers Pty Ltd	100	100
Australian Hardware Distributors Pty. Limited	100	100
Australian Liquor Marketers (QLD) Pty Ltd	100	100
Australian Liquor Marketers (WA) Pty Ltd	100	100
Australian Liquor Marketers Pty. Limited	100	100
Benalla Hardware Pty Ltd (Formerly National Retail Support Services Pty Ltd)	100	100
Bianco Construction Supplies Pty Limited	100	—
Big Bargain Bottleshops Australia Pty Ltd	100	100
Capeview Hardware Pty Ltd	100	100
City Ice & Cold Storage Company Proprietary Limited	100	100
Clancy's Food Stores Pty Ltd	100	100
Composite Buyers Finance Pty Ltd	100	100
Composite Buyers Pty Limited	100	100
Community Co Australia Pty Ltd	100	100
Danks Holdings Pty Limited	100	100
Davids Foodservices Pty Ltd	100	100
Davids Group Staff Superannuation Fund Pty. Ltd.	100	100
Echuca Hardware Pty Ltd	100	100
Finlayson Installations Pty Ltd	100	100
Finlayson Timber & Hardware Pty Ltd	100	100
Foodland Properties Pty Ltd	100	100
Foodland Property Holdings Pty Ltd	100	100
Franklins Pty Limited	100	100
Franklins Supermarkets Pty Limited	100	100
Fresco Supermarket Holdings Pty Ltd	100	100
Garden Fresh Produce Pty Ltd	100	100
G Gay Hardware Pty Ltd	100	100
Global Liquor Wholesalers Pty Limited	100	100
Hammer Hardware Stores Pty Ltd	100	100
Hardings Hardware Pty Ltd	100	100
Himaco Pty Ltd	100	100
Home Hardware Australasia Pty Ltd	100	100
Home Timber & Hardware Group Pty Ltd	100	100
Homestead Hardware Australasia Pty Ltd	100	100
HTH Events Pty Ltd	100	100
HTH Stores Pty Limited	100	100
Hudson Building Supplies Pty Limited	100	100
IGA Community Chest Limited	100	100
IGA Distribution (SA) Pty Limited	100	100
IGA Distribution (Vic) Pty Limited	100	100
IGA Distribution (WA) Pty Limited	100	100
IGA Fresh (Northern Queensland) Pty Limited	100	100
IGA Fresh (NSW) Pty Limited	100	100
IGA Retail Services Pty Limited	100	100
Independent Brands Australia Pty Limited	100	100
Independent Hardware Group Pty Ltd	100	100
Interfrank Group Holdings Pty Limited	100	100
Jewel Food Stores Pty Ltd	100	100
JV Pub Group Pty Ltd	100	100
K&B Timber and Hardware Pty Ltd	100	100
Keithara Pty Ltd	100	100
Liquor Traders Pty Ltd	100	100
Liquorsmart Pty Ltd	100	100

