Harvey Norman

HOLDINGS LIMITED | ACN 003 237 545

APPENDIX 4E
YEAR-END REPORT

JUNE
2022

Australia
New Zealand
Singapore
Slovenia
Ireland
Northern Ireland
Malaysia
Croatia

2022 APPENDIX 4E YEAR-END REPORT

Key Dates

31 August 2022
Announcement of Full-Year Profit to 30 June 2022 & Announcement of Final 2022 Dividend

17 October 2022
Record Date for Determining Entitlement to Final 2022 Dividend

14 November 2022
Payment of Final 2022 Dividend

24 November 2022 at 11:00am
Annual General Meeting of Shareholders

28 February 2023
Announcement of Half-Year Profit to 31 December 2022 & Announcement of Interim 2023 Dividend

3 April 2023
Record Date for Determining Entitlement to Interim Dividend

2 May 2023
Payment of Interim 2023 Dividend

Contents

Company Info

Registered Office
A1 Richmond Road,
Homebush West NSW 2140
Ph: 02 9201 6111
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Share Registry
Boardroom Pty Limited,
Level 12, 225 George Street,
Sydney NSW 2000
Ph: 02 9290 9600

Auditors
Ernst & Young (EY)

Securities Exchange Listing
Shares in Harvey Norman Holdings Limited (HVN) are quoted on the Australian Securities Exchange Limited (ASX)

Solicitors
Brown Wright Stein

Company Secretary
Mr. Chris Mentis

Harvey Norman

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2022 RESULTS

EBITDA

$1.437 billion

Decrease of **$20.58 million** from FY21

Reported PBT

$1.140 billion

Decrease of **$42.09 million** from FY21

Income Tax Expense

$323 million

Decrease of **$13.12 million** from FY21

Net Property Revaluations

$213.68 million through P&L

$41.97 million through equity

vs. $140.37m through P&L & $55.18m through equity in FY21

Total System Sales Revenue

$9.558 billion

Decrease of **$163.13 million** from FY21

ARIARNE TITMUS

Australian Olympic Gold Medalist, Tokyo 2020 Olympics

Harvey Norman® is proud to partner with Ariarne Titmus throughout her Tokyo 2020 journey and now on the path to Paris 2024 including the recent 2022 Commonwealth Games in Birmingham, UK.

At her first Olympic outing, Ariarne remarkably took home two individual gold medals in the 200m and 400m freestyle, placing her among Australia's most successful swimmers. Most recently in Birmingham, Ariarne achieved a clean sweep with three individual gold medals in 200m, 400m and 800m freestyle, in addition to a gold medal for her relay team that won the 4 x 200m Freestyle relay. Ariarne, at 22 years old, finished all 3 of her individual events with Commonwealth Games records holding the status of one of the most dominant freestyle swimmers in the world as well as being the first athlete in 50 years to take out all 3 gold medals in the Commonwealth Games woman's freestyle. In addition, Ariarne broke Katie Ledecky's long standing 400m Freestyle World Record at the 2022 Australian Championships, placing her as one of the all-time middle distance greats.

Ariarne isn't shy of a challenge and has become an inspirational figure, with the highest engagement figures out of all Australian swimmers. Ariarne has proven to be an insightful speaker and a humble role model to future generations quoting in a post-game interview "I'm just from a small town in Tassie and this goes to show that if you believe you can do something you can 100% do it if you work for it". Ariarne also as gracious in defeat as she is in victory quoting "If I went to the Olympics and didn't win gold in the 400 but I swam the time I did, I would've still been happy because I would have swum the best that I could, it just hadn't been enough on that day".

Juggling studying, training and being a self-confessed foodie, Ariarne is passionate about health and fitness.

Harvey Norman® proudly supporting Ariarne since 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HARVEY NORMAN HOLDINGS LIMITED (HNHL)

EBITDA	EBITDA Excluding AASB16 net impact and net property revaluations
$1.437bn	**$1.044bn**
DOWN BY $20.58m or -1.4% FROM $1.457bn IN FY21 UP BY $491.88m or 52.1% FROM $944.67m IN FY20	DOWN BY $102.83m or -9.0% FROM $1.147bn IN FY21 UP BY $301.26m or 40.6% FROM $742.47m IN FY20

EBIT	EBIT Excluding AASB16 net impact and net property revaluations
$1.193bn	**$953.20m**
DOWN BY $40.15m or -3.3% FROM $1.233bn IN FY21 UP BY $471.51m or 65.4% FROM $721.08m IN FY20	DOWN BY $105.95m or -10.0% FROM $1.059bn IN FY21 UP BY $298.34m or 45.6% FROM $654.86m IN FY20

REPORTED PBT	PBT Excluding AASB16 net impact and net property revaluations
$1.140bn	**$942.79m**
DOWN BY $42.09m or -3.6% FROM $1.183bn IN FY21 UP BY $479.15m or 72.5% FROM $661.29m IN FY20	DOWN BY $107.09m or -10.2% FROM $1.050bn IN FY21 UP BY $307.19m or 48.3% FROM $635.60m IN FY20

REPORTED PROFIT AFTER TAX & NCI	PROFIT AFTER TAX & NCI Excluding AASB16 net impact and net property revaluations
$811.53m	**$673.55m**
DOWN BY $29.89m or -3.6% FROM $841.41m IN FY21 UP BY $330.99m or 68.9% FROM $480.54m IN FY20	DOWN BY $75.22m or -10.0% FROM $748.76m IN FY21 UP BY $211.38m or 45.7% FROM $462.16m IN FY20

TOTAL SYSTEM SALES REVENUE

$9.558 billion

AGGREGATED HEADLINE FRANCHISEE SALES REVENUE*...**$6.750bn**
COMPANY-OPERATED SALES REVENUE..........................**$2.807bn**

*Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity.

HNHL CONSOLIDATED REVENUES

$4.506 billion

SALES OF PRODUCTS TO CUSTOMERS..........................**$2.807bn**
REVENUES RECEIVED FROM FRANCHISEES......................**$1.301bn**
REVENUES AND OTHER INCOME ITEMS..........................**$397.19m**

NET DEBT TO EQUITY: 10.31%

NET DEBT OF **$450.77m** in JUN-22 vs

NET DEBT OF $295.54m in JUN-21

UNUSED, AVAILABLE FINANCING FACILITIES OF **$189.64m**

NET ASSETS
$4.29 billion
Up 10.3% from $3.89bn in Jun-21

BASIC EARNINGS PER SHARE
65.13c
Down from 67.53c in FY21
Up from 39.19c in FY20

DIVIDENDS PER SHARE (FULLY-FRANKED)
37.5c
Up from 35.0c in FY21

544 FRANCHISEES IN AUSTRALIA	**195** FRANCHISED COMPLEXES IN AUSTRALIA	**109** OVERSEAS COMPANY OPERATED STORES

Dear Shareholder,

COVID-19 has continued to have a significant impact on the operations and profitability of businesses across the globe. Amid these ongoing and unprecedented challenges, the 8 countries in which our brands operate have delivered solid results in FY22. The results achieved this year are a testament to the strength and resilience of our integrated retail, franchise, property and digital system.

Profit before tax excluding the effects of AASB 16 *Leases* and net property revaluations for FY22 was $942.79 million, down –10.2% on FY21. Our PBT for 1H22 was significantly affected by COVID government-mandated lockdowns in Australia, New Zealand and Malaysia ending the half down –20.1% on 1H21, but increased 3.5% in 2H22.

In Australia, our franchisees were negatively affected by the prolonged mandated lockdowns and closures of *'Delta'*, the business challenges presented by the emergence of *'Omicron'* prior to the peak Christmas trading period and the ongoing threat of rising rates of transmission, infection and re-infection presented by its sub-variants. Our franchisees have managed their businesses well by focusing on the customer journey and overall experience with the Harvey Norman®, Domayne® and Joyce Mayne® brands, including the continued application of COVID-safe practices to prioritise health and safety.

With 195 franchised complexes located within close proximity of their customers, franchisees have been able to fully embrace pandemic-inspired construction and renovation activity by offering the best range of technology and home and lifestyle products in their expansive showrooms. Household savings remain at record highs, growing by over $286 billion or 30% since the start of the pandemic, primarily skewed towards higher income households. Franchisees are well-placed to benefit from any unwind in the built-up household savings as they predominantly service the middle-to-upper product markets, and are expected to benefit from the sustained investment in the home as devices and appliances require replacement and upgrade. Geographically, approximately 65% of the franchised complexes are located in regional areas. The pandemic has resulted in a population shift from metropolitan cities to regional areas which is expected to support a base for sustained retail growth for franchisees.

Overseas, with the exception of our company-operated stores in New Zealand and Malaysia that were subjected to government-mandated closures during the first half of FY22, our company-operated stores in Singapore, Ireland, Northern Ireland, Slovenia and Croatia were open and trading throughout 2022. Our offshore company-operated retail segment remains strong representing 25% of total consolidated PBT (excluding net property revaluations).

Our property portfolio is robust and anchors our balance sheet. Our total freehold property segment assets of over $3.7 billion continues to deliver stable income streams and capital growth, appreciating in value by over $365 million or +11% this year for both freehold investment properties and owner-occupied properties.

We are pleased to report another solid net asset base, growing by 10% to $4.29 billion as at 30 June 2022, from $3.89 billion at the end of the previous financial year. This was achieved by managing a complementary and diverse operating model across all key home and lifestyle product categories that can be swiftly adapted to capitalise on the changing marketplace and navigate through headwinds that may arise.

We will continue to support our Australian franchisees and invest in our overseas company-operated stores so that they can continue to support and service their local communities and give their loyal customers an unparalleled retail experience. It is with your support and trust that we continue to build our brands to be the strongest home and lifestyle retailer.

Solid Financial Results

- Reported earnings before interest, tax, depreciation & amortisation (EBITDA) of **$1.437 billion**, down by $20.58 million or –1.4% from $1.457 billion in FY21, and up by $491.88 million or +52.1% from $944.67 million in FY20
  ► 1H22 down by $25.43 million or –3.3%; 2H22 up by $4.84 million or +0.7%.
- EBITDA (excluding AASB 16 impact and net property revaluations) of **$1.044 billion**, down by $102.83 million or –9.0% from $1.147 billion in FY21, and up by $301.26 million or +40.6% from $742.47 million in FY20
  ► 1H22 down by $121.15 million or –18.4%; 2H22 up by $18.32 million or +3.8%.
- Reported earnings before interest & tax (EBIT) of **$1.193 billion**, down by $40.15 million or –3.3% from $1.233 billion in FY21, and up by $471.51 million or +65.4% from $721.08 million in FY20.
- EBIT (excluding AASB 16 impact and net property revaluations) of **$953.20 million**, down by $105.95 million or –10.0% from $1.059 billion in FY21, and up by $298.34 million or +45.6% from $654.86 million in FY20
  ► 1H22 down by $122.34 million or –19.9%; 2H22 up by $16.39 million or +3.7%.
- Reported profit before tax (PBT) of **$1.140 billion**, down by $42.09 million or –3.6% from $1.183 billion in FY21, and up by $479.15 million or +72.5% from $661.29 million in FY20, delivering a robust **return on net assets of 26.6%** for FY22 compared to 30.4% in FY21 and 19.0% for FY20.

Solid Financial Results (continued)

- PBT (excluding AASB 16 impact and net property revaluations) of **$942.79 million**, down by $107.09 million or -10.2% from $1.050 billion in FY21, and up by $307.19 million or +48.3% from $635.60 million in FY20
  ► 1H22 down by $122.50 million or -20.1%; 2H22 up by $15.40 million or +3.5%.
- Net profit after tax and non-controlling interests (**NPAT&NCI**) of **$811.53 million**, down by $29.89 million or –3.6% from $841.41 million in FY21, and up by $330.99 million or +68.9% from $480.54 million in FY20
  ► 1H22 down by $31.12 million or -6.7%; 2H22 up by $1.23 million or +0.3%.
- NPAT&NCI (excluding AASB 16 impact and net property revaluations) of **$673.55 million**, down by $75.22 million or -10.0% from $748.76 million in FY21, and up by $211.38 million or +45.7% from $462.16 million in FY20
  ► 1H22 down by $86.58 million or -19.8%; 2H22 up by $11.36 million or +3.7%.
- **Overseas company-operated retail** profit result of **$232.00 million**, down by $8.80 million or -3.7%, amid government imposed lockdowns in 1H22 and the emerging headwinds affecting retail towards the end of FY22
  ► 1H22 down by $9.67 million or -7.0%; 2H22 up by $0.88 million or +0.9%.
- **Earnings per share** of **65.13 cents**, down by 2.40 cents or –3.6% from 67.53 cents in FY21, and up by 25.94 cents or +66.2% from 39.19 cents for FY20.
- Very strong balance sheet surpassing the $7 billion milestone for the first time, with **total assets of $7.25 billion**, up by $573.47 million or +8.6% primarily driven by organic growth from overseas store expansion and increases in the tangible freehold property portfolio.
- **Net assets** of **$4.29 billion** as 30 June 2022, up by $401.11 million, or +10.3%, from $3.89 billion as at 30 June 2021.

Property

- **30 June 2022:** 195 franchised complexes in Australia and 109 company-operated stores overseas.
- Strong freehold property portfolio valued at **$3.74 billion** as at 30 June 2022, up by $367.36 million or +10.9%, consisting of 95 freehold investment properties in Australia, 26 owner-occupied land and buildings in New Zealand, Singapore, Slovenia, Ireland and Australia and joint venture assets.
- 3 new franchised complexes opened in Australia during FY22 located at Murwillumbah, New South Wales (September 2021), Port Pirie, South Australia (November 2021) and Charters Towers, Queensland (April 2022).
- 1 new company-operated store opened in Malaysia in December 2021 located at Pavilion Bukit Jalil, Kuala Lumpur and 1 new commercial outlet opened in Hamilton, New Zealand in March 2022. The new store at Fonthill, Dublin, Ireland opened shortly after year-end (slightly delayed due to the pandemic). The proposed third Croatian store at Rijeka has been delayed to calendar 2023.
- During 2H22, the premium refit program, which was hampered by the government mandated closures during 1H22, was recommenced. Given COVID supply chain issues and labour shortages, we have reassessed expected completion dates and we now expect to complete up to 25 premium refits over the next 5 years.

We thank our staff for their continued loyalty and commitment to our long-term vision and strategy. Thank you to our loyal franchisees for successfully running their businesses amid the turbulence of the pandemic and changing retail environment, and for their continued support of their local communities. We value and appreciate the ongoing support and confidence of our shareholders in the leadership and future direction of our business.

G. HARVEY
Chairman
Sydney
31 August 2022

K.L. PAGE
Chief Executive Officer
Sydney
31 August 2022

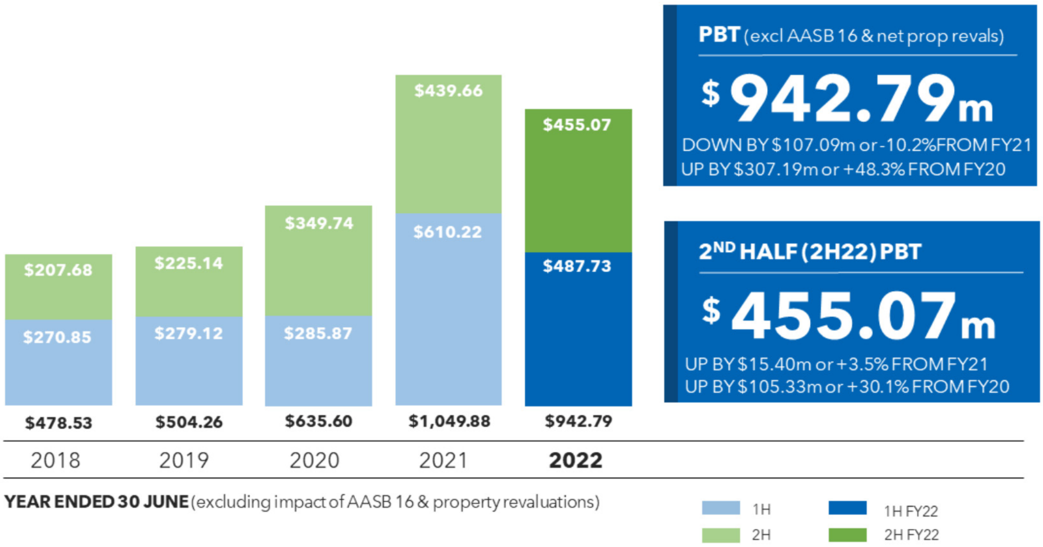
Group Results for 30 June 2022

The directors are pleased to report a solid **profit before tax (PBT) result for the year ended 30 June 2022 (FY22) of $1.140 billion**, a decrease of $42.09 million, or –3.6%, from $1.183 billion for the year ended 30 June 2021 (**FY21**). When compared to a more stable recent reporting period such as the year ended 30 June 2020 (**FY20**), the FY22 result increased by $479.15 million or 72.5%.

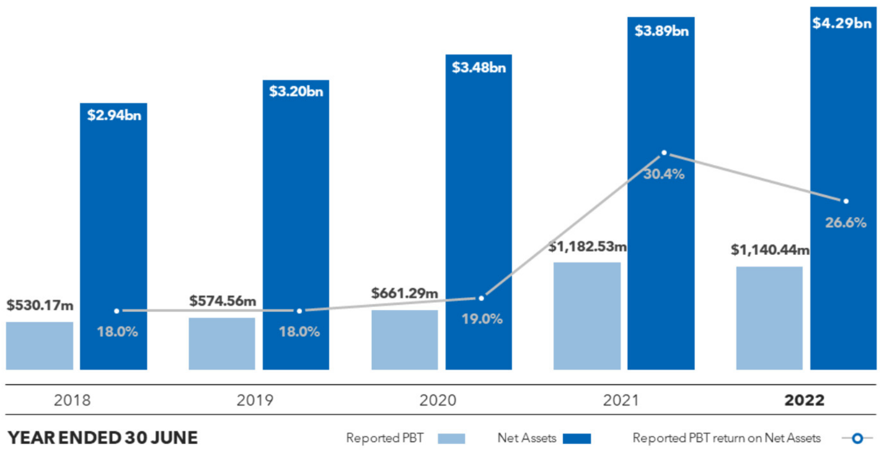
In the first half of FY22 (**1H22**), our Australian franchisees were negatively affected by nearly 4-months of government-mandated lockdowns due to the *'Delta'* variant and there were protracted mandatory closures in our 2 largest overseas regions with all company-operated stores in New Zealand and Malaysia closed for varying periods. The second half of FY22 (**2H22**) saw an acceleration of consumer and business confidence as COVID restrictions eased, however, business challenges persisted with the emergence of macroeconomic headwinds affecting discretionary retail, exacerbated by geopolitical tensions, ongoing supply chain disruptions and labour shortages.

Excluding the effects of AASB 16 *Leases* and the net property revaluation adjustments in each year, profit before tax was **$942.79 million** for FY22, a decrease of $107.09 million, or –10.2%, from $1.050 million in FY21. When compared to the pre-pandemic levels of FY20, the FY22 increase was $307.19 million or up 48.3%. 1H22 resulted in a decline in profitability for the consolidated entity by $122.50 million or –20.1%, from $610.22 million in 1H21 to $487.73 million in 1H22. We significantly improved in the second half, with **2H22 generating a record second half with PBT of $455.07 million excluding the AASB 16 and net property revaluation adjustments, growing by $15.40 million or 3.5%,** from $439.66 million in 2H21.

UNDERLYING PROFIT BEFORE TAX ($M)
[excluding impact of AASB 16 *Leases* & net property revaluations]



The PBT return on net assets was 26.6% for FY22, compared to a PBT return on net assets of 30.4% for FY21 and 19.0% for FY20.



Reported profit after tax and non-controlling interests was $811.53 million for FY22, a decrease of $29.89 million or –3.6%, from $841.41 million in FY21, and an increase of $330.99 million or 68.9% from FY20. Excluding the after-tax effects of net property revaluation adjustments and AASB 16 *Leases* in each year, profit after tax was $673.55 million for FY22, a decrease of $75.22 million or -10.0% from $748.76 million in FY21, and an increase of $211.38 million or 45.7% from FY20. The effective tax rate for the consolidated entity was 28.28% for FY22 compared to an effective tax rate of 28.39% for FY21. The effective tax rate of the consolidated entity is akin to the 30% corporate tax rate in Australia, despite the corporate tax rates of the 7 overseas countries where our company-operated retail stores operate ranging from 12.5% to 28%.