	FY24 %	FY23 %
M-C International Australia Pty Limited	100	100
Mega Property Management Pty Ltd	100	100
Metcash Food & Grocery Convenience Division Pty Limited	100	100
Metcash Food & Grocery Pty Ltd	100	100
Metcash Holdings Pty Ltd	100	100
Metcash Management Pty Limited	100	100
Metcash Services Proprietary Limited	100	100
Metcash Storage Pty Limited	100	100
Metcash Trading Limited	100	100
Metro Cash & Carry Pty Limited	100	100
Mirren (Australia) Pty Ltd	100	100
Mitre 10 Australia Pty Ltd	100	100
Mitre 10 Mega Pty Ltd	100	100
Mitre 10 Pty Ltd	100	100
Narellan Hardware Pty Ltd	100	100
Payless Superbarn (N S W) Pty Ltd	100	100
QIW Pty Limited	100	100
Queensland Independent Wholesalers Pty Limited	100	100
Quickstop Pty Ltd	100	100
Roma Hardware Pty Ltd	100	100
SE Hardware Pty Limited	100	100
South Coast Operations Pty Ltd	100	100
South West Operations Pty Ltd	100	100
The Truss Company Pty Ltd	100	—
Thrifty-Link Hardware Pty Ltd	100	100
Timberten Pty Ltd	100	100
Total Tools (Importing) Pty Ltd	100	85
Total Tools Holdings Pty Ltd	100	85
Total Tools Licensing Pty Ltd	100	85
Total Tools Stores Pty Ltd	100	85
UIAL NSW/ACT Pty Ltd	100	100
UIAL Tasmania Pty Ltd	100	100
Vawn No 3 Pty Ltd	100	100
W.A. Hardware Services Pty. Ltd	100	100
Entities outside the Closed Group		
Add Tools Pty Ltd	51	43.4
Alltools (Pakenham) Pty Ltd	60	51
BCS Whyalla Pty Ltd	100	—
Bianco Hardware Pty Ltd	100	—
Cado Tools Pty Ltd	60	51
CampbellsPlus Pty Ltd	100	100
Card Tools Pty Ltd	60	51
Central Timber 10 Pty Ltd	50	50
Faggs Geelong Pty Ltd	90	90
Foodland Property Unit Trust	100	100
Feldman Tools Pty Ltd	80	68
Four Of Six Pty Ltd	60	51
Futura Machinery Sales and Service Pty Ltd	80	68
Gympie Property Investment Pty Ltd	84.7	84.7
Hardware Property Trust	100	100
Inverted Tools Pty Ltd	51	43.4
M&B Sales Pty Ltd	50	—
M P & Associates Pty Ltd [1]	48.5	—
McHawking Enterprises Pty Ltd	60	51
Metoz Holding Limited (incorporated in South Africa) (In liquidation)	100	100
Midland Tools Pty Ltd	60	51
Mincon Supplies Pty Ltd	65	—

APPENDIX B – INFORMATION ON SUBSIDIARIES

	FY24 %	FY23 %
Mitre 10 Mega Property Trust	100	100
MOTS Support Services Pty Ltd	100	85
Napier Liquor Merchants Limited (incorporated in New Zealand)	100	100
NFRF Developments Pty Ltd	51	51
Northern Hardware Group Pty Ltd	84.7	84.7
Nu Fruit Pty. Ltd.	51	51
Phar Management Pty Ltd	51	43.4
Produce Traders Trust	100	100
Rainbow Unit Trust	100	100
Rainfresh Vic Pty Ltd	51	51
Retail Merchandise Services Pty Limited	100	100
Sunshine Hardware Pty Ltd	84.7	84.7
Tasman Liquor Company Limited (incorporated in New Zealand)	100	100
Tasmania Hardware Pty Ltd	95	95
Timber and Hardware Exchange Pty Ltd	68.4	68.4
Toolshack Pty Ltd	51	43.4
TT 8 Pty Ltd	100	—
TT Adelaide West Pty Ltd	60	51
TT Albury Pty Ltd	80	43.4
Total Tools Alexandria Pty Ltd	51	43.4
Total Tools Auburn Pty Ltd	51	—
T Tools Ballina Pty Ltd	100	—
Total Tools Bathurst Pty Ltd	51	—
TT Brooklyn Pty Ltd	95	43.4
TT Brookvale Pty Ltd	100	85
TT Bundaberg Pty Ltd	70	—
Total Tools Commercial Pty Ltd	100	85
TT Cairns Pty Ltd	70	—
Total Tools Cairns North Pty Ltd	70	—
TT Dandenong Pty Ltd	60	51
TT Darwin Pty Ltd	90	43.4
TT Ferntree Gully Pty Ltd	60	51
Total Tools Fyshwick Pty Ltd	80	43.4
TT Geelong Pty Ltd	80	43.4
TT Kilsyth Pty Ltd	60	51
Total Tools Lake Haven Pty Ltd	51	43.4
Total Tools Industrial Pty. Limited	100	85
T Tools Launceston Pty Ltd	51	—
TT Melton Pty Ltd	90	43.4
TT Mackay Pty Ltd	60	51
TT Mitcham Pty Ltd	60	51
Total Tools Mitchell Pty Ltd	100	—
Total Tools Moorabbin Store Pty Ltd	100	85
Total Tools Mt Waverley Pty Ltd	51	—
TT Narre Warren Pty Ltd	60	51
Total Tools New Zealand Limited	100	85
Total Tools Online Pty Ltd	100	85
TMAC Penrith Pty Ltd	51	43.4
Total Tools Preston Pty Ltd	60	51
TT Richmond Pty Ltd	100	—
TT Rockhampton Pty Ltd	70	—
TT Sandgate Pty Ltd	89	51
TT Seaford Pty Ltd	80	68
TT South Melbourne Pty Ltd	90	43.4
T Tools Sunbury Pty Ltd	51	—
Total Tools Taylors Lakes Pty Ltd	51	—
TJT Tools Pty Ltd	51	43.4
TT Traralgon Pty Ltd	60	51
T Tools Tullamarine Pty Ltd	51	—
Total Tools Wagga Wagga Pty Ltd	90	43.4
TT Warners Bay Pty Ltd	89	51
T Tools Warrnambool Pty Ltd	51	—
Total Tools Wodonga Pty Ltd	100	—
Virginia Tools Pty Ltd	60	51
Wimbledon Unit Trust	100	100