Segment Analysis

An Integrated Retail, Franchise, Property and Digital System

The consolidated entity operates an integrated retail, franchise, property and digital system, comprising three main strategic pillars: 1. Retail - 2. Franchise - 3. Property, complemented by a robust and sustained investment in technology, digital transformation and IT infrastructure assets.

1 Overseas Company–Operated Retail Segment

$232.00m

Profit Before Tax
Representing **20.3%** of PBT
or **25.0%** (excluding net property revaluations)

Down by $8.80m or –3.7% on FY21

Up by $79.92m or +52.6% on FY20

Retail revenue for the overseas company-operated retail segment was $2.63 billion for FY22, up by $28.14 million or +1.1% from FY21. Offshore growth moderated this year due to extensive hard lockdowns and closures in New Zealand and Malaysia during 1H22, coupled with supply-chain disruptions due to COVID-19 and the emerging headwinds affecting retail towards the end of FY22.

Profit before tax of the overseas company-operated retail segment was $232.00 million for FY22, a decrease of $8.80 million or –3.7%. Profitability improved in the second half, with an aggregate result of $103.52 million, increasing by $0.88 million, or +0.9%, in 2H22 after declining by -$9.67 million, or –7.0%, in aggregate for 1H22.

The retail result for NZ decreased by $12.53 million or –8.9%, to $129.08 million in FY22.

The retail result for Singapore and Malaysia increased by $9.45 million or +26.3%, to $45.36 million in FY22.

The retail result for Ireland and Northern Ireland decreased by $5.73 million or –11.0%, to $46.16 million in FY22.

The retail result for Slovenia and Croatia remained consistent with the previous year at $11.40 million.

2 Franchising Operations Segment

$553.02m

Profit Before Tax
Representing **48.5%** of PBT

Down by $75.17m or –12.0% on FY21

Up by $204.42m or 58.6% on FY20

Profitability of the franchising operations (FO) segment declined by $75.17 million or –12.0% to $553.02 million for FY22, compared to $628.19 million for FY21. The FO segment improved significantly in 2H22, increasing by $15.94 million, or +6.5%, to $260.16 million, after being down by –$91.11 million, or –23.7%, in 1H22. The profitability of this segment was negatively impacted by approximately four months of government mandated closures in NSW, VIC and the ACT in response to the *'Delta'* variant in 1H22, the challenges presented by the *'Omicron'* variant in 2H22 and the emergence of macroeconomic headwinds affecting discretionary retail towards the end of FY22.

This decrease was due to a reduction in FO segment revenues by $44.54 million or –3.6%, to $1.19 billion for FY22, primarily due to a decrease in franchise fees received from franchisees by $42.59 million or –4.0%, on the back of a 2.9% decrease in aggregated franchisee sales revenue to $6.75 billion for FY22, compared to $6.95 billion for FY21. Profitability was also impacted by rent waivers provided by the franchisor to those franchisees affected by retail closures in NSW, VIC and ACT and a rise in brand support advertising costs to promote and enhance the Harvey Norman®, Domayne® and Joyce Mayne® brands.

The FO margin was 8.19% for FY22, compared to 9.04% for FY21 and 5.66% for FY20.

3 Property Segment

$366.48m

Profit Before Tax
Representing **32.1%** of PBT

Up by $74.94m or +25.7% on FY21

Up by $193.30m or +111.6% on FY20

The retail property segment delivered a strong result of $370.10 million in FY22 compared to a result of $291.79 million in FY21, an increase of $78.31 million or +26.8%.

This was primarily achieved by a $73.31 million increase in the net property revaluation increment to $213.68 million for FY22, up from a net revaluation increment of $140.37 million for FY21.

Excluding net property revaluations, the retail property segment grew by $9.11 million, or +11.6%, to $87.63 million in 2H22, after being down by –$4.11 million, or –5.6% in 1H22.

Strong freehold property portfolio valued at $3.74 billion as at 30 June 2022, up by $367.36 million or +10.9%.

Leasehold property portfolio valued at $1.15 billion as at 30 June 2022, $675.60 million relating to leases of investment properties sub-leased to external parties and $472.51 million relating to leases of owner-occupied properties and plant and equipment assets.

The Franchising Operations Segment in Australia

The Franchised Operating Model in Australia

Harvey Norman Holdings Limited (HNHL) and subsidiaries of HNHL own valuable intellectual property rights, including the trademarks Harvey Norman®, Domayne® and Joyce Mayne®, software and other confidential information to promote and enhance the brands.

A subsidiary of HNHL (a franchisor) grants separate franchises to independent franchisees to use the Harvey Norman®, Domayne® or Joyce Mayne® trade marks in Australia and to conduct the retail business of the franchisee at or from a store within a particular branded complex, pursuant to the terms of a franchise agreement. Each franchisee owns and controls the franchisee business of that franchisee.

Each franchisee has control over the day-to-day operations of the franchisee business and has the discretion and power to make the decisions necessary to drive sales, control floor margins and contain operating costs to maximise the profitability of the franchisee business.

Each franchisee pays franchise fees to a franchisor pursuant to a franchise agreement between that franchisee and that franchisor. The franchising operations segment in Australia captures and records the franchise fees received from franchisees including gross franchise fees, rent and outgoings for the use of a branded complex and interest on the financial accommodation facility that is made available to each franchisee. The franchising operations segment also includes the costs of operating the franchised system and monitoring and evaluating the performance and compliance of franchisees with their franchise agreements.

With an unrivalled national store and click & collect network, the Harvey Norman®, Domayne® and Joyce Mayne® franchised complexes are an easy drive for the vast majority of the Australian population, with further growth planned in the coming years.

169 Harvey Norman® Franchised Complexes

19 DOMAYNE® Franchised Complexes

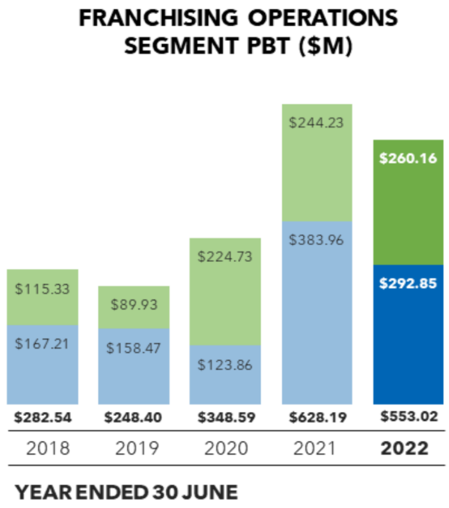
7 JOYCE MAYNE® Franchised Complexes

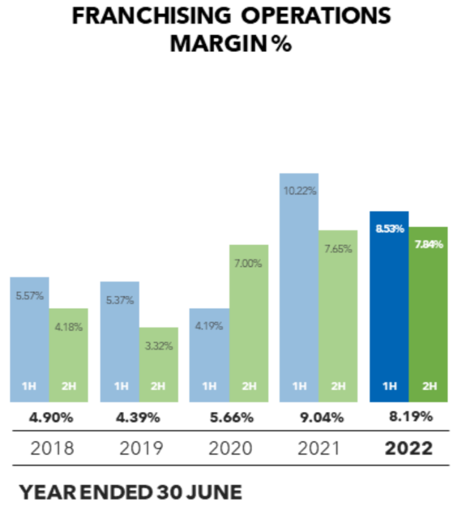
544 Independent franchisees carrying on their business under Harvey Norman®, Domayne® and Joyce Mayne® brands.

195 Franchised complexes in Australia trading under the Harvey Norman®, Domayne® and Joyce Mayne® brand names.

As planned, the consolidated entity opened three Harvey Norman® franchised complexes in Australia during FY22 located at Murwillumbah, New South Wales (September 2021), Port Pirie, South Australia (November 2021) and Charters Towers, Queensland (April 2022), brining the total number of franchised complexes in Australia to 195 as at 30 June 2022.

The Franchising Operations Segment in Australia (continued)





FRANCHISING OPERATIONS SEGMENT PBT

$553.02m

DOWN BY -$75.17m OR -12.0% FROM FY21
UP BY $204.42 OR 58.6% FROM FY20

FRANCHISING OPERATIONS MARGIN

8.19%

DOWN FROM 9.04% FROM FY21
UP FROM 5.66% FROM FY21

1H · 2H · 1H FY22 · 2H FY22

1H22 delivered a **franchising operations (FO) segment PBT result of $292.85 million**, a decrease of $91.11 million or -23.7%, from $383.96 million in 1H21, and a **franchising operations margin of 8.53% for 1H22** compared to 10.22% in 1H21. When compared to a more stable recent retail period in 1H20 which generated an FO segment PBT of $123.86 million, the 1H22 result was up by 136.4%. The FO segment outperformed in 2H22, generating an **FO segment PBT result of $260.16 million, an increase of $15.94 million or 6.5%,** from the record FO segment PBT result in 2H21 of $244.23 million, and an increase of $35.43 million or 15.8%, from the FO segment PBT result in 2H20 of $224.73 million. The FO margin was 7.84% for 2H22 compared to 7.65% in 2H21. The strong second half placed us in good stead to close out FY22 with an **FO segment PBT result of $553.02 million**, a decrease of $75.17 million or -12.0%, from $628.19 million in FY21, and an **FO margin of 8.19% for FY22** compared to 9.04% in FY21. When compared to FY20, the increase in the FY22 FO segment PBT result was $204.42 million or 58.6%.

The reduction in the FO segment PBT result is primarily due to the decrease in FO segment revenues by $44.54 million or -3.6%, from a record $1.24 billion in FY21 to $1.19 billion in FY22. Gross franchise fees received from Harvey Norman®, Domayne® and Joyce Mayne® franchisees declined by $42.59 million, directly attributable to the 2.9% reduction in aggregate franchisee sales revenue which underpins the FO segment from $6.95 billion in FY21 to $6.75 billion in FY22. The majority of this reduction was in 1Q22 where franchisee sales decreased by -16.5% compared to 1Q21 due to the government-mandated retail closures in franchised complexes in NSW, VIC and the ACT for the majority of the quarter. FO revenue improved in 2Q22 as the *'Delta'* restrictions progressively lifted from mid October 2021, with the pent-up demand resulting in an acceleration in franchisee sales post lockdown to close out 2Q22 only 1.7% down on 2Q21, which was a record sales quarter for franchisees. Despite the *'Omicron'* challenges in 2H22, both 3Q22 and 4Q22 saw growth in franchisee sales by 2.8% and 4.9% respectively compared to 3Q21 and 4Q21.

In addition, FO segment revenues were impacted by a reduction in rent and outgoings received from franchisees during FY22 as full or partial rent waivers were provided to external tenants and Harvey Norman®, Domayne® and Joyce Mayne® franchisees affected by the retail closures in NSW, VIC and ACT for approximately a 4-month period from July 2021 to mid-October 2021 in order to protect and enhance the brands. These rent waivers amounted to $19.58 million, of which $10.76 million related to properties owned by the consolidated entity (and recorded in the Property Segment) and $8.82 million related to properties leased by the consolidated entity (and recorded in the Franchising Operations Segment). During FY21, $9.85 million of rent waivers were provided to external tenants and franchisees affected by the 11-week government-mandated Stage 4 lockdown in greater Melbourne, Victoria, of which $5.78 million related to owned properties and $4.07 million related to leased properties.

The FO segment PBT result was also affected by a rise in brand advertising costs to promote and enhance the Harvey Norman®, Domayne® and Joyce Mayne® brands.

FRANCHISING OPERATIONS SEGMENT		1H	2H	FY
Franchising Operations Segment PBT ($m)	FY22	$292.85m	$260.16m	$553.02m
	FY21	$383.96m	$244.23m	$628.19m
	FY20	$123.86m	$224.73m	$348.59m
Franchisee Aggregated Sales Revenue* ($bn)	FY22	$3.433bn	$3.32bn	$6.75bn
	FY21	$3.758bn	$3.19bn	$6.95bn
	FY20	$2.953bn	$3.21bn	$6.16bn
Franchising Operations Margin (%)	FY22	8.53%	7.84%	8.19%
	FY21	10.22%	7.65%	9.04%
	FY20	4.19%	7.00%	5.66%

*Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity.

Australian Franchisee Sales Revenue Underpins the Franchising Operations Segment

TOTAL FRANCHISEE SALES
YEAR ENDED 30 JUNE 2022

$6.75bn DOWN BY -2.9% ON FY21 UP BY 9.5% ON FY20

COMPARABLE FRANCHISEE SALES
YEAR ENDED 30 JUNE 2022

$6.74bn DOWN BY -2.7% ON FY21 UP BY 9.9% ON FY20

Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity. Retail sales in Harvey Norman®, Domayne® and Joyce Mayne® in Australia are made by independently owned franchisee businesses that are not consolidated with the consolidated entity's results. Australian franchisee aggregated sales revenue is provided to the market as it is a key indicator of the performance of the franchising operations segment.

The COVID-19 *'Delta'* variant , identified in Australia in mid-June 2021, kickstarted nearly 4-months of protracted rolling lockdowns across most states and territories across Australia from July 2021 affecting over 15 million people, or 58% of the Australian population. Australian franchisees were adversely affected with hard lockdowns throughout most cities and regions in NSW, VIC and the ACT, representing retail closures of nearly 60% of the total number of Australian Harvey Norman®, Domayne® and Joyce Mayne® franchised complexes for the majority of 1Q22. These closures resulted in a reduction in franchisee sales by –16.5% in 1Q22 compared to 1Q21. By comparison, retail closures last year were not as widespread, limited to franchised complexes located in greater Melbourne, VIC for an 11-week period, representing less than 10% of the total number of Australian franchised complexes.

Franchisee sales rebounded during 2Q22 as the *'Delta'* restrictions progressively lifted from mid-October 2021, with the pent-up demand resulting in an acceleration in franchisee sales post lockdown. This momentum continued into the Christmas trading period despite the looming threat of *'Omicron'* to close out 2Q22 only 1.7% down on the record 2Q21 last year.

During the second half of FY22, franchisee sales improved considerably with record 3Q22 franchisee sales, up 2.8% relative to 3Q21, and 4Q22 franchisee sales increasing by 4.9% compared to 4Q21. The second half growth saw franchisee sales close out at $6.75 billion this year to be only down 2.9% from $6.95 billion in FY21 (1H22 was down 8.7% compared to 1H21).

When compared to a more stable, comparable recent retail period in FY20 which generated aggregated franchisee sales of $6.16 billion, franchisee sales for FY22 grew by 9.5%.

The demand for home, lifestyle and technology products has continued with strong sales in whitegoods, televisions and small appliances throughout the year. Large screen and smart TV's designed to deliver an outstanding gaming, movie and sports viewing experience have continued to be a growth category for franchisees.

Within the family kitchen, cooking appliances and everyday small kitchen essentials that deliver innovation, efficiency as well as cutting-edge style have also stood out and an increasingly health aware consumer has also led to growth in the expanding category of air purification.

The technology franchisees have continued to perform well in the high demand category of personal computers, as consumers continue to expand their hybrid work environments, using more technology more often. This led to strong growth in computer monitors, along with the required peripherals to achieve full functionality. As consumers looked to outdoor activities, the franchisees saw solid demand for drones and scooters. For indoor activities, solid demand was experienced for gaming and crafting.

The smart phone category continues to show solid growth, as consumers upgrade to the latest mobile phones, supported by increasing demand for accessories to suit. With the connected home category starting to mature, franchisees saw more consumers being comfortable to expand the number of devices they have connected at home, such as security cameras, lighting and higher performing Wi-Fi connectivity.

The government-mandated retail closures in NSW, VIC and the ACT adversely affected the sales of furniture and bedding franchisees in 1H22 resulting in consumers deferring home furnishing purchases until the restrictions lifted. However, franchisees have seen furniture and bedding sales stabilise post lockdown throughout the second half of the financial year.

Proactive planning by franchisees throughout 2022, in managing a balanced and appropriate inventory level to satisfy consumer demand, has been important to mitigate persistent supply chain disruptions. As the uncertainty within supply chains eased within the second half of FY22, franchisees are well positioned to take advantage of new inventory ranges into the first half of FY23.

A 'Customer-Centric' Strategy

The consolidated entity has continued to build on investments in technology, digital transformation and infrastructure to further enhance the capabilities of Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia and company-operated stores overseas. Specific focus has been placed on allowing them to deliver Shop-Safe experiences for customers, improving COVID-Safe practices and executing a customer-centric strategy.

During FY22, the consolidated entity completed its finance transformation project in Australia with the implementation of a new financial general ledger system in April 2022. The consolidated entity also improved and enhanced our digital offering, including the implementation of a new digital gift card system.

New Customer First System
The Customer First system is central to the customer-centric strategy. It has been designed to support customer service for Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia and company-operated stores overseas. The new and improved system allows customers to be supported wherever they are, on whichever device and messaging platform they use every day.

Personalised Experience
Customers are now enjoying the same personalised experience online that they receive inside franchised complexes with the implementation of the Swogo personalisation solution. This presents customers with personalised, complementary products to help enhance their product experience at the click of a button. This solution continually adapts and evolves, improving over time to ensure Harvey Norman® customers are always given the best possible experience.

New Help and Support Page
The new Help and Support page enables customers to quickly get the information they need or to connect with a Product or Support expert in one of our 195 franchised complexes. Customers can connect to support via all popular messaging services, including LiveChat and even good old-fashioned email.

A 'Customer-Centric' Strategy (continued)

Click & Collect Improvements
Click & Collect has never been faster or more convenient. With over 80% of orders ready within one hour, Harvey Norman® customers continue to enjoy great speed and customer service, utilising the Microsoft Teams based system. Improved communications have gone live, providing customers with more accurate pickup location information inside franchised complexes and franchisee warehouses in Australia, as well as company-operated stores overseas.

Work has continued to improve and enhance the Microsoft Teams based system and to be able to push updates to Click & Collect customers, acknowledging the status of their orders. Through integrated notifications, the customer can, at the press of an "On My Way" or "Arrived" button on their device, advise the store that they are on their way to collect their order either in-store or to have it delivered direct to their car. This assists the franchisee to be fully prepared for their customer when they arrive. Stores have dedicated Click & Collect parking bays and in-store desks to ensure pickup is a frictionless experience. In the last year, customers using this system rated Harvey Norman at a CSAT (Customer Satisfaction) score of over 90%.

LiveChat - Via Web and Messaging Services
Harvey Norman® pioneered LiveChat and Messaging in Australia to help answer online customer questions. Over the last year, Harvey Norman® has continued to improve the AI-powered chatbots within a multitude of the online messaging channels.

Harvey Norman® wants to make life easier for customers, wherever they are, by fitting into their schedule and being on the messaging platforms they prefer. Scalable messaging is available on Apple Business Chat, WhatsApp, Facebook Messenger, and SMS.

Chatbots continue to help automate the customer service, so customers can connect with Harvey Norman 24/7. As an example. Chatbots can help customers wanting order updates and store trading hours, allowing LiveChat and Messaging agents to focus more on specific consumer needs and products.

STORE

SHOP IN STORE

CONTACTLESS CLICK & COLLECT

CONTACTLESS DELIVERY

PHONE YOUR LOCAL STORE

HN.COM.AU

OPEN 24/7 ONLINE

LIVE CHAT HERE TO HELP

CLICK & COLLECT · trak · Store Finder · QuickReserve

Overseas Company-Operated Retail Segment

25%
OF TOTAL CONSOLIDATED PBT
(excluding net property revaluations)

FY22 OFFSHORE RETAIL REVENUE
$2.63bn
UP BY $28.14m or +1.1% on FY21
UP BY $508.25m or +23.9% on FY20

FY22 OFFSHORE RETAIL PBT
$232.00m
DOWN BY $8.80m or -3.7% on FY21
UP BY $79.92m or +52.6% on FY20

Overseas, the 109 Harvey Norman® branded stores are company -owned and company-operated.

Outside of Australia, we trade in seven offshore countries: New Zealand (44 stores); Singapore (14 stores); Slovenia (5 stores); Ireland (15 stores); Malaysia (27 stores); Northern Ireland (2 stores); and Croatia (2 stores).

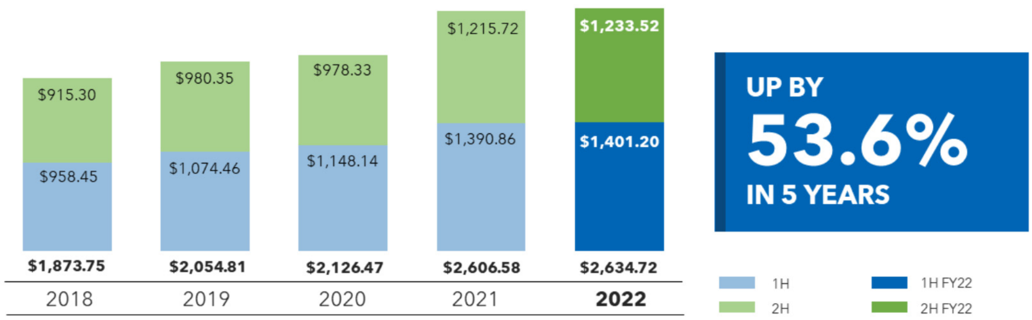
Our 'Flagship Strategy' was completed in 2018, where each country redeveloped and launched their flagship store, setting a course for excellence and an unrivalled, aspirational shopping experience in each country. Each flagship store paved the way for the Harvey Norman® brand overseas, with our overseas company-operated retail segment now representing **25% of total consolidated PBT** excluding net property revaluations. The objective is to build on this growth and expand our international footprint, particularly in the emerging economies of Southeast Asia and Eastern Europe.

Our overseas businesses employ over 5,000 full-time and part-time staff and we continue to prioritise the safety and livelihoods of our employees to ensure that they are not disadvantaged by government-mandated closures and can continue to work in a COVID-safe manner.

Total overseas retail revenue has grown to **$2.63 billion for FY22**, an increase of $28.14 million or +1.1% from FY21. Overseas growth has moderated from previous levels due to extensive government mandated lockdowns in New Zealand and Malaysia in the first half of FY22. In New Zealand, 1H22 saw the closure of all 11 stores and 2 outlets in Auckland for 12-weeks and the 30 stores outside of Auckland were closed for 3-weeks. In Malaysia, all stores were closed to the public for a 7-week period in 1H22. Whilst sales recovered quickly after restrictions lifted, supply-chain disruptions due to COVID-19 continued to curtail sales, particularly in the furniture and bedding categories. 2H22 brought in new challenges including the emergence of geopolitical factors, rising cost-of-living pressures and the softening of previously buoyant macroeconomic conditions, amid the ongoing presence of the pandemic from the *'Omicron'* variant.

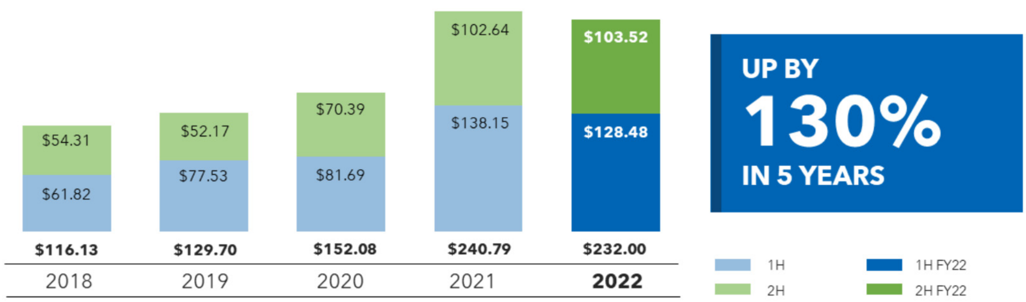
The Harvey Norman® brand is strong overseas and continues to be the preferred Home and Lifestyle retailer across key product categories overseas. The sustained investment in the brand, coupled with a sound offshore expansion strategy, has continued to underpin a solid offshore result this year. Total overseas retail PBT was **$232.00 million for FY22**.

TOTAL OVERSEAS RETAIL REVENUE ($AUD M)



YEAR ENDED 30 JUNE

TOTAL OVERSEAS RETAIL PROFIT RESULT ($AUD M)

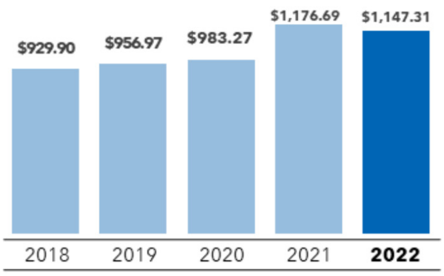


YEAR ENDED 30 JUNE

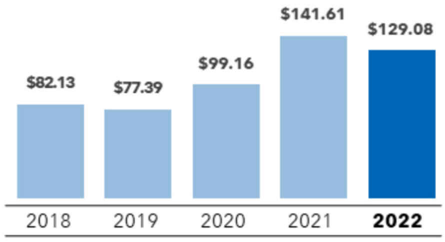
Overseas Company-Operated Retail Segment (continued)

NEW ZEALAND

NEW ZEALAND FLAGSHIP
Walrau Park, Auckland (Launched Jun 2018)



REVENUE ($AUD M)
YEAR ENDED 30 JUNE



PROFIT RESULT ($AUD M)
YEAR ENDED 30 JUNE

New Zealand
44 Harvey Norman® Company-Operated Stores

In New Zealand, sales and profitability were adversely impacted in 1H22 by the nationwide imposition of Alert Level 3 & 4 lock-downs from 18 August 2021, closing all 11 retail stores and 2 outlets in Auckland for a 12-week period up to 10 November 2021 (closure of 84 days), and closing all 30 retail stores outside of Auckland for a 3-week period, with limited re-opening to customers commencing from 7 September 2021 (closure of 21 days). Online trade during 1H22 was also restricted to essential goods only for a limited period, and with no store click & collect permitted for Auckland stores up to 21 September 2021. Lockdowns in 1H21 were not as widespread or prolonged, with Alert Level 3 Restrictions in the Auckland region only, requiring the closure of retail stores in Auckland for a 19-day period from 12 August 2020 to 30 August 2020.

Sales rebounded as the restrictions lifted as the pent-up demand, especially for premium electrical appliances and televisions which were deferred during the extended hard lockdowns, buoyed retail sales into the peak Christmas trading period. In local currency, sales were **NZ$614.93 million for 1H22, decreasing by NZ$22.72 million or -3.6%** from NZ$637.66 million in 1H21. When translated to Australian dollars, sales were **$586.43 million for 1H22**, down by $7.95 million or -1.3% from $594.39 million in 1H21, assisted by a 2.31% appreciation of the NZ dollar relative to the AUD on translation. However, when compared against the pre-pandemic sales of $503.90 million for 1H20, sales **increased by $82.53 million, or +16.4%**.

The 2nd half of FY22 (**2H22**) was marred by the challenges of the *'Omicron'* variant, falling residential property prices and a swift reversal of previously strong macroeconomic conditions, resulting in a decline in consumer and business confidence. Foot traffic at our NZ stores decreased towards the end of FY22, as consumers tightened their household budgets due to cost of living pressures. The sales decline was exacerbated by the ongoing supply chain issues, including import and delivery delays due to port congestion and global logistical constraints from COVID-19. This was partially offset by the opening of the commercial outlet in Hamilton, New Zealand on 1 March 2022.

In local currency, sales were **NZ$578.69 million for 2H22, decreasing by NZ$17.00 million or -2.9%** from NZ$595.69 million in 2H21. When translated to Australian dollars, sales were **$532.66 million for 2H22**, down by $21.11 million or -3.8% from $553.76 million in 2H21. However, when compared against 2H20, sales **increased by $76.37 million, or +16.7%**.

In light of the persistent challenges of the pandemic and the headwinds affecting retail this year, the NZ business is pleased to report solid sales in local currency of **NZ$1.19 billion for FY22**, a decrease of NZ$39.72 million or -3.2%, from $1.23 billion in FY21. In Australian dollars, sales for FY22 have surpassed the billion dollar milestone for a second year in a row, at **$1.12 billion for FY22**, down by $29.06 million or -2.5% from $1.15 billion in FY21. When compared to FY20, the sales increase was $158.90 million or +16.6%.

The Harvey Norman® brand remains strong in NZ, with our NZ business continuing to be the market leader across key Home and Lifestyle categories. The electrical and small appliances categories continue to grow market share in a difficult retail period. The furniture and bedding categories were affected by the prolonged closures and reduction in foot traffic, coupled with supply chain issues constraining stock and delivery lead times.

In local currency, the retail profit for FY22 was **NZ$137.67 million, a decrease of NZ$14.44 million or -9.5%**. When translated to Australian dollars, the retail result was **$129.08 million** for FY22, down by $12.53 million or -8.9% from $141.61 million in FY21. Compared to FY20, the increase in retail profit was $29.92 million or +30.2%.

The impact of the nationwide lockdown during 1H22 and the emergence of retail headwinds during 2H22, were partially moderated by a full year's contribution from the 3 stores that opened during FY21, coupled with sound inventory management and effective cost control to preserve cashflow.

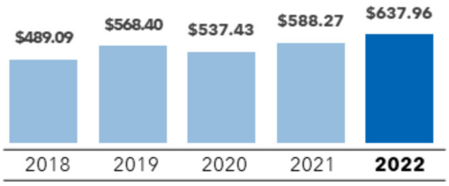
In line with the directive of the consolidated entity, the NZ business continued to prioritise the health, safety and well-being of their staff and customers. The NZ business employs approximately 2,000 full-time and part-time employees across 44 Harvey Norman® stores and, despite the restrictions to trade and closures and the tight labour market in NZ, the consolidated entity ensured that the livelihoods of their employees were protected and maintained throughout FY22.

Overseas Company-Operated Retail Segment (continued)

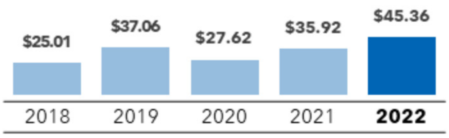
SINGAPORE & MALAYSIA

SINGAPORE FLAGSHIP
Millenia Walk (Launched Dec 2015)

MALAYSIA FLAGSHIP
Ikano, Kuala Lumpur (Launched Nov 2017)



REVENUE ($AUD M)
YEAR ENDED 30 JUNE



PROFIT RESULT ($AUD M)
YEAR ENDED 30 JUNE

Singapore and Malaysia

This segment is comprised of 14 Harvey Norman® stores in Singapore, 27 Harvey Norman® stores in Malaysia and the Space Furniture® branded lifestyle stores in Singapore and Malaysia.

Malaysia | Sales Revenue
27 Harvey Norman® Company-Operated Stores

In Malaysia, sales and profitability for the 27 Harvey Norman® company-operated stores were negatively impacted in 1H22 by the re-imposition of the Full Movement Control Order on 28 May 2021, leading to extensive lockdowns from 1 June 2021. During 1H22, there was a full closure of all Malaysian stores (online trade permitted) for a 7-week period (closure of 51 days), with a limited opening to customers commencing from 21 August 2021. This is in contrast to a period of growth and expansion in 1H21, surging sales on the back of pent-up demand from closures in the early months of the pandemic and no physical retail closures in 1H21.

Sales were solid when the stores re-opened to the public and, from October 2021 as most regions entered into Phase 4 of the National Recovery Plan, the high vaccination rates across the country allowed sales to return largely to pre-lockdown levels for key product categories. Unfortunately, the flagship store at Ikano, Kuala Lumpur was adversely impacted by the severe floods in the Klang Valley in mid-December 2021 causing damage and disruption to the main warehouse and delaying sales to the new year.

Despite the full 6-month's contribution of the 3 Malaysian stores that opened in FY21, 1H22 sales were **S$112.10 million,** a decrease of S$14.29 million, or –11.3%, from S$126.40 million in 1H21. When translated to Australian dollars, sales were **$113.05 million**, a reduction of $15.50 million, or –12.1%.

As planned, we have continued with our expansion plans in Malaysia and opened the new store at Pavilion Bukit Jalil on 3 December 2021. Sales rebounded strongly in 2H22, increasing by S$29.32 million or +25.2% to S$145.84 million, from S$116.52 million in 2H21. When translated to Australian dollars, 2H22 sales were $148.31 million, up by $35.23 million or +31.2%, from $113.08 million in 2H21. Sales were robust in the second half due to the uptick in trade for the flagship store following the pre-Christmas flood, the restoration of consumer and business confidence after a prolonged lockdown period and the solid sales contribution of the new Pavilion Bukit Jalil store and the 3 stores that were opened last year. On 1 April 2022, Malaysia entered the 'Transition to Endemic' phase of COVID-19, with all remaining restrictions on business operating hours removed, buoying sales through to the end of FY22.

Despite the persistent supply-chain challenges and the threat of macroeconomic pressures in the last couple of months of 2022, full-year Malaysian sales for FY22 were S$257.94 million, an increase of S$15.03 million or +6.2%, from S$242.92 million in FY21. In Australian dollars, sales were $261.37 million for FY22, up by $19.73 million or +8.2%, from $241.64 million in FY21, assisted by a 1.9% appreciation in the Singaporean dollar relative to the AUD. Malaysia continues to be our platform for organic growth in Asia and we are on track with the further 3 planned store openings by the end of FY23.

Singapore | Sales Revenue
14 Harvey Norman® Company-Operated Stores

In Singapore, there were no COVID-related closures during FY22, as the local population transitioned back to pre-COVID activity attributable to the high level of vaccination in the country and a proportionate response to any spike in COVID cases. However, a Heightened Alert Announcement between 22 July 2021 and 18 August 2021 resulted in lower footfall curtailing retail trade during that period.

Sales for the 14 Harvey Norman® company-operated stores for FY22 were **S$337.96 million,** an increase of S$13.77 million, or +4.3%, from S$324.19 million in FY21. When translated to Australian dollars, sales were **$342.44 million**, an increase of $19.96 million, or +6.2%. FY22 benefitted from a full year's contribution of the 3 stores that opened in Singapore in the first half of FY21.

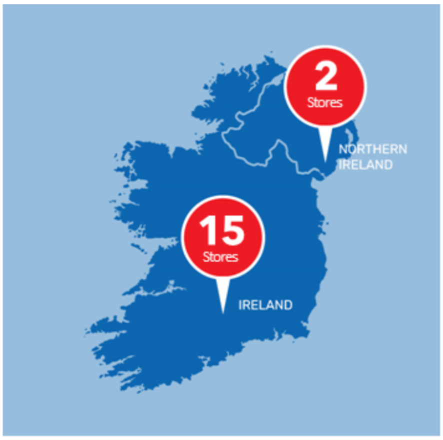
As the country gradually returned to normality, new housing projects commenced or were completed during FY22 after significant delays due to the pandemic. This underpinned the growth in furniture and bedding sales as more customers shopped in-store to invest in their new homes. This also led to solid growth in the electrical category, particularly in premium home appliances and audio visual upgrades. The resumption of international travel, and the addition of more countries on the 'Active Vaccinated Travel Lane' is expected to continue to stimulate the local economy and underpin retail trade in Singapore as more people are permitted to enter and work in the country.

Retail – Singapore and Malaysia: Sales & Segment Result

Aggregated sales revenue for the Harvey Norman® and Space Furniture® brands in Asia totalled **S$613.09 million in local currency for FY22, an increase of S$32.55 million, or +5.6%,** from S$580.54 million in FY21. On translation to Australian dollars, aggregated sales revenue for Asia was $621.23 million, an increase of $43.75 million or +7.6%, from $577.48 million in FY21.

The segment profit result of the Harvey Norman® and Space Furniture® brands in Asia was **$45.36 million for FY22,** a solid increase of $9.45 million, or +26.3%, from $35.92 million in FY21. After closing 1H22 slightly down on 1H21, profitability in 2H22 surged by $9.59 million or up +63.3% to $24.75 million, compared to a segment profit for Asia of $15.16 million in 2H21.

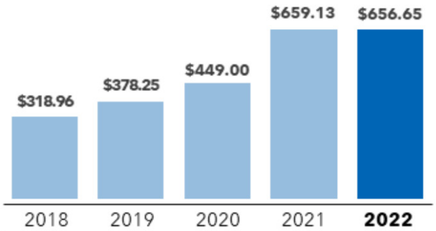
Overseas Company-Operated Retail Segment (continued)



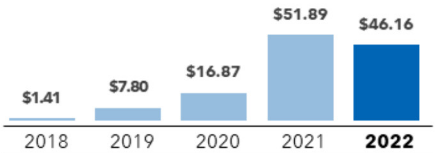
IRELAND & NORTHERN IRELAND

IRELAND FLAGSHIP
Tallaght, Dublin (Launched Jul 2017)

NORTHERN IRELAND FLAGSHIP
Boucher Rd, South Belfast (Launched Nov 2015)



REVENUE ($AUD M)
YEAR ENDED 30 JUNE



PROFIT RESULT ($AUD M)
YEAR ENDED 30 JUNE

Ireland
15 Harvey Norman® Company-Operated Stores

In Ireland, sales in local currency increased to €399.98 million for FY22, up by €8.10 million or +2.1%, from €391.89 million in FY21. 1H22 sales were strong, growing by €12.96 million or +5.9% to €233.71 million, from €220.75 million in 1H21. Irish sales moderated to €166.28 million in 2H22, decreasing by €4.86 million or -2.8%, from €171.14 million in 2H21.

When translated to Australian dollars, sales were $621.09 million for FY22, declining by $4.93 million or -0.8%, from $626.02 million in FY21. The decrease in full-year sales was due to a 2.8% devaluation in the Euro relative to the Australian dollar for the year, particularly during the last few months of FY22. When compared against FY20, the FY22 increase was $198.03 million or +46.8%.

FY22 has benefitted from the easing of COVID-19 restrictions, increasing consumer confidence and in-store foot traffic, coupled with heightened demand from the prolonged 20-week closure of the furniture and bedding categories in the second half of the 2021 financial year. The rise in FY22 sales can also be attributed to a full year's uninterrupted contributions from the Galway and Sligo stores that opened in July 2020 and November 2020 respectively, and the re-opening of construction in May 2021 propelling home renovations and upgrades this year.

Sales were more subdued in the second half following the lifting of travel restrictions and the recommencement of travel outside Ireland. Supply-chain constraints persisted, affecting furniture and bedding sales of imported goods and local suppliers were also hampered by lack of components and the tight local labour market.

We are pleased to report the 5th straight year of profitability in Ireland with the Irish business delivering a solid retail result of $44.83 million for FY22. This was a reduction of $4.81 million or -9.7% from the record retail result of $49.63 million in FY21.

The Harvey Norman® brand remains strong in Ireland and we continue to invest in the development of the brand and in the expansion of the Irish business. On 30 June 2022, the consolidated entity acquired the Eastgate Retail Park in Little Island, Cork, a 175,000 sq. ft. retail precinct housing eight tenancies, including the Harvey Norman® store at Cork.

Subsequent to year-end, the 16th company-operated store in Ireland was opened, with the Fonthill store in Dublin commencing trade on 22nd July 2022 (slightly delayed due to the pandemic).

Northern Ireland
2 Harvey Norman® Company-Operated Stores

There were no COVID-lockdowns during FY22, allowing uninterrupted trade across the two Harvey Norman® stores in Northern Ireland. The flagship store at Boucher Road, South Belfast continues to perform well, being the primary premium shopping destination for furniture and bedding products in the country.

Sales in local currency were £13.20 million for FY22, an increase of £1.06 million, or +8.7%, from £12.14 million in FY21, and up by £3.90 million or +41.9% when compared to FY20.

Translated into Australian dollars, sales revenue was $24.19 million for FY22 compared to $21.88 million in FY21, an increase of $2.31 million or +10.6%, assisted by a 1.7% appreciation in the GBP relative to the AUD for translation purposes.

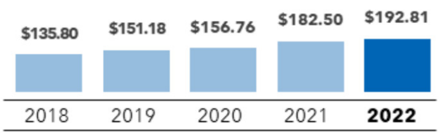
The result for FY22 was a profit of $1.33 million, a decrease of $0.92 million or -40.7% from a profit of $2.25 million in FY21. The Harvey Norman® brand continues to grow in Northern Ireland.