1. The Group has an indirect ownership of 48.5% in this entity via its interest in Tasmania Hardware Pty Ltd. While the Group has beneficial ownership of less than 50% of this entity, the Group has control over key operating and financial decisions of this entity. Accordingly, this entity has been accounted for as a controlled entity.

Entities within the closed group as at 30 April 2024

Certain controlled entities of Metcash Limited, collectively referred to as the 'Closed Group', are party to a Deed of Cross Guarantee which meets the requirements of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (Instrument)*. Pursuant to the Instrument, entities within the Closed Group that have lodged an opt-in notice with ASIC within the requisite time limits are granted relief from standalone financial reporting and audit requirements of the *Corporations Act 2001*. Under the Deed of Cross Guarantee, the entities within the Closed Group, including Metcash Limited, have guaranteed to pay any outstanding debts or claims in the event of a winding up of any other entity within the Closed Group.

APPENDIX B – INFORMATION ON SUBSIDIARIES

Summary Statement of Comprehensive Income of the Closed Group

	FY24 $m	FY23 $m
Distributions from subsidiaries outside the Closed Group	17.5	17.7
Other net income	335.4	319.4
Significant items	(30.3)	(48.3)
Profit before income tax	**322.6**	**288.8**
Income tax expense	(94.5)	(83.9)
Net profit for the year	**228.1**	**204.9**

Summary Statement of Financial Position of the Closed Group

	FY24 $m	FY23 $m
ASSETS		
Cash and cash equivalents	47.6	41.3
Trade receivables and loans	1,814.2	1,637.7
Lease receivables	39.5	41.1
Amounts due from related parties	—	16.1
Inventories	958.0	958.4
Other current assets	10.4	9.8
Total current assets	**2,869.7**	**2,704.4**
Investments	462.4	335.8
Lease receivables	182.8	216.5
Property, plant and equipment	263.2	209.1
Net deferred tax assets	137.4	133.6
Intangible assets and goodwill	977.0	691.8
Right-of-use assets	518.5	503.6
Other non-current assets	15.0	9.9
Total non-current assets	**2,556.3**	**2,100.3**
Total assets	**5,426.0**	**4,804.7**
LIABILITIES		
Trade and other payables	2,306.5	2,094.1
Lease liabilities	164.2	120.4
Interest-bearing borrowings	49.1	168.3
Income tax payable	0.4	6.1
Provisions	137.4	146.2
Put options and other financial liabilities	40.7	108.1
Total current liabilities	**2,698.3**	**2,643.2**
Interest-bearing borrowings	272.3	270.8
Lease liabilities	759.4	807.7
Amounts due to related parties	15.1	—
Provisions	30.4	37.4
Put options and other financial liabilities	148.3	9.9
Total non-current liabilities	**1,225.5**	**1,125.8**
Total liabilities	**3,923.8**	**3,769.0**
Net assets	**1,502.2**	**1,035.7**
EQUITY		
Contributed equity	1,238.8	818.3
Retained earnings	256.4	219.3
Other reserves	7.0	(1.9)
Total equity	**1,502.2**	**1,035.7**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Metcash Limited, I state that:

1. In the opinion of the directors:
   a. The financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of Metcash Limited are in accordance with the *Corporations Act 2001*, including:
      i. Giving a true and fair view of the consolidated entity's financial position as at 30 April 2024 and of its performance for the year ended on that date; and
      ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*;
   b. The financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 2.1; and
   c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 April 2024.
3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Appendix B will be able to meet any obligation or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

DOUG JONES

Director

Sydney, 24 June 2024

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Auditor's Independence Declaration to the Directors of Metcash Limited

As lead auditor for the audit of the financial report of Metcash Limited for the financial year ended 30 April 2024, I declare 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;

b) No contraventions of any applicable code of professional conduct in relation to the audit; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit

This declaration is in respect of Metcash Limited and the entities it controlled during the financial year.