Overseas Company-Operated Retail Segment (continued)

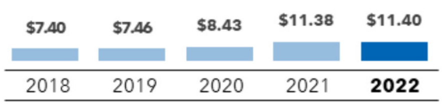
SLOVENIA & CROATIA

SLOVENIA FLAGSHIP
Ljubljana (Launched Jun 2017)

CROATIA FLAGSHIP
Zagreb (Launched Oct 2018)



REVENUE ($AUD M)
YEAR ENDED 30 JUNE



PROFIT RESULT ($AUD M)
YEAR ENDED 30 JUNE

Slovenia
5 Harvey Norman® Company-Operated Stores

In Slovenia, there were no COVID related closures in FY22 compared to closures between October 2020 and February 2021 last year. This allowed our 5 Slovenian stores to build on the solid, double-digit sales growth delivered in FY21.

Slovenian retail sales in local currency increased to €91.67 million for FY22, up by €9.27 million or +11.3%, from €82.40 million in FY21. 1H22 sales were solid, growing by €4.95 million or +11.2% to €48.98 million, from €44.04 million in 1H21. This trend continued into 2H22 with sales increasing to €42.68 million, up by €4.32 million or +11.3%, from €38.36 million in 2H21.

When translated to Australian dollars, sales were $142.34 million for FY22, growing by $10.71 million or +8.1%, from $131.63 million in FY21. When compared against FY20, the FY22 increase was $21.99 million or +18.3%.

Our Slovenian stores, including our flagship at Ljubljana, have delivered another period of double-digit sales growth across all key product categories for FY22. Consumers trust the Harvey Norman® brand in Slovenia to provide a safe shopping experience. Despite the requirement to show proof of vaccinations, proof of a previous COVID-recovery or a negative COVID test not older than 24 hours to shop in-store for a large part of the year, consumers continued to show their loyalty to the brand, increasing patronage and market share across all stores. With the easing of the remaining COVID restrictions towards the end of FY22, the Slovenian stores are well-placed to further benefit from strengthening consumer and business confidence into FY23.

Throughout FY22, the Slovenian business intentionally increased inventory to mitigate supply chain disruptions. This proved successful as the business had ample stock to sell during the peak Christmas trading period through to the end of the financial year.

The sustained increase in sales delivered a retail profit of $12.43 million for FY22, representing a $1.16 million increase or +10.3%, from $11.27 million in FY21.

Croatia
2 Harvey Norman® Company-Operated Stores

In Croatia, both stores were open for all of FY22, following a year of unrestricted trade in FY21.

Sales for FY22 were €30.26 million, a modest increase of €0.46 million or +1.5%, from €29.80 million in FY21. When compared to FY20, the increase was €9.61 million or +46.6%. 1H22 sales were strong, growing by €2.59 million or +19.8% to €15.67 million, from €13.07 million in 1H21. Sales were subdued in 2H22, declining by €2.13 million or -12.8% to €14.59 million, from €16.72 million in 2H21.

In Australian Dollars, sales were $46.98 million for FY22, decreasing by $0.62 million or -1.3%, from $47.60 million in FY21. The decrease in full-year sales was due to a 2.8% devaluation in the Euro relative to the Australian dollar for the year, particularly during the last few months of FY22.

The Croatian business has benefitted from a full year's trade of their second store at Pula, which opened on 26 November 2020. However, the sales performance of the flagship store at Zagreb was adversely affected by the high number of COVID cases in the Croatian capital city reducing foot traffic in-store and the ongoing supply-chain challenges. Geopolitical factors in Europe have exacerbated the mounting retail pressures towards the end of FY22, curtailing sales and profitability in the second half of the year.

Croatia reported a loss of $1.03 million for FY22 compared to a modest profit of $0.11 million for FY21, mainly due softer sales, costs to ramp-up the new Pula store and additional warehouse costs to accommodate the growth in inventory required by the business.

In FY21, we reported our intention to open 2 new stores in Croatia. Presently, the intention is to open the new store at Rijeka during calendar 2023, and open the second store in Zagreb in FY24.

Review of the Property Segment

Strategic 'Large-Format' Retail Property Portfolio

Property ownership is a core pillar underpinning our successful integrated retail, franchise, property and digital system.

Our consolidated balance sheet is anchored by a **robust and resilient freehold property portfolio totalling $3.74 billion as at 30 June 2022.** This is primarily comprised of tangible, freehold investment properties in Australia of $3.19 billion and New Zealand of $10.90 million; and freehold owner-occupied properties in New Zealand, Singapore, Slovenia, Australia and Ireland of $494.12 million in aggregate. On 30 June 2022, the consolidated entity acquired the Eastgate Retail Park in Little Island, Cork, Ireland for $40 million, of which $29 million has been recognised in freehold investment properties and $11 million has been recognised in owner-occupied properties as it relates to the Harvey Norman store at Cork, Dublin. Our property segment assets also include a property held for sale in Singapore of $12.10 million, and joint venture assets of $1.50 million. **The freehold property segment comprises 52% of our total $7.25 billion total asset base.**

The Australian Large-Format Retail (LFR) Market

The Australian freehold investment property portfolio has grown from strength-to-strength this year, **rising to $3.19 billion as at 30 June 2022, surpassing the $3 billion milestone for the first time during FY22** and firmly positioning the consolidated entity as the largest single owner of Large Format Retail (**LFR**) real estate in the Australian market.

The LFR property market has performed strongly throughout FY22, experiencing robust sales volumes and historically low yields. Reported recent sales transactions highlight continued solid investor demand and scarcity of high quality LFR properties in the market. This has largely been driven by the low interest rate environment over the last few years, confidence in the financial and operational performance of LFR centres and their resilience throughout the pandemic, as well as providing an attractive return on investment relative to alternative asset classes.

We have 195 Australian franchised complexes geographically spread throughout the country, with a local Harvey Norman®, Domayne® and Joyce Mayne® branded store located within close proximity to customers. 95 franchised complexes (49% of total), and their associated warehouses, are owned by the consolidated entity, which are then leased to external parties, including Harvey Norman®, Domayne® and Joyce Mayne® franchisees.

Generally, our LFR centres have expansive footprints facilitating the efficient execution of COVID-Safe practices, easy and direct access points enabling franchisees to improve their '1-Hour Click & Collect' and 'Contactless Click & Collect' capabilities and open-air carparks for ease of in-store shopping or swift collection of goods. Occupants of our LFR centres, including Harvey Norman®, Domayne® and Joyce Mayne® franchisees, have thrived from the uplift in trading performance across the home building and improvements sector.

Our LFR centres accommodate a complimentary mix of over 450 third-party tenants that are diversified across a variety of different categories including Hardware, Medical, Chemists, Pets and Auto related products. A large proportion of these third-party tenants are ASX-listed and are national retailers that support the underlying value of our properties.

Leasing demand has remained buoyant and this is expected to continue into FY23 on the back of forecasted increases in population growth, strong employment figures and the elevated levels of dwelling commencements, alterations and additions activity propelled by the solid uptake of the government's HomeBuilder Program and the pandemic-induced housing shifts from metropolitan cities to the regions. In addition, the significant recent rise in construction costs is further constraining supply of LFR properties. This leasing demand has resulted in achieving high occupancy levels in the portfolio which will likely provide growth in rental income streams received.

Harvey Norman® Auburn, NSW Flagship Franchised Complex

Review of the Property Segment (continued)

Strategic 'Large-Format' Retail Property Portfolio (continued)

The investment market for LFR property has seen material gains in FY22 based on strong demand from property syndicates and institutional investors, resulting in competition for quality assets and the volume of capital seeking placement outstripping the supply of LFR centres available. Buyers have been attracted to LFR properties with large land holdings providing further development scope and centres that are anchored by strong performing national retailers and a diverse tenancy mix. The strong sustained demand and resilience of the LFR market has resulted in a record increase in the value of our Australian investment property portfolio this year, growing by $296.13 million or +10.2% in FY22 to $3.19 billion, from $2.89 billion in FY21. $213.68 million of this increase is represented by capital appreciation in property fair values during FY22 and $82.45 million relates to capital additions and refurbishments during the year.

If you add on the large increases recognised last year to June 2021, the value of the Australian investment property portfolio has risen by $606.72 million or +23.5% – an increase of well over half a billion dollars over a 2-year period. $352.37 million (58%) of the increase relates to fair value appreciation and $254.35 million (42%) relates to acquisitions, renovations and refurbishments, including the premium re-fit program.

Overseas Property Portfolio

Globally, we have 109 company-operated stores across 7 countries. 26 of the stores located overseas (24% of total) are owned by the consolidated entity. The aggregate value of the overseas owner-occupied and investment property portfolio is $520.49 million, increasing in value by $68.48 million during the year primarily due to the acquisition of the Eastgate Retail Park in Ireland and capital appreciation since the end of FY21.

On 30 June 2022, the consolidated entity acquired the Eastgate Retail Park in Little Island, Cork, a 175,000 sq. ft. retail precinct housing eight tenancies, including the Harvey Norman® store at Cork.

Total Property Portfolio and the Performance of the Retail Property Segment

Retail property segment revenue has grown to $494.39 million for FY22, up by $85.19 million from $409.20 million in FY21. This was primarily due to the recognition of $213.68 million in net property revaluation increments for FY22 compared to $140.37 million in net increments for FY21, an increase of $73.31 million.

The retail property result was $366.48 million for FY22, an increase of $74.94 million or +25.7% from $291.54 million in FY21. Excluding net property revaluations for both periods, the retail property result would have been consistent with the prior year, being $152.80 million for FY22 compared to $151.16 million for FY21.

Rent and outgoings received from freehold properties were reduced during 1H22 as full or partial rent waivers were given to external tenants and Harvey Norman®, Domayne® and Joyce Mayne® franchisees affected by the retail closures in NSW, VIC and ACT for approximately a 4-month period from July 2021 to early to mid-October 2021 in order to protect and enhance the brands. These temporary hard lockdowns in Australia during 1H22 had no impact on LFR property fair values.

These rent waivers amounted to $19.58 million, of which $10.76 million related to properties owned by the consolidated entity (and recorded in the Property Segment) and $8.82 million related to properties leased by the consolidated entity (and recorded in the Franchising Operations Segment). During FY21, $9.85 million of rent waivers were provided to franchisees affected by the 11-week government-mandated Stage 4 lockdown in greater Melbourne, Victoria, of which $5.78 million related to owned properties and $4.07 million related to leased properties.

Harvey Norman® and Domayne® Penrith, NSW Franchised Complexes | Penrith Homemaker Centre

Review of the Property Segment (continued)

The below table shows the composition of freehold property segment assets as at 30 June 2022, the number of owned property assets and the increase in fair value recognised in each country.

COMPOSITION OF FREEHOLD PROPERTY SEGMENT ASSETS	June 2022	# of Owned Retail Property Assets	# of Owned Other Property Assets	Net Increase in Fair Value (Income Statement)	Net Increase / (Decrease) in Fair Value (Equity)
(1) Investment Properties (Freehold) and Assets Held for Sale					
- Australia	$3,190.34m	95	41	$213.68m	-
- New Zealand	$10.90m	-	2	-	-
- Ireland	$28.97m	-	1	-	-
- Singapore (Property asset held for sale)	$12.10m	-	1	-	($1.25m)
Total Investment Properties (Freehold) and Assets Held for Sale	$3,242.32m	95	45	$213.68m	($1.25m)
(2) Owner–Occupied Land & Buildings					
- Australia	$13.50m	-	1	-	$3.26m
- New Zealand	$361.71m	19	1	-	$27.30m
- Singapore	$13.30m	-	1	-	$5.26m
- Slovenia	$80.01m	5	-	-	$7.40m
- Ireland	$25.60m	2	-	-	-
Total Owner–Occupied Land & Buildings	$494.12m	26	3	-	$43.22m
(3) Joint Venture Assets	$1.50m	-	7	-	-
Total Freehold Property Segment Assets	$3,737.94m	121	55	$213.68m	$41.97m

Net Property Revaluation Adjustments

For the year ended 30 June 2022, the freehold investment property portfolio has recorded $213.68 million in capital appreciation to fair value, which was the net property revaluation increment for investment properties recognised in the income statement. LFR properties appreciated in value this year on the back of the solid financial performance of the Home and Lifestyle categories resulting in historically low yields and firmer capitalisation rates for high quality LFR centres and LFR properties supported by strong recent sales evidence in the LFR market.

At each balance date, the directors make an assessment of the fair value of each freehold investment property.

This assessment is informed by:

- the information and advice contained in the last independent external valuation report for that property prepared by an external, professionally qualified valuer who holds a recognised relevant professional qualification and has specialised expertise in the property being valued (**Independent Valuer**);
- the information and advice contained in the last internal valuation report for that property (which was informed by the immediately preceding independent external valuation report for that property);
- the last management review for that property; and
- other information and professional or expert advice given or prepared by reliable and competent persons in relation to that property.

Each freehold investment property in Australia is independently valued by an Independent Valuer at least once every 2 years on a rotational basis.

For FY22, there were 68 valuations of freehold investment properties in Australia representing a total of 52.2% of the value of freehold investment properties independently externally valued this year, and 49.6% in terms of the number of total freehold investment properties in Australia.

Freehold investment properties not independently externally valued as at balance date are subject to an internal valuation or a management review, performed by persons qualified by relevant education, training or experience. Each internal valuation and management review is informed by the last independent external valuation and reliable market evidence. For the 2022 financial year, 13 freehold investment properties had been affected by the same factors as the properties which had been independently externally valued. As a consequence, internal valuations for these 13 properties were undertaken to determine the effect of these factors.

Leasehold Property Portfolio | AASB 16 *Leases*

Right-of-Use Assets: Leasehold Investment Properties (Sub-Leased to External Parties):

The consolidated entity has a portfolio of property leases primarily for the purposes of being sub-leased to Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia. For these properties, the consolidated entity enters into property leasing arrangements with external landlords and then subsequently subleases these sites to franchisees pursuant to a licence, terminable upon reasonable notice. Leasehold investment property: right-of-use asset meets the definition of an investment property and are measured at fair value.

As at 30 June 2022, there were 183 leasehold investment properties. 100 leasehold investment properties (55% of total) were occupied by Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia for retail purposes. The remaining 83 leasehold investment properties (45% of total) were primarily used by franchisees for warehousing.

Right-of-Use Assets: Leasehold Owner-Occupied Properties & Plant and Equipment Assets:

Leasehold properties occupied by the consolidated entity primarily include company-operated stores, warehouses and offices that are leased from external landlords. Unlike the leasehold investment properties: right-of-use assets which are measured at fair value, the leasehold owner-occupied properties and plant and equipment assets: right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses.

Composition of Leasehold Property Segment Assets:

The table below shows the composition of right-of-use assets and lease liabilities within our leasehold property portfolio as at balance date, and the number of leased retail properties and other properties leased by the consolidated entity.

COMPOSITION OF LEASEHOLD PROPERTY SEGMENT ASSETS	Right -of-Use Asset June 2022	Lease Liabilities June 2022	# of Leased Retail Property Assets	# of Leased Other Property Assets
(1) Leases of Properties Sub-Leased to External Parties - Australia	$675.60m	$719.02m	100	170
(2) Leases of Owner-Occupied Properties and Plant and Equipment Assets				
- Australia	$25.79m	$41.11m	-	16
- New Zealand	$118.49m	$136.18m	25	36
- Singapore & Malaysia	$218.39m	$164.23m	41	15
- Slovenia & Croatia	$14.95m	$16.87m	2	6
- Ireland & Northern Ireland	$94.90m	$127.22m	15	17
Total Owner–Occupied Properties and Plant and Equipment Assets	$472.51m	$485.60m	83	90
Total Leasehold Property Segment Assets	$1,148.11m	$1,204.63m	183	260

Financial Impact of AASB 16 *Leases* on the Consolidated Income Statement:

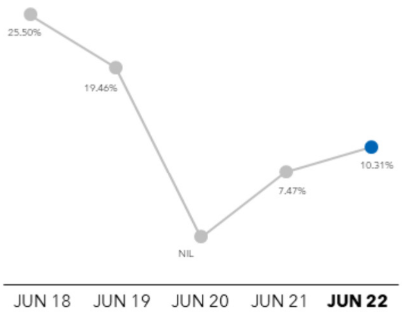
The table below shows the financial impact of AASB 16 *Leases* on the consolidated income statement for the year ended 30 June 2022.

Financial Impact of AASB 16 Leases:	Leases of Owner-Occupied Properties $000	Leases of Properties Sub-Leased to External Parties $000	Total Leases $000
Property, plant and equipment: Right-of-use asset - Depreciation expense	$65,870	-	**$65,870**
Investment properties (leasehold): Right-of-use asset - Fair value re-measurement	-	$87,558	**$87,558**
Finance costs: Interest on lease liabilities	$16,713	$25,025	**$41,738**
Total AASB 16 Expenses Recognised	**$82,583**	**$112,583**	**$195,166**
Less: Lease payments made during FY22 (excluding variable lease payments (short-term, low-value leases)	($82,921)	($94,938)	**($177,859)**
Other adjustments	($1,280)	-	**($1,280)**
AASB 16 Incremental (Increase)/ Decrease in PBT for FY22	**($1,618)**	**$17,645**	**$16,027**

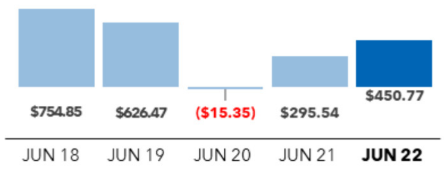
Review of the Financial Position of the Consolidated Entity

NET DEBT TO EQUITY RATIO

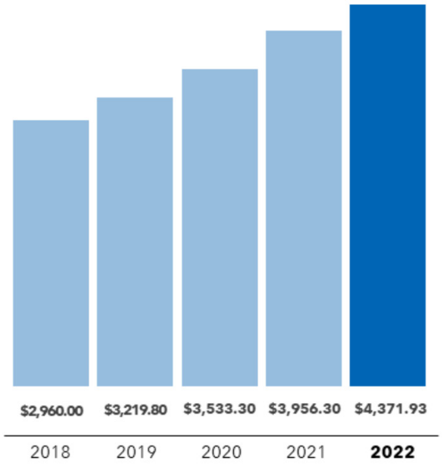
JUNE 22 NET DEBT OF **$450.77m** VS **JUNE 21** NET DEBT OF **$295.54m**



NET DEBT TO EQUITY RATIO



NET DEBT/(CASH) ($AUD M)



TOTAL EQUITY ($AUD M)
excluding acquisition reserve

Net Debt to Equity Ratio

The overall debt levels of the consolidated entity remain low, with a conservative net debt to equity ratio of 10.31% as at 30 June 2022, increased by 2.84% compared to a ratio of 7.47% as at 30 June 2021.

Across the consolidated entity, the total available facilities globally amounted to $884.81 million (Jun-21: $749.52 million), of which the utilised portion was $695.16 million (Jun-21: $555.56 million), leaving $189.64 million (Jun-21: $193.96 million) accessible financing facilities available.

In FY22, the utilised facilities increased by $139.61 million compared to FY21 as the consolidated entity continued its conservative, sustainable expansion strategy and upgrades of existing franchised complexes and company-operated stores.

Solid Cash Flows

Cash and cash equivalents, net of bank overdraft, as disclosed in the Statement of Cash Flows, decreased by $14.37 million to $234.36 million as at 30 June 2022, compared to $248.73 million in the prior year.

Cash flows from operating activities increased by $53.43 million to $597.30 million for FY22, from $543.87 million in FY21. This was primarily attributable to an increase in net receipts from franchisees by $301.08 million, from $886.34 million in FY21 to $1,187.42 million in FY22, offset by an increase in income taxes paid by $129.63 million, higher payments to suppliers and employees by $113.06 million and a reduction in receipts from customers of company-operated stores by $15.81 million.

Despite a reduction in gross revenue received from franchisees by $44.64 million, the movement in the aggregate amount of financial accommodation provided to franchisees decreased compared to the movement in FY21. Franchisees continued to maintain appropriate inventory reserves to meet the demand for home, lifestyle and technology products. The amount of funding advanced to franchisees to fund their FY22 inventory purchases decreased compared to funding advanced for franchisee inventory purchases for FY21.

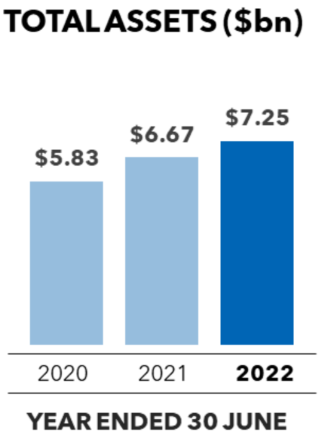
Income tax paid increased by $129.63 million primarily due to the higher final tax payment made in FY22 attributable to FY21 taxable profits and the higher income tax instalment rate applied in Australia for FY22.

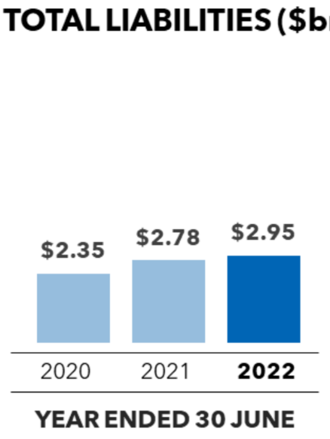
Payments to suppliers and employees increased by $113.06 million due to higher inventory purchases overseas to ramp-up stock and higher operating costs due to new store openings.

Net cash investing outflows decreased by $75.32 million during FY22 primarily due to a decrease in payments for the purchase and refurbishments of freehold investment properties by $92.67 million.

Net cash financing outflows decreased by $97.40 million during FY22 mainly attributable to a reduction in in the proceeds received from the drawdown of the Syndicated Facility in FY22 relative to FY21 by $175 million. This was offset by a reduction in dividends paid by $37.38 million and the net proceeds from other borrowings in FY22 of $20.84m compared to repayments of other borrowings in FY21 of $26.14 million.

Review of the Financial Position of the Consolidated Entity (continued)





RECORD TOTAL ASSETS EXCEED $7 BILLION

RECORD NET ASSETS EXCEED $4 BILLION

In the December 2021 half year report, the consolidated entity reported net assets of $4.16 billion, surpassing $4 billion of net assets for the first time. As at 30 June 2022, net assets have grown to $4.29 billion, an increase of $401.11 million or 10.3%, from $3.89 billion as at 30 June 2021.

Total assets increased by 8.6%, or $573.47 million, to $7.25 billion as at 30 June 2022, from $6.67 billion as at 30 June 2021.

The value of the freehold investment property portfolio increased by $324.70 million, or +11.2%, to $3.23 billion as at 30 June 2022 primarily due to $213.68 million net property revaluation increments over the past 12 months, acquisition of new freehold investment properties and the refurbishments of freehold investment property assets in Australia and the purchase of the Eastgate Retail Park in Cork, Ireland.

Receivables from franchisees increased by $99.69 million to $892.92 million as at 30 June 2022. Repayments of indebtedness by franchisees decreased in FY22 on the back of the $202.13 million or -2.9% reduction in aggregate franchisee sales revenue. This was offset by a reduction in the amount of funding advanced to franchisees to fund their FY22 inventory purchases relative to funding advanced for FY21 inventory purchases. Franchisees continued to maintain appropriate inventory reserves to meet the demand for home, lifestyle and technology products.

Inventories of company-operated stores increased by $45.18 million mainly due to their concerted efforts to increase inventory to mitigate the ongoing global supply chain constraints and to satisfy solid sales growth.

Property, plant and equipment assets increased by $49.37 million mainly due to the acquisition of the Eastgate Retail Park in Ireland, fit-out of the new Pavilion Bukit Jalil company-operated store in Malaysia, the fit-out for the 3 new Harvey Norman® franchised complexes opened during the year and net property revaluation increments for the owner-occupied freehold properties over the past 12 months.

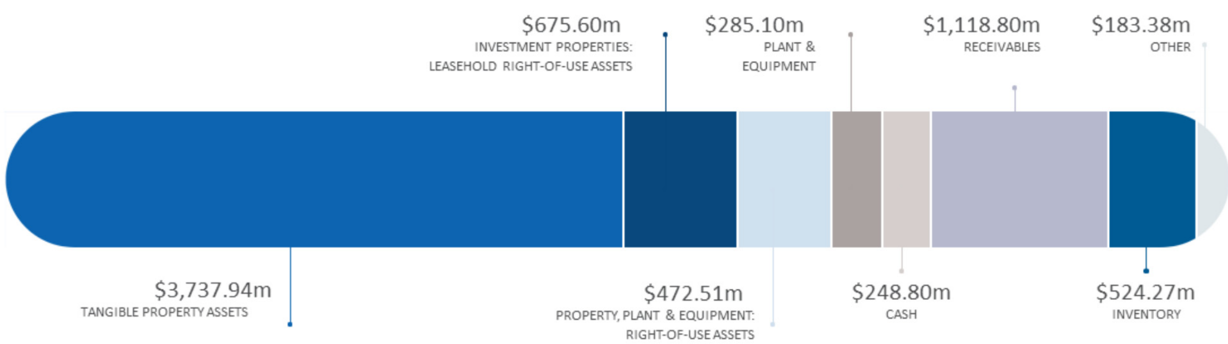
Total liabilities increased by $172.36 million, or 6.2%, to $2.95 billion as at 30 June 2022 from $2.78 billion as at 30 June 2021.

Interest-bearing loans and borrowings increased by $139.61 million mainly due to the higher utilisation of the Syndicated Facility by $120 million, from $490 million utilised as at 30 June 2021 to $610 million utilised as at 30 June 2022 to fund our conservative, sustainable expansion strategy.

Deferred tax liabilities increased by $65.88 million mainly due to $213.68 million of net property revaluation increments relating to freehold investment properties and $43.22 million of net property revaluation increments for owner-occupied properties over the past 12 months.

The above increases were offset by a $80.20 million decrease in income tax payable driven by lower profit generated by the consolidated entity during the current year.

COMPOSITION OF TOTAL ASSETS OF $7.25bn



Outlook

During the second half of the financial year, the premium refit program, which was hampered by the government mandated closures during 1H22, was recommenced. Given COVID supply chain issues and labour shortages, we have reassessed expected completion dates and we now expect to complete up to 25 premium refits over the next 5 years.

As planned, we opened three Harvey Norman® franchised complexes in Australia located at Murwillumbah, NSW (Sep 2021), Port Pirie, South Australia (Nov 2021), and Charters Towers, QLD (Apr 2022). In December 2021, we opened a company-operated store in Malaysia located at Pavilion Bukit Jalil, Kuala Lumpur, and a company-operated commercial outlet in Hamilton, New Zealand in March 2022.

In the 2023 financial year, we intend to open up to 2 franchised complexes in Australia and relocate 1 franchised complex from a leased site to a freehold property. Overseas, we opened our 16th company-operated store in Ireland at Fonthill, Dublin on 22nd July 2022, and we expect to ramp-up our offshore expansion plans with the anticipated opening of a further 4 company-operated stores during FY23: 1 in New Zealand, 2 in Malaysia and 1 in Croatia (expect to open by the end of calendar 2023).

Beyond FY23, we anticipate opening a further 2 franchised complexes in Australia and intend to relocate 3 franchised complexes from leased sites to freehold properties during the 2024 financial year. Overseas, we expect to open up to 6 company-operated stores in FY24: 2 in New Zealand, 2 in Malaysia and our first 2 company-operated stores in Budapest, Hungary that were announced last year.

RETAIL TRADING UPDATE: 1 July 2022 to 29 August 2022 vs 1 July 2021 to 29 August 2021

Aggregated Sales increase / (decrease) from 1 July 2022 to 29 August 2022 vs 1 July 2021 to 29 August 2021[1]
(% increases have been calculated in local currencies)

[1] comparable sales growth has not been adjusted for the temporary closures mandated by each local government as a result of their COVID-19 Response

COUNTRY (% increase calculated in local currencies)		1 July 2022 to 29 August 2022 vs 1 July 2021 to 29 August 2021	
		Total %	Comparable %
Australian Franchisees	$A	10.7%	10.3%
New Zealand	$NZD	5.0%	4.6%
Slovenia & Croatia	€Euro	12.2%	12.2%
Ireland	€Euro	(-1.0%)	(-3.7%)
Northern Ireland	£GBP	(-10.2%)	(-10.2%)
Singapore	$SGD	1.9%	4.1%
Malaysia	MYR	108.0%	99.0%

The start of FY23 has seen solid sales results. Low unemployment and high net deposit rates continue to underpin growth.

Harvey Norman® is well positioned to continue to maximise the opportunities in Home and Lifestyle categories via the home renovation market and new home builds.

Summary of Key Business Risks

The Board remains optimistic about the consolidated entity's future trading performance and acknowledges that there are several factors that may pose risk to the achievement of the business strategies and future financial performance of the consolidated entity.

Every business is exposed to risks with the potential to impair its ability to execute its strategy or achieve its financial objectives. There are a number of key risks, both specific to the Harvey Norman® integrated retail, franchise, property and digital system and external risks, for example the macroeconomic environment, over which the consolidated entity has no control. The consolidated entity acknowledges the existence of these risks, and in the first instance seeks to identify and understand individual risks, and then – to the extent possible – manage and mitigate those risks.

Changes to macroeconomic conditions and government policy:

The consolidated entity has a significant exposure to the economy of the countries in which it operates. There are a number of general economic conditions, including interest and exchange rate movements, CPI inflation, geopolitical tensions, overall levels of demand, housing market dynamics, wage growth, employment, economic and political instability and government fiscal, trade, monetary and regulatory policies, that can impact the level of consumer confidence and discretionary retail spending. These conditions may affect revenue from sales to customers and franchise fees. The consolidated entity seeks to reduce its exposure to these risks through appropriate business diversification, and also by closely monitoring both internal and external sources of information that provide insights into any changes in demand within the economies in which it operates.

With a property portfolio of over $3.7 billion, the consolidated entity is exposed to potential reductions in commercial property values. The consolidated entity has a selective and prudent acquisition and development strategy and maintains high-quality complexes and a solid, dynamic, complementary tenancy mix in order to maximise the profitability of the property segment.

Trading conditions due to COVID-19:

The risk of government-mandated retail closures, while diminishing may still occur, changing consumer behaviour and the ability of the supply-chains to meet demand. This may continue to impact the sales revenue generated by franchisees in Australia and company-operated stores – thereby impacting the profitability and cash flow of the consolidated entity. This risk is mitigated by the consolidated entity's robust balance sheet, stringent measures to preserve cash and enhance liquidity, coupled with the continuous monitoring of any changes in COVID-19 regulation and policy as announced. The consolidated entity has a strong asset base totalling $7.25 billion and net assets of $4.29 billion as at 30 June 2022.

From the commencement of the pandemic, the consolidated entity has demonstrated its ability to swiftly respond to COVID-19 challenges, while prioritising the safety of their staff, their customers and their local communities. The consolidated entity remains confident in its ability to appropriately respond to COVID-19 challenges in the future, as they arise.

Cyber security risk:

Cyber security attacks can take many forms including:

i) Attacks on technology infrastructure which generates revenue and threaten to perpetually block access to data unless a ransom is paid (**Ransomware**); and

ii) Attacks to gain unauthorised access to data or records that can be used alone or with other information to identify, contact or locate a single person, including a customer or employee (**Personal Identifiable Information** or **PII**).

The Company has implemented and continues to improve and enhance, a cyber security risk management framework and security controls to protect against any cyber security risks, including Ransomware and PII attacks. The Company has implemented business continuity plans and disaster recovery plans to respond to cyber security incidents, and mitigate financial and reputational damage from any such incidents.

Compliance by franchisees with franchise agreements:

This risk relates to franchisees acting in breach of the terms and conditions of their respective franchise agreements. The consequences of non-compliance may include damage to the brand, fines and other sanctions from regulators, and a reduction in franchise fees received from franchisees.

The franchisor continually monitors and evaluates the financial and operating performance of each franchisee to actively assess compliance with executed franchise agreements. Instances of non-compliance are promptly addressed to protect the Harvey Norman®, Domayne® and Joyce Mayne® brands and intellectual property of the franchisor.

Summary of Key Business Risks (continued)

Increased competition resulting in a decline of retail margin or a loss of market share for franchisees in Australia and company-operated stores in overseas markets:

The integrated retail, franchise, property and digital system, and diverse category mix assists in maintaining the consolidated entity's competitive position. Market consolidation and/or acquisition may result in further competition and changes to retail margins and market share. Franchisees in Australia and company-operated stores in 7 overseas regions operate across a number of categories in the strongly performing Home and Lifestyle market. Diversity of category and the ability to identify growth opportunities locally and overseas, mitigates the risk from existing and potential competitors.

Emergence of competitors in new channels:

The Harvey Norman® Omni Channel Strategy provides customers of franchisees with a diverse, consistent and distinctive Harvey Norman® customer experience through a range of channels. The Harvey Norman® Omni Channel Strategy integrates retail, online, mobile and social channels.

The online operations of franchisees in Australia and the company-operated online operations overseas continue to grow. The digital platform provides new opportunities for growth and new ways to embrace and engage with customers.

The Harvey Norman® Omni Channel Strategy sets the Harvey Norman® brand apart from other online and digital competitors. Harvey Norman® customers have a multitude of engagement options to meet their needs. The Harvey Norman® Omni Channel Strategy, supported by the retail property portfolio of the consolidated entity, makes the Harvey Norman® brand a strong competitor in the market.

Counterparty risks of service providers:

This risk relates to the inability of service providers to meet their obligations, including compliance obligations. The consolidated entity closely monitors and evaluates the performance of external service providers to mitigate counterparty risk.

A core philosophy we have maintained throughout the years is the significance and focus on the longevity of the Board of Directors with 'skin in the game' with a vast, complementary array of skills, experience and talent, coupled with the exceptional skills and experience of our seasoned business leaders and their deep understanding and expert-execution of the complex franchised operating model in Australia and the company-operated stores across seven overseas countries.

The ongoing COVID-19 pandemic throughout FY22 has enabled the consolidated entity to refine and upgrade its COVID-Safe framework and COVID-Safe Plans and Practices to respond to emerging new variants and changes in consumer sentiment and shopping trends. The successful strategies that we enhanced and delivered this year could have only been achieved with formidable leadership with the intimate knowledge of the intricacies of our business – leaders that can be trusted to protect our brands and navigate us through these challenges as they arise.

Our Board

Unless otherwise indicated, all directors (collectively termed 'the Board'), held their position as director throughout the entire year and up to the date of this report.

Directors

Gerald Harvey
Executive Chairman

Mr. G. Harvey was the co-founder of Harvey Norman Holdings Limited in 1982 with Mr. I.J. Norman.

Mr. G. Harvey has overall executive responsibility for the strategic direction of the consolidated entity, and in particular, property investments.

Kay Lesley Page
Executive Director and CEO

Ms. Page joined Harvey Norman in 1983 and was appointed a director of Harvey Norman Holdings Limited in 1987. Ms. Page became the Chief Executive Officer of the Company in February 1999 and has overall executive responsibility for the consolidated entity.

On 21 October 2020, Ms. Page was appointed as a Member of the Tourism Australia Board of Directors.

Chris Mentis
B.Bus., FCA, FGIA, Grad Dip App Fin
Executive Director, CFO & Company Secretary

Mr. Mentis was appointed a director of Harvey Norman Holdings Limited on 30 August 2007. Mr. Mentis joined Harvey Norman as Financial Controller on 15 December 1997. On 20 April 2006, he became the Chief Financial Officer and Company Secretary.

Mr. Mentis is a Fellow of the Chartered Accountants Australia & New Zealand (CA ANZ) and a Fellow of the Governance Institute of Australia, with extensive experience in financial accounting. Mr. Mentis has overall executive responsibility for the accounting and financial matters of the consolidated entity.

John Evyn Slack-Smith
Executive Director and COO

Mr. Slack-Smith was a Harvey Norman® computer franchisee between 1993 and 1999. Mr. Slack-Smith was appointed a director of the Company on 5 February 2001. Mr. Slack-Smith has overall executive responsibility for the operations of the consolidated entity.

Mr. Slack-Smith is the Chair of the Barker College Foundation Limited and a Member of Council at Barker College.

David Matthew Ackery
Executive Director

Mr. Ackery was appointed a director of Harvey Norman Holdings Limited on 20 December 2005. Mr. Ackery has overall executive responsibility for the relationship between the consolidated entity and Harvey Norman® home appliances, home entertainment and technology franchisees and strategic partners.

Directors		
	Michael John Harvey B.Com. *Non-Executive Director*	Mr. M. Harvey joined Harvey Norman in 1987, having completed a Bachelor of Commerce degree. Mr. M. Harvey gained extensive experience as a Harvey Norman® franchisee from 1989 to 1994. Mr. M. Harvey became a director of the Company in 1993 and was appointed Managing Director in July 1994. Mr. M. Harvey ceased to be an Executive Director and Managing Director on 30 June 1998.
	Christopher Herbert Brown OAM, LL.M., FAICD, CTA *Non-Executive Director*	Mr. Brown holds the degree of Master of Laws from the University of Sydney. Mr. Brown is the senior partner in Brown Wright Stein Lawyers. Brown Wright Stein Lawyers has acted as lawyers for the consolidated entity since 1982. Mr. Brown was appointed a director of the Company in 1987, when it became a listed public company. Mr. Brown is a member of the Audit & Risk, Remuneration and Nomination Committees. Mr. Brown is the Chairman of Windgap Foundation Limited. In 2013 he was awarded the Medal of the Order of Australia (OAM) for service to the community, particularly to people with disability.
	Kenneth William Gunderson-Briggs B.Bus., FCA, MAICD *Non-Executive Director (Independent)*	Mr. Gunderson-Briggs was appointed a director of Harvey Norman Holdings Limited on 30 June 2003. Mr. Gunderson-Briggs is a chartered accountant and a registered company auditor. Mr. Gunderson-Briggs has been involved in public practice since 1982 and a partner in a chartered accounting firm since 1990. Mr. Gunderson-Briggs' qualifications include a Bachelor of Business from the University of Technology, Sydney and he is a Fellow of the CA ANZ. Mr. Gunderson-Briggs was appointed Chairman of the Remuneration Committee on 16 December 2015 and was appointed Chairman of the Audit & Risk Committee and Nomination Committee on 25 November 2020. Mr. Gunderson-Briggs was an independent Non-Executive Director of Australian Pharmaceutical Industries Limited (**API**), a company listed on the ASX, from May 2014. On 4 December 2020, he was appointed Chair of the API Board, having previously been the Chair of the Audit & Risk Committee of API. As Chair, Mr. Gunderson-Briggs guided API through the control transaction with Wesfarmers Limited (WES) culminating in the takeover of API by WES with effect from 31 March 2022.
	Maurice John Craven B.Sc., FAICD *Non-Executive Director (Independent)*	Mr. Craven was appointed a director of Harvey Norman Holdings Limited on 27 March 2019 and became a member of the Nomination Committee of the Company on 24 June 2021. Mr. Craven holds a Bachelor of Science degree from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors. Mr. Craven has been actively involved with innovation and growth in technology empowered industries for the past 20 years and prior to that was a partner for 25 years with Andersen Consulting. Mr. Craven is Chair of Specialisterne Australia, a Member of the Board of Cenitex and a Member of the Board of Social Venture Partners Melbourne.
	Luisa Catanzaro B.Com., FCA, GAICD *Non-Executive Director (Independent)*	Ms. Catanzaro was appointed a Non-Executive Director of Harvey Norman Holdings Limited on 25 November 2020, and became a member of the Audit & Risk Committee on 25 November 2020 and a member of the Remuneration Committee of the Company on 24 June 2021. Ms. Catanzaro has a Bachelor of Commerce from the University of NSW, is a Fellow of the CA ANZ and is also a Graduate of the Australian Institute of Company Directors. Ms. Catanzaro has more than 30 years of professional experience in senior finance executive roles across a range of industries including FMCG and agriculture sectors, and with ASX listed companies. Ms. Catanzaro is currently a Non-Executive Director of ASX listed company, Ricegrowers Limited, from September 2018, where Ms. Catanzaro is Chair of the Finance, Risk and Audit Committee and a member of the Remuneration, Nomination and Independent Committees.