Ernst & Young

Christopher George
Partner
24 June 2024

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Independent auditor's report to the members of Metcash Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Metcash Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 April 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 April 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 and 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better
working world

Impairment assessment of goodwill and other intangible assets

Why significant	How our audit addressed the key audit matter
At 30 April 2024, the Group's consolidated statement of financial position includes goodwill and other intangible assets with a carrying value $1,061.5 million, representing 18.3% of total assets. The Group recognised $160.8 million in goodwill arising from business acquisitions during the year. The directors have assessed goodwill and other intangible assets for impairment. As disclosed within Note 4.7 to the financial statements, the assessment of the impairment of the Group's goodwill and other intangible assets incorporated significant judgments and estimates, based upon conditions existing as at 30 April 2024, specifically concerning factors such as forecast cashflows, discount rates and terminal growth rates. The estimates and assumptions relate to the sustainability of future performance, market and economic conditions. Significant assumptions used in the impairment testing referred to above are inherently subjective. The disclosures in the financial report provide important information about the assumptions made in the impairment testing and the market conditions at 30 April 2024. Accordingly, we considered the impairment testing of goodwill and other intangible assets and the related disclosures in the financial report to be a key audit matter.	Our audit procedures included the following: ▶ Assessed the Group's determination of the cash generating units (CGUs) used in the impairment model, based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also considered internal reporting of the Group's results to assess how earnings and goodwill are monitored and reported. ▶ Assessed the Group's allocation of additional goodwill arising from business combinations to CGUs used in the impairment model. ▶ Assessed the cash flow forecasts, assumptions and estimates used by the Group, as outlined in Note 4.7 to the financial statements, by considering the reliability of the Group's historical cash flow forecasts, our knowledge of the business and corroborating data with external information where possible. ▶ Considered the impact on the cash flow forecasts related to the group's climate change commitments. ▶ Evaluated the appropriateness of discount and terminal growth rates applied with involvement from our valuation specialists. ▶ Tested the mathematical accuracy of the impairment testing models including the consistency of relevant data with latest Board approved forecasts. ▶ Performed sensitivity analysis on key assumptions including growth rates (including terminal growth rates) and discount rates, for each of the Group's CGUs. ▶ Assessed the adequacy of the financial report disclosures contained in Note 4.7.

Building a better working world

Accounting for Rebates

Why significant	How our audit addressed the key audit matter
Note 4.3 of the financial report outlines the Group's accounting policy relating to supplier rebates, or supplier income as they are referred to in the financial report. The Group receives rebates and other similar incentives from suppliers which are determined based upon a number of measures which can include volumes of inventory purchased or sold and the performance of promotional activities. We considered this to be a key audit matter as supplier rebates contributed significantly to the Group's results. There are a large number of specific agreements in place and some of the arrangements require judgment to be applied in determining the timing of rebate recognition and the appropriate classification within the financial statements, based upon the terms of the agreement.	Our audit procedures included the following: ► Evaluated the Group's design of controls relating to the recognition, measurement and classification of rebate amounts recognised within the consolidated statement of comprehensive income. ► Assessed the operating effectiveness of relevant controls in place relating to the recognition and measurement of selected purchase-volume based rebates. ► Selected a sample of non purchase-volume based and purchase-volume based rebates, and determined whether the rebates were calculated in accordance with the agreed terms and assessed whether the timing and value of amounts recognised were in accordance with the requirements of Australian Accounting Standards. ► Selected a sample of supplier rebates recorded as receivables at year-end and assessed whether the income was correctly calculated and recognised in the correct period. ► Considered the Group's assessment of the value of rebates associated with inventory on hand at year end that were deducted from the carrying value of inventory. ► Considered the impact of supplier claims during and subsequent to year end on amounts recognised. ► Inquired of the Group as to the existence of any non-standard agreements or side arrangements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2024 Annual Report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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.

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If, based on the work we have performed on the other information 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 34 of the Directors' report for the year ended 30 April 2024.

In our opinion, the Remuneration Report of Metcash Limited for the year ended 30 April 2024, 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.

Ernst & Young

Christopher George
Partner
Sydney
24 June 2024