DIRECTORS' REPORT (CONTINUED)

Directors' Meetings

DIRECTOR *Number of Meetings:*	Attendance	Full Board *8*	Audit & Risk *15*	Remuneration *7*	Nomination *3*
G. Harvey	100%	8 [8]	n/a	n/a	n/a
K.L. Page	100%	8 [8]	n/a	n/a	n/a
J.E. Slack-Smith	100%	8 [8]	n/a	n/a	n/a
D.M. Ackery	100%	8 [8]	n/a	n/a	n/a
C. Mentis	100%	8 [8]	n/a	n/a	n/a
M.J. Harvey	100%	8 [8]	n/a	n/a	n/a
C.H. Brown	100%	7 [8]	14 [15]	7 [7]	3 [3]
K.W. Gunderson-Briggs	100%	8 [8]	15 [15]	7 [7]	3 [3]
M.J. Craven	100%	8 [8]	n/a	n/a	3 [3]
L. Catanzaro	100%	8 [8]	14 [15]	7 [7]	n/a

The above table represents the directors' attendance at meetings of the Board, Audit & Risk Committee, Remuneration Committee and Nomination Committee. The number of meetings for which the director was eligible to attend is shown in brackets. In addition, the Executive Directors held regular meetings for the purpose of signing various documentation.

Directors' Relevant Interests

At the date of this report, the relevant direct and indirect interest of each director in the ordinary shares and performance rights instruments of the Company and related bodies corporate are:

DIRECTOR	Ordinary Shares	Performance Rights
G. Harvey	393,787,754	276,000
K.L. Page	20,039,315	772,000
J.E. Slack-Smith	1,252,893	339,000
D.M. Ackery	792,471	339,000
C. Mentis	1,244,297	287,000
M.J. Harvey	-	-
C.H. Brown	205,525,565	-
K.W. Gunderson-Briggs	10,059	-
M.J. Craven	40,473	-
L. Catanzaro	-	-
TOTAL	622,692,827	2,013,000

Company Secretary

Mr. C. Mentis is a chartered accountant and became Company Secretary on 20 April 2006. Mr. Mentis has extensive experience in financial accounting and has been with the consolidated entity since 1997. Mr. Mentis is a Fellow of the Governance Institute of Australia.

Performance Rights

At the date of this report, there were 2,013,000 performance rights (2021: 1,648,000), being a right to acquire ordinary shares in the Company at nil exercise price.

- On 4 December 2018, a total of 549,500 performance rights under Tranche FY19 of the 2016 LTI Plan were granted to the Executive Directors in accordance with the terms and conditions of the LTI Plan. On 7 January 2022, 440,500 performance rights under Tranche FY19 of the 2016 LTI Plan were purchased on market, reducing the vested but unexercised performance rights under Tranche FY19 of the 2016 LTI Plan to 109,000. On 22 July 2022, 109,000 performance rights under Tranche FY19 were purchased on market, reducing the number of performance rights in this Tranche to nil.
- On 2 December 2019, a total of 549,500 performance rights under Tranche FY20 of the 2016 LTI Plan were granted to the Executive Directors in accordance with the terms and conditions of the LTI Plan.
- On 4 December 2020, a total of 549,500 performance rights under Tranche FY21 of the 2016 LTI Plan were granted to the Executive Directors in accordance with the terms and conditions of the LTI Plan.
- On 30 November 2021, a total of 914,000 performance rights under Tranche FY22 of the 2016 LTI Plan were granted to the Executive Directors in accordance with the terms and conditions of the LTI Plan.

DIRECTORS' REPORT (CONTINUED)

CEO and CFO Certification

The CEO and CFO have provided written statements to the Board in accordance with section 295A of the Corporations Act 2001 and have also certified to the Board in relation to the year ended 30 June 2022, that:

- Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to factors such as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive. CEO and CFO control assurance is not, and cannot, be designed to detect all weaknesses in control procedures.

In order to mitigate this risk, internal control questionnaires are required to be answered and completed by the key management personnel of all significant business units, including finance managers, in support of the written statements of the CEO and CFO.

Committee Membership

As at the date of this report, the Company had an Audit & Risk Committee, a Remuneration Committee and a Nomination Committee. Members acting on the committees of the board during the year were:

NON-EXECUTIVE DIRECTOR	Audit & Risk	Remuneration	Nomination
C.H. Brown	√	√	√
K.W. Gunderson-Briggs	√ (Chairman)	√ (Chairman)	√ (Chairman)
L. Catanzaro	√	√	n/a
M.J. Craven	n/a	n/a	√

Dividends

The directors recommend a fully franked final dividend of 17.5 cents per share to be paid on 14 November 2022 to shareholders registered on 17 October 2022 (total dividend, fully franked, $218,051,164).

The following fully franked dividends of the Company have also been paid, declared or recommended since the end of the preceding financial year:

	Payment Date	Amount
2021 final fully-franked dividend	15 November 2021	$186,900,998
2022 interim fully-franked dividend	2 May 2022	$249,201,331

The total dividend in respect of the year ended 30 June 2022 of 37.5 cents per share (2021: 35.0 cents per share) represents 57.58% (2021: 51.83%) of profit after tax and non-controlling interests, as set out on page 35 of the financial statements.

Excluding the non-cash net property revaluation increments, the total dividend in respect of the year ended 30 June 2022 of 37.5 cents per share represents 70.59% (2021: 58.69%) of profit after tax and non-controlling interests, as set out on page 35 of the financial statements.

The Dividend Policy of the Company is to pay such dividends as do not compromise the capability of the Company to execute strategic objectives.

DIRECTORS' REPORT (CONTINUED)

Indemnification of Officers

During the financial year, indemnity arrangements were continued for officers of the consolidated entity. An indemnity agreement was entered into between the Company and each of the directors of the Company named earlier in this report and with each full-time executive officer, director and secretary of all group entities. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities.

Principal Activities

The principal activities of the consolidated entity are that of an integrated retail, franchise, property and digital system including:

- Franchisor;
- Sale of furniture, bedding, computers, communications and consumer electrical products in New Zealand, Singapore, Malaysia, Slovenia, Ireland, Northern Ireland and Croatia;
- Property investment;
- Lessor of premises to Harvey Norman®, Domayne® and Joyce Mayne® franchisees and other third parties;
- Media placement; and
- Provision of consumer finance and other commercial loans and advances.

Significant Changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the year ended 30 June 2022.

Significant Events After Balance Date

There have been no circumstances arising since balance date which have significantly affected or may significantly affect:

- the operations:
- the results of those operations; or
- the state of affairs of the entity or consolidated entity in future financial years.

Rounding of Amounts

The amount contained in the financial statements and the Directors' Report have been rounded to the nearest thousand dollars (unless specifically stated to be otherwise) under the option available to the Company under Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which this legislative instrument applies.

Capital Management Policy

The consolidated entity's capital management policy objectives are to: create long-term sustainable value for shareholders; maintain optimal returns to shareholders and benefits to other stakeholders; source the lowest cost available capital; and prevent the adverse outcomes that can result from short-term decision making.

The Capital Management Policy stipulates a net debt to equity target for the consolidated entity of less than 50%. In this report, the calculation of the net debt to equity ratio excludes the right-of-use assets and lease liabilities recognised under AASB 16 in order to be comparable with ratios calculated in previous periods.

As at 30 June 2022, the consolidated entity had unused, available financing facilities of $189.64 million out of total approved financing facilities of $884.81 million. This has resulted in a net debt to equity ratio of 10.31% as at 30 June 2022, compared to a net debt to equity ratio of 7.47% as at 30 June 2021.

The capital structure of the consolidated entity consists of: debt, which includes interest-bearing loans and borrowings as disclosed in Note 17. Interest-Bearing Loans and Borrowings of this report; cash and cash equivalents; and, equity attributable to equity holders of the parent, comprising ordinary shares, retained profits and reserves as disclosed in Notes 22, 23 and 25 respectively.

The consolidated entity's borrowings consist primarily of bank debt provided by a syndicate of ten banks (including 3 of the "Big 4" Australian Banks). Concentration risk is minimised by staggering facility renewals and utilising a range of maturities of up to 5 years.

STATEMENT OF FINANCIAL POSITION – 30 JUNE 2022

		CONSOLIDATED	
	Note	June 2022 $000	June 2021 $000
Current Assets			
Cash and cash equivalents	26(a)	248,804	264,431
Trade and other receivables	7	1,065,304	889,201
Other financial assets	8	346	41,376
Inventories	9	524,274	479,093
Other assets	10	55,359	39,555
Intangible assets	11	280	258
Assets held for sale	28	12,104	12,662
Total current assets		1,906,471	1,726,576
Non-current Assets			
Trade and other receivables	7	53,494	72,560
Investments accounted for using the equity method	27	1,502	1,321
Other financial assets	8	61,073	33,083
Property, plant and equipment	12	779,217	729,847
Property, plant and equipment: Right-of-use assets	13	472,510	511,167
Investment properties: Freehold	14	3,230,213	2,905,509
Investment properties: Leasehold Right-of-use assets	15	675,600	620,461
Intangible assets	11	58,420	63,668
Deferred tax assets		7,903	8,742
Total non-current assets		5,339,932	4,946,358
Total Assets		7,246,403	6,672,934
Current Liabilities			
Trade and other payables	16	358,341	355,663
Interest-bearing loans and borrowings	17	261,053	359,969
Lease liabilities	19	139,288	135,389
Income tax payable		67,830	148,031
Other liabilities	20	126,236	108,847
Provisions	21	37,059	37,162
Total current liabilities		989,807	1,145,061
Non-Current Liabilities			
Interest-bearing loans and borrowings	17	438,522	200,000
Lease liabilities	19	1,065,340	1,043,276
Provisions	21	10,261	9,823
Deferred tax liabilities		446,810	380,932
Other liabilities	20	1,539	823
Total non-current liabilities		1,962,472	1,634,854
Total Liabilities		2,952,279	2,779,915
NET ASSETS		4,294,124	3,893,019
Equity			
Contributed equity	22	717,925	717,925
Reserves	25	288,170	267,393
Retained profits	23	3,254,936	2,879,511
Parent entity interests		4,261,031	3,864,829
Non-controlling interests	24	33,093	28,190
TOTAL EQUITY		4,294,124	3,893,019

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

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Note	CONSOLIDATED June 2022 $000	June 2021 $000
Sales of products to customers	3	2,807,329	2,768,328
Cost of sales		(1,871,051)	(1,838,365)
Gross profit		**936,278**	**929,963**
Revenues received from franchisees	3	1,301,142	1,345,782
Revenues and other income items	3	397,186	324,521
Distribution expenses		(56,880)	(49,971)
Marketing expenses		(396,208)	(377,639)
Occupancy expenses	4,13,15	(270,320)	(243,066)
Administrative expenses	4	(667,931)	(637,583)
Other expenses		(59,637)	(67,585)
Finance costs	4,19	(52,148)	(50,213)
Share of net profit of joint venture entities	27	8,961	8,320
Profit before income tax		**1,140,443**	**1,182,529**
Income tax expense	5	(322,564)	(335,684)
Profit after tax		**817,879**	**846,845**
Attributable to:			
Owners of the parent		811,527	841,414
Non-controlling interests		6,352	5,431
		817,879	**846,845**
Earnings per share			
Basic earnings per share (cents per share)	6	65.13 cents	67.53 cents
Diluted earnings per share (cents per share)	6	65.04 cents	67.45 cents
Dividends per share (cents per share)	23	37.5 cents	35.0 cents

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Profit for the year	817,879	846,845
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(13,256)	(16,897)
Net movement on cash flow hedges	23	46
Income tax effect on net movement on cash flow hedges	(7)	(14)
Items that will not be reclassified subsequently to profit or loss		
Fair value revaluation of land and buildings	41,967	55,616
Income tax effect on fair value revaluation of land and buildings	(4,509)	(5,578)
Net fair value (losses) / gains on financial assets at fair value through other comprehensive income	(2,084)	12,655
Other comprehensive income for the year (net of tax)	22,134	45,828
Total comprehensive income for the year (net of tax)	840,013	892,673
Total comprehensive income attributable to:		
Owners of the parent	831,782	889,249
Non-controlling interests	8,231	3,424
	840,013	892,673

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Attributable to Equity Holders of the Parent									
CONSOLIDATED $000	Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Reserve	FVOCI Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Acquisition Reserve	Non-Controlling Interests	Total
At 1 July 2021	717,925	2,879,511	208,646	42,051	22,574	(3)	10,399	(16,274)	28,190	3,893,019
Revaluation of land and buildings	-	-	36,802	-	-	-	-	-	656	37,458
Currency translation differences	-	-	-	(14,479)	-	-	-	-	1,223	(13,256)
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	3	-	-	-	3
Fair value of forward foreign exchange contracts	-	-	-	-	-	13	-	-	-	13
Fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(2,084)	-	-	-	-	(2,084)
Other comprehensive income	-	-	36,802	(14,479)	(2,084)	16	-	-	1,879	22,134
Profit for the year	-	811,527	-	-	-	-	-	-	6,352	817,879
Total comprehensive income for the year	-	811,527	36,802	(14,479)	(2,084)	16	-	-	8,231	840,013
Cost of share based payments	-	-	-	-	-	-	3,297	-	-	3,297
Utilisation of employee equity benefits reserve	-	-	-	-	-	-	(2,775)	-	-	(2,775)
Dividends paid	-	(436,102)	-	-	-	-	-	-	(3,328)	(439,430)
At 30 June 2022	717,925	3,254,936	245,448	27,572	20,490	13	10,921	(16,274)	33,093	4,294,124

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

CONSOLIDATED $000	Attributable to Equity Holders of the Parent									
	Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Reserve	FVOCI Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Acquisition Reserve	Non-Controlling Interests	Total
At 1 July 2020	717,925	2,511,580	158,608	56,941	9,919	(35)	10,005	(18,601)	30,983	3,477,325
Revaluation of land and buildings	-	-	50,038	-	-	-	-	-	-	50,038
Currency translation differences	-	-	-	(14,890)	-	-	-	-	(2,007)	(16,897)
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	35	-	-	-	35
Fair value of forward foreign exchange contracts	-	-	-	-	-	(3)	-	-	-	(3)
Fair value of financial assets at fair value through other comprehensive income	-	-	-	-	12,655	-	-	-	-	12,655
Other comprehensive income	-	-	50,038	(14,890)	12,655	32	-	-	(2,007)	45,828
Profit for the year	-	841,414	-	-	-	-	-	-	5,431	846,845
Total comprehensive income for the year	-	841,414	50,038	(14,890)	12,655	32	-	-	3,424	892,673
Cost of share based payments	-	-	-	-	-	-	1,453	-	-	1,453
Utilisation of employee equity benefits reserve	-	-	-	-	-	-	(1,059)	-	-	(1,059)
Dividends paid	-	(473,483)	-	-	-	-	-	-	(2,634)	(476,117)
Disposal of investment	-	-	-	-	-	-	-	2,327	(3,583)	(1,256)
At 30 June 2021	717,925	2,879,511	208,646	42,051	22,574	(3)	10,399	(16,274)	28,190	3,893,019

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 JUNE 2022

		Note	CONSOLIDATED June 2022 $000	June 2021 $000
Operating Activities	**Cash Flows from Operating Activities**			
	Net receipts from franchisees		1,187,422	886,344
	Receipts from customers		2,968,636	2,984,441
	Payments to suppliers and employees		(3,097,107)	(2,984,050)
	Distributions received from joint ventures		9,210	9,332
	GST paid		(93,194)	(103,403)
	Interest received		6,964	5,496
	Interest and other costs of finance paid		(9,702)	(8,953)
	Interest paid on lease liabilities		(41,738)	(40,941)
	Income taxes paid		(336,225)	(206,595)
	Dividends received		3,034	2,198
	Net Cash Flows From Operating Activities	26(b)	597,300	543,869
Investing Activities	**Cash Flows from Investing Activities**			
	Payments for purchases of property, plant and equipment and intangible assets		(94,918)	(100,300)
	Payments for purchase and refurbishments of freehold investment properties		(81,155)	(173,822)
	Proceeds from sale of property, plant and equipment and properties held for resale		4,735	1,922
	Payments for purchase of units in unit trusts and other investments		(145)	(2,312)
	Payments for purchase of equity accounted investments		(950)	(409)
	Payments for purchase of listed securities		-	(2,360)
	Proceeds from sale of listed securities		7,511	78
	Proceeds from sale of a controlled entity		-	15,082
	Proceeds from insurance claims		2,381	2,689
	Loans (granted to) / repaid from joint venture entities, joint venture partners, related and unrelated entities		(16,254)	5,316
	Net Cash Flows Used In Investing Activities		(178,795)	(254,116)
Financing Activities	**Cash Flows from Financing Activities**			
	Lease payments (principal component)		(137,615)	(130,849)
	Proceeds from Syndicated Facility		120,000	295,000
	Dividends paid		(436,102)	(473,483)
	Proceeds from / (Repayments of) other borrowings		20,843	(26,140)
	Net Cash Flows Used In Financing Activities		(432,874)	(335,472)
	Net Decrease in Cash and Cash Equivalents		(14,369)	(45,719)
	Cash and Cash Equivalents at Beginning of the Year		248,727	294,446
	Cash and Cash Equivalents at End of the Year	26(a)	234,358	248,727

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

1 Statement of Significant Accounting Policies

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2021, except for the adoption of new standards mandatory for annual periods beginning on or after 1 July 2021. The consolidated entity has not early adopted any standard, interpretations or amendment that has been issued, but is not yet effective.

2 Operating Segments

	CONSOLIDATED ($000)		
Operating Segment Revenue 30 June 2022	Sales of products to customers	Revenues received from franchisees and other income items	Total Revenue by Segment
FRANCHISING OPERATIONS	-	1,193,169	1,193,169
Retail – New Zealand	1,119,089	28,218	1,147,307
Retail – Singapore & Malaysia	621,230	16,726	637,956
Retail – Slovenia & Croatia	189,319	3,488	192,807
Retail – Ireland & Northern Ireland	645,285	11,363	656,648
Other Non-Franchised Retail	242,040	2,748	244,788
TOTAL RETAIL	2,816,963	62,543	2,879,506
Retail Property	385	494,007	494,392
TOTAL PROPERTY	385	494,007	494,392
EQUITY INVESTMENTS	-	3,090	3,090
OTHER	1,872	12,830	14,702
INTERCOMPANY ELIMINATIONS	(11,891)	(67,311)	(79,202)
TOTAL SEGMENT REVENUE	2,807,329	1,698,328	4,505,657

	CONSOLIDATED ($000)		
Operating Segment Revenue 30 June 2021	Sales of products to customers	Revenues received from franchisees and other income items	Total Revenue by Segment
FRANCHISING OPERATIONS	-	1,237,706	1,237,706
Retail – New Zealand	1,148,150	28,537	1,176,687
Retail – Singapore & Malaysia	577,483	10,788	588,271
Retail – Slovenia & Croatia	179,223	3,274	182,497
Retail – Ireland & Northern Ireland	647,903	11,225	659,128
Other Non-Franchised Retail	224,538	5,990	230,528
TOTAL RETAIL	2,777,297	59,814	2,837,111
Retail Property	6	409,197	409,203
TOTAL PROPERTY	6	409,197	409,203
EQUITY INVESTMENTS	-	11,103	11,103
OTHER	2,805	20,360	23,165
INTERCOMPANY ELIMINATIONS	(11,780)	(67,877)	(79,657)
TOTAL SEGMENT REVENUE	2,768,328	1,670,303	4,438,631

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) - 30 JUNE 2022

2 Operating Segments (continued)

Operating Segment Result 30 June 2022	CONSOLIDATED ($000)					
	Segment Result Before Interest, Tax, Depreciation & Amortisation	Interest Expense	Depreciation Expense (excl ROU Assets)	Depreciation & Fair Value Re-measure-ment of ROU Asset	Amortisation Expense	Segment Result Before Tax
FRANCHISING OPERATIONS	718,222	(27,128)	(26,938)	(90,723)	(20,418)	553,015
Retail – New Zealand	152,744	(4,468)	(7,681)	(11,257)	(261)	129,077
Retail – Singapore & Malaysia	89,761	(5,086)	(7,649)	(31,634)	(32)	45,360
Retail – Slovenia & Croatia	18,202	(1,005)	(2,814)	(2,860)	(121)	11,402
Retail – Ireland & Northern Ireland	74,178	(5,884)	(6,648)	(15,245)	(242)	46,159
Other Non-Franchised Retail	1,555	(1,355)	(2,497)	(1,709)	(157)	(4,163)
TOTAL RETAIL	336,440	(17,798)	(27,289)	(62,705)	(813)	227,835
Retail Property	387,040	(6,533)	(10,179)	-	(229)	370,099
Retail Property Under Construction	(852)	(163)	-	-	-	(1,015)
Property Developments for Resale	(2,582)	(25)	-	-	-	(2,607)
TOTAL PROPERTY	383,606	(6,721)	(10,179)	-	(229)	366,477
EQUITY INVESTMENTS	8	(67)	-	-	-	(59)
OTHER	(1,643)	(513)	(4,669)	-	-	(6,825)
INTER-COMPANY ELIMINATIONS	(79)	79	-	-	-	-
TOTAL SEGMENT RESULT BEFORE TAX	1,436,554	(52,148)	(69,075)	(153,428)	(21,460)	1,140,443

Operating Segment Result 30 June 2021	CONSOLIDATED ($000)					
	Segment Result Before Interest, Tax, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense (excl ROU Assets)	Depreciation & Fair Value Re-measure-ment of ROU Asset	Impairment & Amortisation Expense	Segment Result Before Tax
FRANCHISING OPERATIONS	776,309	(25,218)	(26,286)	(77,947)	(18,670)	628,188
Retail – New Zealand	163,667	(4,591)	(7,307)	(9,804)	(355)	141,610
Retail – Singapore & Malaysia	80,465	(5,595)	(7,247)	(31,315)	(393)	35,915
Retail – Slovenia & Croatia	18,019	(1,032)	(2,935)	(2,544)	(126)	11,382
Retail – Ireland & Northern Ireland	78,787	(6,211)	(6,531)	(13,966)	(193)	51,886
Other Non-Franchised Retail	8,492	(1,137)	(2,368)	(1,408)	(255)	3,324
TOTAL RETAIL	349,430	(18,566)	(26,388)	(59,037)	(1,322)	244,117
Retail Property	307,647	(5,868)	(9,687)	-	(305)	291,787
Retail Property Under Construction	(104)	(14)	-	-	-	(118)
Property Developments for Resale	(104)	(28)	-	-	-	(132)
TOTAL PROPERTY	307,439	(5,910)	(9,687)	-	(305)	291,537
EQUITY INVESTMENTS	10,959	(77)	-	-	-	10,882
OTHER	13,026	(468)	(4,753)	-	-	7,805
INTER-COMPANY ELIMINATIONS	(26)	26	-	-	-	-
TOTAL SEGMENT RESULT BEFORE TAX	1,457,137	(50,213)	(67,114)	(136,984)	(20,297)	1,182,529

2 Operating Segments (continued)

Operating Segment Assets and Liabilities 30 June 2022	CONSOLIDATED ($000) Segment Assets	Inter-Company Eliminations	Segment Assets After Eliminations	Segment Liabilities	Inter-Company Eliminations	Segment Liabilities After Eliminations
FRANCHISING OPERATIONS	4,282,910	(2,364,206)	1,918,704	1,004,402	(20,975)	983,427
Retail – New Zealand	390,779	-	390,779	240,049	(2,200)	237,849
Retail – Singapore & Malaysia	487,257	(2,820)	484,437	306,712	(43,313)	263,399
Retail – Slovenia & Croatia	83,447	(2,079)	81,368	68,640	(423)	68,217
Retail – Ireland & Northern Ireland	262,551	-	262,551	252,088	(2,263)	249,825
Other Non-Franchised Retail	222,281	(32,674)	189,607	305,705	(175,728)	129,977
TOTAL RETAIL	1,446,315	(37,573)	1,408,742	1,173,194	(223,927)	949,267
Retail Property	3,620,867	10,988	3,631,855	2,375,464	(1,983,024)	392,440
Retail Property Under Construction	81,550	20	81,570	86,220	(7,609)	78,611
Property Developments for Resale	24,604	-	24,604	3,804	(2,152)	1,652
TOTAL PROPERTY	3,727,021	11,008	3,738,029	2,465,488	(1,992,785)	472,703
EQUITY INVESTMENTS	55,890	-	55,890	4,458	-	4,458
OTHER	172,727	(55,592)	117,135	236,460	(208,676)	27,784
TOTAL SEGMENT ASSETS/LIABILITIES BEFORE TAX	9,684,863	(2,446,363)	7,238,500*	4,884,002	(2,446,363)	2,437,639*

Operating Segment Assets and Liabilities 30 June 2021	CONSOLIDATED ($000) Segment Assets	Inter-Company Eliminations	Segment Assets After Eliminations	Segment Liabilities	Inter-Company Eliminations	Segment Liabilities After Eliminations
FRANCHISING OPERATIONS	3,981,402	(2,272,596)	1,708,806	850,415	(7,348)	843,067
Retail – New Zealand	390,749	-	390,749	250,246	(2,232)	248,014
Retail – Singapore & Malaysia	475,869	(2,451)	473,418	326,132	(40,731)	285,401
Retail – Slovenia & Croatia	85,457	(2,156)	83,301	75,810	(525)	75,285
Retail – Ireland & Northern Ireland	281,545	-	281,545	267,794	(577)	267,217
Other Non-Franchised Retail	218,656	(58,705)	159,951	267,252	(154,111)	113,141
TOTAL RETAIL	1,452,276	(63,312)	1,388,964	1,187,234	(198,176)	989,058
Retail Property	3,339,075	(3,567)	3,335,508	2,334,254	(1,983,024)	351,230
Retail Property Under Construction	7,486	-	7,486	7,562	(7,562)	-
Property Developments for Resale	27,662	-	27,662	3,917	(2,199)	1,718
TOTAL PROPERTY	3,374,223	(3,567)	3,370,656	2,345,733	(1,992,785)	352,948
EQUITY INVESTMENTS	69,327	-	69,327	4,861	-	4,861
OTHER	179,604	(53,165)	126,439	255,349	(194,331)	61,018
TOTAL SEGMENT ASSETS/LIABILITIES BEFORE TAX	9,056,832	(2,392,640)	6,664,192*	4,643,592	(2,392,640)	2,250,952*

* Segment assets for FY22 and FY21 are exclusive of deferred tax assets. Segment liabilities for FY22 and FY21 are exclusive of income tax payable and deferred tax liabilities.

2 Operating Segments (continued)

The consolidated entity operates predominantly in eleven (11) operating segments:

Operating Segment	Description of Segment
Franchising Operations	Consists of the franchisor operations of the consolidated entity, but does not include the results, assets, liabilities or operations of any Harvey Norman®, Domayne® and Joyce Mayne® franchisees.
Retail – New Zealand	Consists of the wholly-owned operations of the consolidated entity in the retail trading operations in New Zealand under the Harvey Norman® brand name.
Retail – Singapore & Malaysia	Consists of the controlling interest of the consolidated entity in the retail trading operations in Singapore and Malaysia under the Harvey Norman® and Space Furniture® brand names.
Retail – Slovenia & Croatia	Consists of the wholly-owned operations of the consolidated entity in the retail trading operations in Slovenia and Croatia under the Harvey Norman® brand name.
Retail – Ireland & Northern Ireland	Consists of the wholly-owned operations of the consolidated entity in the retail trading operations in Ireland and Northern Ireland under the Harvey Norman® brand name.
Other Non-Franchised Retail	Consists of the retail and wholesale trading operations in Australia which are wholly-owned or controlled by the consolidated entity, and does not include the operations of any Harvey Norman®, Domayne® and Joyce Mayne® franchisees.
Retail Property	Consists of freehold land and buildings that are owned by the consolidated entity for each site that are fully operational or are ready for operations. The revenue and results of this segment consists of rental income, outgoings recovered and the net property revaluation increments and/or decrements recognised in the Income Statement. This segment includes the mining camp accommodation joint ventures.
Retail Property Under Construction	Consists of freehold sites that are currently undergoing construction at balance date intended for retail leasing. It also includes vacant land that has been purchased for the purposes of generating future investment income.
Property Developments for Resale	Consists of freehold land and buildings acquired by the consolidated entity, to be developed, or currently under development, for the sole purpose of resale at a profit. This segment includes land and buildings held for sale, which were previously reported in the Retail Property segment.
Equity Investments	This segment refers to the investment in, and trading of, equity investments.
Other	This segment primarily relates to credit facilities provided to related and unrelated parties and other unallocated income and expense items.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) - 30 JUNE 2022

3 Revenues

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Revenue from contracts with customers and franchisees:		
Sale of products to customers (a)	2,807,329	2,768,328
Services to customers (c)	35,095	33,496
Franchise fees in accordance with franchise agreements (b)	1,033,166	1,075,753
Total revenue from contracts with customers and franchisees	3,875,590	3,877,577
Other revenue from franchisees:		
Rent and outgoings received from franchisees	248,650	248,598
Interest to implement and administer the financial accommodation facilities	19,326	21,431
Total other revenue received from franchises (b)	267,976	270,029
Gross revenue from other unrelated parties:		
Rent and outgoings received from external tenants	110,072	98,006
Interest received from financial institutions and other parties	6,963	5,068
Dividends received	3,090	2,340
Total other revenue received from unrelated parties (c)	120,125	105,414
Other income items:		
Net property revaluation increment on Australian freehold investment properties	213,684	138,686
Property revaluation (decrement) / increment for overseas controlled entity	(5)	1,688
Net revaluation increment of equity investments to fair value	-	8,763
Other income	28,287	36,474
Total other income items (c)	241,966	185,611
Disclosed in the Income Statement as follows:		
(a) Sale of products to customers	2,807,329	2,768,328
(b) Revenues received from franchisees	1,301,142	1,345,782
(c) Revenues and other income items	397,186	324,521

4 Expenses and Losses

	CONSOLIDATED June 2022 $000	CONSOLIDATED June 2021 $000
Employee benefits expense:		
Wages and salaries *	374,519	351,110
Workers compensation	2,950	2,768
Superannuation contributions	18,032	16,782
Payroll tax	15,278	14,828
Share-based payments	3,089	1,488
Other employee benefits	10,904	12,797
Total employee benefits expense	**424,772**	**399,773**
Finance costs:		
Interest on lease liabilities	41,738	40,941
Bank interest paid to financial institutions	9,444	7,975
Other	966	1,297
Total finance costs	**52,148**	**50,213**
Occupancy expenses:		
Variable lease payments (including short-term and low-value leases)	34,534	30,407
Property, plant and equipment: Right-of-use assets - Depreciation expense	65,870	62,908
Property, plant and equipment: Right-of-use assets - Impairment expense	2,148	-
Investment properties (leasehold): Right-of-use assets - Fair value re-measurement	87,558	74,076
Other occupancy expenses	80,210	75,675
Total occupancy expenses	**270,320**	**243,066**
Depreciation, amortisation and impairment:		
Depreciation of (excluding AASB 16 depreciation in occupancy expenses above):		
- Buildings	10,179	9,276
- Plant and equipment	58,896	57,838
Amortisation of:		
- Computer software	20,778	19,777
- Net licence property and other intangible assets	682	520
Total depreciation, amortisation and impairment	**90,535**	**87,411**

* These amounts are net of the COVID-19 wages support and assistance received for the year-ended 30 June 2022 totalling $2.41 million in Malaysia, Singapore, Northern Ireland and Slovenia (2021: $4.43 million).

No COVID-19 wages support and assistance was received by any controlled entity of Harvey Norman Holdings Limited in Australia during the 2022 financial year.

In August 2021, all of the wages support and assistance previously received by controlled entities in Australia totalling $6.02 million (FY21: $3.63 million and FY20: $2.39 million) was repaid to the Federal Government via the Australian Taxation Office. This payment has been recorded in the Non-Franchised Retail Segment within Note 2. Operating Segments for the year-ended 30 June 2022.

5 Income Tax

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Income tax recognised in the Income Statement:		
Current income tax:		
Current income tax charge	258,745	285,742
Adjustments in respect of current income tax of previous years	1,272	(76)
Deferred income tax:		
Relating to the origination and reversal of temporary differences	62,547	50,018
Total income tax expense reported in the Income Statement	322,564	335,684

6 Earnings Per Share

	June 2022	June 2021
Basic earnings per share (cents per share)	65.13c	67.53c
Diluted earnings per share (cents per share)	65.04c	67.45c

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

	June 2022 $000	June 2021 $000
Profit after tax	817,879	846,845
Less: Profit after tax attributable to non-controlling interests	(6,352)	(5,431)
Profit after tax attributable to owners of the parent	811,527	841,414

	NUMBER OF SHARES	
	June 2022 Number	June 2021 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,246,006,654	1,246,006,654
Effect of dilutive securities	1,738,851	1,413,644
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	1,247,745,505	1,247,420,298

7 Trade and Other Receivables

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Current		
Receivables from franchisees (a)	892,917	793,228
Trade receivables	119,099	78,917
Consumer finance loans	2,669	2,094
Allowance for expected credit loss	(3,493)	(3,578)
Trade receivables, net	118,275	77,433
Amounts receivable in respect of finance leases	3,155	3,206
Non-trade debts receivable from:		
- Related parties (including joint ventures and joint venture partners)	4,407	1,824
- Unrelated parties	46,676	13,738
Allowance for expected credit loss	(126)	(228)
Non-trade debts receivable, net	50,957	15,334
Total trade and other receivables (current)	1,065,304	889,201

(a) Receivables from franchisees

Derni Pty Limited (Derni), a wholly-owned subsidiary of Harvey Norman Holdings Limited (HNHL), may, at the request of a franchisee, provide financial accommodation in the form of a revolving line of credit, to that franchisee. The repayment of the indebtedness of that franchisee to Derni is secured by a security interest over all present and after-acquired property of that franchisee, pursuant to a General Security Deed (GSD).

The receivables from franchisees balance of $892.92 million as at 30 June 2022 (2021: $793.23 million) comprises the aggregate of the balances due from each franchisee to Derni, and is net of any uncollectible amounts. The indebtedness of each franchisee to Derni is reduced on a daily basis by an electronic funds transfer process. Each franchisee directs the financial institution of that franchisee to transfer the net cash receipts in the bank account of the franchisee to Derni, in reduction of outstanding indebtedness.

Receivables from franchisees have been measured at amortised cost. The consolidated entity has performed an assessment of the franchisee receivables and has calculated the expected credit loss by applying the general approach for provisioning for expected credit losses prescribed by AASB 9. The expected credit loss assessment was conducted on the carrying value of franchisee receivables as at 30 June 2022 totalling $892.92 million (2021: $793.23 million). Based on the assessment, receivables from franchisees are current and neither past due nor impaired as at 30 June 2022.

	CONSOLIDATED	
	June 2022 $000	June 2021 $000

7 Trade and Other Receivables (continued)

	June 2022 $000	June 2021 $000
Non-Current		
Trade receivables	7,087	6,703
Consumer finance loans	570	441
Allowance for expected credit loss	(5)	(3)
Trade receivables, net	7,652	7,141
Amounts receivable in respect of finance leases	537	713
Non-trade debts receivable from:		
- Related parties (including joint ventures and joint venture partners)	46,345	56,022
- Unrelated parties	19,628	29,352
Allowance for expected credit loss	(20,668)	(20,668)
Non-trade debts receivable, net	45,305	64,706
Total trade and other receivables (non-current)	53,494	72,560

8 Other Financial Assets

	June 2022 $000	June 2021 $000
Current		
Equity investments at fair value through profit or loss	-	41,281
Derivatives receivable	346	95
Total other financial assets (current)	346	41,376
Non-Current		
Equity investments at fair value through profit or loss	30,796	-
Equity investments at fair value through other comprehensive income	25,095	28,046
Units in unit trusts	414	414
Other non-current financial assets	4,768	4,623
Total other financial assets (non-current)	61,073	33,083

During FY22, the consolidated entity reclassified the equity investments at fair value through profit or loss from current to non-current financial assets.

9 Inventories (Current)

	June 2022 $000	June 2021 $000
Finished goods at cost	534,386	490,015
Provision for obsolescence	(10,112)	(10,922)
Total inventories (current)	524,274	479,093

10 Other Assets (Current)

	June 2022 $000	June 2021 $000
Prepayments	52,551	36,803
Other current assets	2,808	2,752
Total other assets (current)	55,359	39,555

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) - 30 JUNE 2022

11 Intangible Assets

	CONSOLIDATED June 2022 $000	CONSOLIDATED June 2021 $000
Current		
Net licence property (current)	280	258
Non-Current		
Net licence property	1,817	1,981
Other intangible assets	66	90
Computer software:		
At cost	247,628	232,571
Accumulated amortisation and impairment	(191,091)	(170,974)
Net computer software	56,537	61,597
Total net intangible assets (non-current)	58,420	63,668

12 Property, Plant and Equipment

	June 2022 $000	June 2021 $000
Land at fair value	219,802	185,916
Buildings at fair value	274,319	265,173
Land and buildings at fair value (a)	494,121	451,089
Plant and equipment:		
At cost	836,313	798,335
Accumulated depreciation	(551,217)	(519,577)
Net plant and equipment	285,096	278,758
Total property, plant and equipment:		
Land and buildings at fair value	494,121	451,089
Plant and equipment at cost	836,313	798,335
Total property, plant and equipment	1,330,434	1,249,424
Accumulated depreciation	(551,217)	(519,577)
Total written down amount of property, plant and equipment	779,217	729,847

(a) Land of $219.80 million and buildings of $274.32 million are measured at fair value at 30 June 2022.

13 Property, Plant and Equipment: Right-Of-Use Assets (ROUA)

	CONSOLIDATED		
	Leasehold properties: ROUA $000	Plant and equipment: ROUA $000	Total ROUA $000
As at 1 July 2021	507,290	3,877	511,167
New, modified and re-measured leases	19,470	2,652	22,122
Depreciation	(63,668)	(2,202)	(65,870)
Foreign currency	5,125	(34)	5,091
As at 30 June 2022	468,217	4,293	472,510

Property, Plant and Equipment: Right-of-Use Assets

The consolidated entity recognises right-of-use assets in respect of leases of property, plant and equipment at the commencement date of the 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 re-measurement of lease liabilities. The right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to an impairment assessment under AASB 136 *Impairment of Assets* at each reporting date.

14 Investment Properties: Freehold

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Opening balance at beginning of the year, at fair value	2,905,509	2,593,330
Net additions, disposals and transfers	111,020	171,805
Net increase from fair value adjustments	213,684	140,374
Closing balance at end of the year, at fair value	3,230,213	2,905,509

Valuation Approach:

The directors make an assessment of the fair value of each freehold investment property as at balance date. This assessment is informed by:

- the information and advice contained in the last independent external valuation report for that property prepared by an external, professionally qualified valuer who holds a recognised relevant professional qualification and has specialised expertise in the property being valued (**Independent Valuer**);
- the information and advice contained in the last internal valuation report for that property (which was informed by the immediately preceding independent external valuation report for that property);
- the last management review for that property; and
- other information and professional or expert advice given or prepared by reliable and competent persons in relation to that property.

14 Investment Properties: Freehold (continued)

Independent External Valuations

From 1 January 2020, the entire freehold investment property portfolio in Australia is valued by an Independent Valuer at least once every two (2) years on a rotational basis.

For the 2022 financial year, sixty-eight (68) valuations of freehold investment properties were performed by an Independent Valuer: thirty-two (32) at 31 December 2021 and thirty-six (36) at 30 June 2022. This represents a total of 49.6% of the number of freehold investment properties independently externally valued this year, and 52.2% in terms of the fair value of the freehold investment property portfolio in Australia subject to independent external valuation.

Internal Valuations and Reviews

Freehold investment properties not independently externally valued as at balance date are subject to an internal valuation or a management review, performed by persons qualified by relevant education, training or experience. Each internal valuation and management review is informed by the last independent external valuation and reliable market evidence. For the current year, thirteen (13) freehold investment properties had been affected by the same factors as the properties which had been independently externally valued. As a consequence, internal valuations for these thirteen (13) properties were undertaken to determine the effect of these factors.

Valuation Methodologies:

The large-format retail market in Australia continues to be a resilient and buoyant asset class providing an attractive return on investment relative to alternative asset classes since the commencement of the pandemic. This has been underpinned by the strength of the Home & Lifestyle retail category throughout FY22 and robust sales volumes and historically low yields reported by the large-format property market. Investor competitiveness for scarce, well-located large-format property investments, with strong national lease covenants and lease tenure, has also contributed to the surge in large-format retail values.

The fair value in respect of each freehold investment property has been calculated primarily using the income capitalisation method of valuation, using the current market rental value, and having regard to, in respect of each property:

- the highest and best use of the property
- the quality of construction
- the age and condition of improvements
- recent market sales data in respect of comparable properties
- current market rental value, being the amount that could be exchanged between knowledgeable, willing parties in an arm's length transaction
- the tenure of franchisees and external tenants
- adaptive reuse of buildings
- non-reliance on turnover rent
- other specific circumstances of the property

As a secondary method, a discounted cash flow valuation or a direct sale comparison valuation is undertaken as a check method.

The fair value of a freehold investment property under construction is determined using the income capitalisation method by estimating the fair value of the property as at the relevant completion date less the remaining costs to complete and allowances for associated risk. As a secondary method, a discounted cash flow valuation is undertaken. An internal valuation or management review is performed for any property less than 75% complete where there is an indication of a substantial change in the risks or benefits to warrant an earlier assessment. Normally, the direct sale comparison method of valuation is used for properties held for future development.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) - 30 JUNE 2022

15 Investment Properties (Leasehold): Right-Of-Use Assets

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Opening balance at beginning of the year, at fair value	620,461	621,903
Net additions, disposals and transfers	142,697	72,634
Net decrease from fair value re-measurements	(87,558)	(74,076)
Closing balance at end of the year, at fair value	**675,600**	**620,461**

Valuation of Investment Properties (Leasehold): Right-Of-Use Assets

The directors make an assessment of the fair value of each Investment Property (Leasehold): Right of Use Asset (**IP (Leasehold) ROU Asset**) as at balance date. Each IP (Leasehold) ROU Asset is reviewed at least every 6 months. This review is undertaken by persons qualified by relevant education, training or experience, with the assistance of qualified management. As part of the review, an independent, professionally qualified valuer who holds a recognised relevant professional qualification and has relevant specialised expertise (**Leasehold Independent Valuer**) is engaged to provide independent verification of key observable inputs.

The re-measurement of an IP Leasehold ROU Asset to fair value comprises the following:

1) A reduction in the IP Leasehold ROU Asset to reflect the decrease in its future value due to the usage of the asset during the period, reflecting the passage of time and a reduction in remaining lease tenure. This is recognised as a fair value decrement in the Income Statement.

2) Re-measurement of the IP Leasehold ROU Asset at the prevailing discount rate as at the reporting date. If the discount rate at the end of the period is higher than the discount rate at the beginning of the period, there will be a decrease in the value of the IP Leasehold ROU Asset and a corresponding fair value decrement is recognised in the Income Statement. If the discount rate at the end of the period is lower than the discount rate at the beginning of the period, there will be an increase in the value of the IP Leasehold ROU Asset and a corresponding fair value increment is recognised in the Income Statement. The discount rate used is determined using market data, information on margins available to the consolidated entity, and other adjustments appropriate as at the reporting date.

3) The Leasehold Independent Valuer provides independent verification of key observable inputs including the current market rent ranges, being the amount that could be exchanged between knowledge-able, willing parties in an arm's length transaction, at each reporting date. If the current market rent range increases, there may be an increase in the value of the IP Leasehold ROU Asset and a corresponding fair value increment may be recognised in the Income Statement. If the current market rent range decreases, there may be a decrease in the value of the IP Leasehold ROU Asset and a corresponding fair value decrement may be recognised in the Income Statement.

The results and recommendations of the review and the information and professional advice provided by the Leasehold Independent Valuer are used to inform the assessment of the fair value of each IP Leasehold ROU Asset at balance date.

Discount Rate

IP Leasehold ROU Asset are re-measured to fair value by using the prevailing discount rate as at the reporting date which is determined by taking into account the following:

- External market based rates for a range of maturities as at the reporting date;
- The lending margins available to the consolidated entity; and
- Other adjustments that may be made by market participants over the lease term.

Market Rent Ranges

As at each balance date, the Leasehold Independent Valuer provides market rent ranges for each leasehold investment property, being the amount that could be exchanged between knowledgeable, willing parties in an arm's length transaction at each reporting date. The market rent ranges are used to assess whether future lease payments are representative of what market participants would pay for a particular asset over a similar term.

16 Trade and Other Payables

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Trade and other creditors	258,965	269,959
Accruals	99,376	85,704
Total trade and other payables	358,341	355,663

17 Interest-Bearing Loans and Borrowings

	June 2022 $000	June 2021 $000
Current Secured:		
Bank overdraft	14,446	15,704
Commercial bills payable	5,400	5,650
Syndicated Facility Agreement (a)	200,000	290,000
Other short-term borrowings (b)	36,795	44,202
Current Unsecured:		
Derivatives payable	20	-
Non-trade amounts owing to:		
- Related parties	4,238	4,237
- Unrelated parties	154	176
Total interest-bearing loans and borrowings (current)	261,053	359,969
Non–Current: Secured		
Syndicated Facility Agreement	410,000	200,000
Other borrowings (b)	28,522	44,202
Total interest-bearing loans and borrowings (non-current)	438,522	200,000

(a) Syndicated Facility Agreement

On 2 December 2009, the Company, a subsidiary of the Company (**Borrower**) and certain other subsidiaries of the Company (**Guarantors**) entered into a Syndicated Facility Agreement (the **Facility**) with certain banks (**Financiers** and each a **Financier**). On 26 November 2018, the Amending Deed (No. 6) to the Facility was executed with the effect of extending the repayment date of Tranche B of the Facility totalling $240 million to 4 December 2021. On 29 November 2019, the Amending Deed (No. 7) to the Facility was executed with the effect of extending the repayment date of Tranche A1 of the Facility totalling $170 million to 4 December 2021 and Tranche A2 of the Facility totalling $200 million to 4 December 2022. On 26 November 2020, Tranche A3 of the Facility totalling $200 million was cancelled, reducing the aggregate available facility of the Syndicated Facility Agreement from $810 million to $610 million.

On 30 November 2021, the Amending Deed (No. 8) to the Facility was executed with the effect of extending the repayment date of Tranche A1 of the Facility totalling $170 million to 4 December 2026 and Tranche B of the Facility totalling $240 million to 4 December 2025.

The utilised amount of the Facility as at 30 June 2022 was $610 million, repayable as set out below, with $200 million classified as current interest bearing loans and borrowings and $410 million of which was classified as non-current interest-bearing loans and borrowings.

This Facility is secured by:
- a fixed and floating charge granted by the Company and each of the Guarantors in favour of a security trustee for the Financiers; and
- real estate mortgages granted by certain Guarantors in favour of the security trustee for the Financiers over various real properties owned by those Guarantors.

Under the terms of the Syndicated Facility Agreement, the Facility is repayable:
- in respect of Tranche A1 totalling $170 million, on 4 December 2026 ($170 million utilised at 30 June 2022);
- in respect of Tranche A2 totalling $200 million, on 4 December 2022 ($200 million utilised at 30 June 2022); and
- in respect of Tranche B totalling $240 million, on 4 December 2025 ($240 million utilised at 30 June 2022);

17 Interest-Bearing Loans and Borrowings (continued)

- otherwise on demand by or on behalf of the Financiers upon the occurrence of any one of a number of events (each a "Relevant Event"), including events which are not within the control of the Company, the Borrower or the Guarantors. Each of the following is a Relevant Event:
  - i) an event occurs which has or is reasonably likely to have a material adverse effect on the business, operation, property, condition (financial or otherwise) or prospects of the Borrower or the Company and the subsidiaries of the Company;
  - ii) if any change in law or other event makes it illegal or impractical for a Financier to perform its obligations under the Syndicated Facility Agreement or fund or maintain the amount committed by that Financier to the provision of the Facility, the Financier may by notice to the Borrower, require the Borrower to repay the secured moneys in respect of the commitment of that Financier, in full on the date which is forty (40) business days after the date of that notice.

The Company has not received notice of the occurrence of any Relevant Event from any Financier. During FY22 and FY21, there were no defaults or breaches on any of the interest-bearing loans and borrowings referred to in this note.

(b) Other Short-Term Borrowings

On 28 April 2022, a subsidiary of the Company entered into a Floating Rate Loan Facility with the ANZ Bank with a total limit of $120 million, repayable on 31 October 2022. As at 30 June 2022, this facility was not utilised. In addition, a short term facility with a limit of $10.4 million in Singapore secured by the securities pursuant to the Syndicated Facility Agreement remains unutilised as at 30 June 2022.

Of the total other short-term borrowings of $36.80 million (2021: $44.20 million):

- a total of $6.80 million (2021: nil) in Ireland is secured by fixed and floating charges over the property at Eastgate Retail Park in Little Island, Cork, repayable by 30 June 2023. The total facility limit is $35.33 million and was fully utilised as at 30 June 2022 with $6.80 million classified as current borrowings, with the remaining $28.52 million classified as non-current borrowings.
- a total of $26.73 million (2021: $29.11 million) in Slovenia and Croatia, with a maturity date of 4 December 2022, is secured by the securities given pursuant to the Syndicated Facility Agreement and has a total facility limit of $51.61 million as at 30 June 2022.
- a total of $2.61 million (2021: $4.45 million) relates to a revolving credit facility with ANZ in Singapore and has a total facility limit of $5.22 million as at 30 June 2022.
- a total of $0.66 million (2021: $0.80 million) relates to a revolving credit facility with AmBank (M) Berhad in Malaysia, subject to periodic review and otherwise repayable on demand, and has a total facility limit of $0.99 million as at 30 June 2022.

18 Financing Facilities Available

At balance date, the following financing facilities had been negotiated and were available.

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Total facilities:		
Bank overdraft	45,834	48,415
Other borrowings	223,573	85,452
Commercial bank bills	5,400	5,650
Syndicated Facility	610,000	610,000
Total Available Facilities	**884,807**	**749,517**
Facilities used at reporting date:		
Bank overdraft	14,446	15,704
Other borrowings (current)	36,795	44,202
Other borrowings (non-current)	28,522	-
Commercial bank bills (current)	5,400	5,650
Syndicated Facility (current)	200,000	290,000
Syndicated Facility (non-current)	410,000	200,000
Total Used Facilities	**695,163**	**555,556**
Facilities unused at reporting date:		
Bank overdraft	31,388	32,711
Other borrowings	158,256	41,250
Syndicated Facility	-	120,000
Total Unused Facilities	**189,644**	**193,961**

19 Lease Liabilities

	CONSOLIDATED June 2022 $000	CONSOLIDATED June 2021 $000
Lease liabilities at beginning of the year	1,178,665	1,173,087
New, modified and re-measured leases	163,999	150,809
Interest on lease liabilities	41,738	40,941
Lease payments	(179,353)	(171,790)
Foreign currency	(421)	(14,382)
Lease liabilities at the end of the year	1,204,628	1,178,665
Disclosed as:		
Lease liabilities (current)	139,288	135,389
Lease liabilities (non-current)	1,065,340	1,043,276
Total lease liabilities	1,204,628	1,178,665

20 Other Liabilities

	June 2022 $000	June 2021 $000
Total unearned revenue (current)	126,236	108,847
Total unearned revenue (non-current)	1,539	823

21 Provisions

	June 2022 $000	June 2021 $000
Employee entitlements	37,059	37,162
Total provisions (current)	37,059	37,162
Employee entitlements	2,546	2,380
Lease makegood	7,715	7,443
Total provisions (non-current)	10,261	9,823

22 Contributed Equity

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Ordinary shares	717,925	717,925
Total contributed equity	717,925	717,925

	NUMBER OF SHARES	
	June 2022	June 2021
Number of ordinary shares issued and fully paid	1,246,006,654	1,246,006,654

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

	June 2022 No. of Shares	June 2022 $000
Movements in ordinary shares on issue		
Balance at 1 July 2021	1,246,006,654	717,925
Issue of shares	-	-
Balance at end of the year	1,246,006,654	717,925

23 Retained Profits and Dividends

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Movements in retained profits were as follows:		
Balance at beginning of the year	2,879,511	2,511,580
Profit for the year	811,527	841,414
Dividends paid	(436,102)	(473,483)
Balance at end of the year	3,254,936	2,879,511
Dividends declared and paid on ordinary shares:		
Final fully-franked dividend for 2021: 15.0 cents (2020: 18.0 cents)	186,901	224,281
Interim fully-franked dividend for 2022: 20.0 cents (2021: 20.0 cents)	249,201	249,202
Total dividends paid	436,102	473,483

The final dividend of $186.90 million, fully franked, for the year ended 30 June 2021 was paid on 15 November 2021.

The interim dividend of 20.0 cents per share, totalling $249.20 million fully-franked, for the year ended 30 June 2022 was paid on 2 May 2022.

The final dividend of 17.5 cents per share totalling $218.05 million, fully franked, for the year ended 30 June 2022 will be paid on 14 November 2022 to shareholders registered at the close of business on 17 October 2022. No provision has been made in the Statement of Financial Position for the payment of this final dividend.

23 Retained Profits and Dividends (continued)

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Franking account balance:		
The amount of franking credits available for subsequent financial years are:		
- franking account balance as at the end of the financial year at 30%	553,700	455,197
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	49,284	122,596
- franking credits that will be utilised in the payment of the proposed final dividend	(93,450)	(80,100)
Amount of franking credits available for future reporting years	509,534	497,693

24 Non-Controlling Interests

	June 2022 $000	June 2021 $000
Interest in:		
- Ordinary shares	1,091	2,591
- Reserves	14,478	12,716
- Retained earnings	17,524	12,883
Total non-controlling interests	33,093	28,190

25 Reserves

CONSOLIDATED $000	Asset Revaluation Reserve	Foreign Currency Translation Reserve	FVOCI Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Acquisition Reserve	Total
At 1 July 2021	208,646	42,051	22,574	(3)	10,399	(16,274)	267,393
Revaluation of land and buildings	41,311	-	-	-	-	-	41,311
Tax effect of revaluation of land and buildings	(4,509)	-	-	-	-	-	(4,509)
Currency translation differences	-	(14,479)	-	-	-	-	(14,479)
Unrealised loss on financial assets at fair value through other comprehensive income	-	-	(2,084)	-	-	-	(2,084)
Reverse expired or realised cash flow hedge reserves	-	-	-	3	-	-	3
Net gain on forward foreign exchange contracts	-	-	-	19	-	-	19
Tax effect on net gain on forward foreign exchange contracts	-	-	-	(6)	-	-	(6)
Cost of share based payments	-	-	-	-	3,297	-	3,297
Utilisation of employee equity benefits reserve	-	-		-	(2,775)	-	(2,775)
At 30 June 2022	245,448	27,572	20,490	13	10,921	(16,274)	288,170
At 1 July 2020	158,608	56,941	9,919	(35)	10,005	(18,601)	216,837
Revaluation of land and buildings	55,616	-	-	-	-	-	55,616
Tax effect of revaluation of land and buildings	(5,578)	-	-	-	-	-	(5,578)
Currency translation differences	-	(14,890)	-	-	-	-	(14,890)
Unrealised gain on financial assets at fair value through other comprehensive income	-	-	12,655	-	-	-	12,655
Reverse expired or realised cash flow hedge reserves	-	-	-	35	-	-	35
Net loss on forward foreign exchange contracts	-	-	-	(4)	-	-	(4)
Tax effect on net loss on forward foreign exchange contracts	-	-	-	1	-	-	1
Cost of share based payments	-	-	-	-	1,453	-	1,453
Utilisation of employee equity benefits reserve	-	-	-	-	(1,059)	-	(1,059)
Sale of a controlled entity	-	-	-	-	-	2,327	2,327
At 30 June 2021	208,646	42,051	22,574	(3)	10,399	(16,274)	267,393

26 Cash and Cash Equivalents

(a) Reconciliation to the Statement of Cash Flows

	CONSOLIDATED	
	June 2022 $000	June 2021 $000
Cash and cash equivalents comprise the following:		
Cash at bank and on hand	155,158	206,971
Short-term money market deposits	93,646	57,460
	248,804	264,431
Bank overdraft (refer to Note 17)	(14,446)	(15,704)
Cash and cash equivalents at end of the period	234,358	248,727

(b) Reconciliation of profit after income tax to net operating cash flows

	June 2022 $000	June 2021 $000
Profit after tax	817,879	846,845
Adjustments for:		
Net foreign exchange (gain) / loss	(192)	268
Allowance for expected credit loss	703	289
Share of net profit from joint venture entities	(8,961)	(8,320)
Depreciation of property, plant and equipment	69,075	67,114
Depreciation of right-of-use assets	65,870	62,908
Fair value re-measurement of investment properties (leasehold): right-of-use assets	87,558	74,076
Amortisation	21,460	20,296
Impairment of ROU assets	2,148	-
Gain on disposal of leasehold ROU assets and lease liabilities	(3,428)	-
Revaluation of freehold investment properties	(213,679)	(140,374)
Executive remuneration expenses	7,326	5,648
Profit / (Loss) on disposal and sale of property, plant and equipment and the revaluation of listed securities	4,337	(8,397)
Changes in assets and liabilities:		
(Increase)/decrease in assets:		
Receivables	(140,755)	(407,714)
Inventories	(44,371)	(90,162)
Other assets	(14,687)	(5,299)
Increase/(decrease) in liabilities:		
Payables and other current liabilities	29,075	50,916
Income tax payable	(80,201)	80,472
Provisions	(1,857)	(4,697)
Net cash flows from operating activities	597,300	543,869

27 Investments Accounted for Using the Equity Method

	CONSOLIDATED June 2022 $000	CONSOLIDATED June 2021 $000
Total investments accounted for using the equity method	1,502	1,321

	Ownership interest June 2022 %	Ownership interest June 2021 %	Contribution to Profit / (Loss) Before Tax June 2022 $000	Contribution to Profit / (Loss) Before Tax June 2021 $000
Noarlunga (Shopping complex)	50%	50%	1,698	1,500
Perth City West (Shopping complex)	50%	50%	2,446	2,238
Warrawong King St (Shopping complex) (a)	62.5%	62.5%	1,008	1,056
Dubbo (Shopping complex)	50%	50%	725	692
Bundaberg (Land held for investment)	50%	50%	-	(205)
Gepps Cross (Shopping complex)	50%	50%	3,074	3,028
QCV (Miners residential complex)	50%	50%	10	13
Other	50%	50%	-	(2)
			8,961	8,320

(a) This joint venture has not been consolidated as the consolidated entity does not have control over operating and financing decisions and all joint venture parties participate equally in decision making.

28 Assets Held for Sale

As at 30 June 2022, the assets held for sale balance of $12.10 million (2021: $12.66 million) represents the carrying amount of a warehouse in Singapore that is currently held for sale.

OTHER INFORMATION

Non-Cash Financing and Investing Activities

Details of financing and investing transactions which have had a material effect on the consolidated assets and liabilities but did not involve cash flows are: NIL

	CONSOLIDATED	
	June 2022	June 2021
Net Tangible Assets Per Security		
Net tangible asset backing per ordinary security	$3.72	$3.35

The NTA as at 30 June 2022 includes the right-of-use assets in respect of property, plant and equipment leases of $472.51 million and investment properties (leasehold) of $675.60 million, and the lease liabilities recognised under AASB 16 *Leases* of $1,204.63 million. If the right-of-use assets were excluded as at 30 June 2022, the NTA calculation would have been $2.80 per ordinary security (30 June 2021: $2.44).

Business Combination Having Material Effect

Name of business combination	N/A	N/A
Consolidated profit/(loss) after tax of the business combination since the date in the current year on which control was acquired	N/A	N/A
Date from which such profit has been calculated	N/A	N/A
Profit/(loss) after tax of the controlled business combination for the whole of the previous corresponding year	N/A	N/A
Loss of control of entities having material effect		
Name of entity (or group of entities)	N/A	N/A
Consolidated profit/(loss) from discontinued operations after tax of the controlled entity (or group of entities) for the current year to the date of loss of control	N/A	N/A
Date from which such profit/(loss) has been calculated	N/A	N/A
Profit/(loss) from discontinued operations after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding year	N/A	N/A

Audit

This preliminary financial report is based on statutory financial statements that are in the process of being audited.