

Harvey Norman[®]

HOLDINGS LIMITED | ACN 003 237 545

BRENDEN HALL
Paralympian

ARIARNE TITMUS
Australian Olympic
Gold Medalist
Tokyo 2020 Olympics

HARVEY NORMAN[®]
BRAND AMBASSADOR

ISABELLA NICHOLS
WSL Surfer

YEAR-END RESULTS PRESENTATION

30 JUNE
2021

🚩 Australia
🚩 New Zealand

🚩 Singapore
🚩 Slovenia

🚩 Ireland
🚩 Northern Ireland

🚩 Malaysia
🚩 Croatia

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2021 RESULTS

EBITDA

\$1.457 billion

Increase of \$512.46 million from FY20

Reported PBT

\$1.183 billion

Increase of \$521.24 million from FY20

Income Tax Expense

\$336 million

Increase of \$160.42 million from FY20

SYSTEM SALES REVENUE

Total System Sales Revenue

\$9.721 billion

Increase of \$1.263 billion from FY20

KEY FINANCIAL HIGHLIGHTS

4

EBITDA

\$1.457bn UP BY **54.2%**

FROM \$944.67m in FY20

EBITDA

Excluding AASB 16 net impact and net property revaluations

\$1.147bn UP BY **54.4%**

FROM \$742.47m in FY20

EBIT

\$1.233bn UP BY **71.0%**

FROM \$721.08m in FY20

EBIT

Excluding AASB 16 net impact and net property revaluations

\$1.059bn UP BY **61.7%**

FROM \$654.86m in FY20

REPORTED PBT

\$1.183bn UP BY **78.8%**

FROM \$661.29m in FY20

PBT

Excluding net property revaluations

\$1.042bn UP BY **66.4%**

FROM \$626.33m in FY20

REPORTED PROFIT AFTER TAX & NCI

\$841.41m UP BY **75.1%**

FROM \$480.54m in FY20

PROFIT AFTER TAX & NCI

Excluding net property revaluations

\$743.12m UP BY **63.0%**

FROM \$456.00m in FY20

NET DEBT TO EQUITY: 7.47%

NET DEBT OF **\$295.54m** vs NET CASH OF **\$15.35m** in FY20

UNUSED, AVAILABLE
FINANCING FACILITIES OF

\$193.96m

NET ASSETS

\$3.893 billion

↑ 12.0% from **\$3.477bn** at Jun-20

BASIC EARNINGS

PER SHARE

67.53c

↑ from **39.19c** in FY20

DIVIDENDS

PER SHARE

(FULLY FRANKED)

35.0c

↑ from **24.0c** in FY20

HNHL CONSOLIDATED REVENUES

\$4.439 billion

SALES OF PRODUCTS TO CUSTOMERS.....**\$2.768bn**
REVENUE RECEIVED FROM FRANCHISEES.....**\$1.346bn**
REVENUES AND OTHER INCOME ITEMS.....**\$0.325bn**

539

FRANCHISEES IN
AUSTRALIA

192

FRANCHISED COMPLEXES
IN AUSTRALIA

107

OFFSHORE COMPANY
OPERATED STORES

TOTAL SYSTEM SALES REVENUE

\$9.721 billion

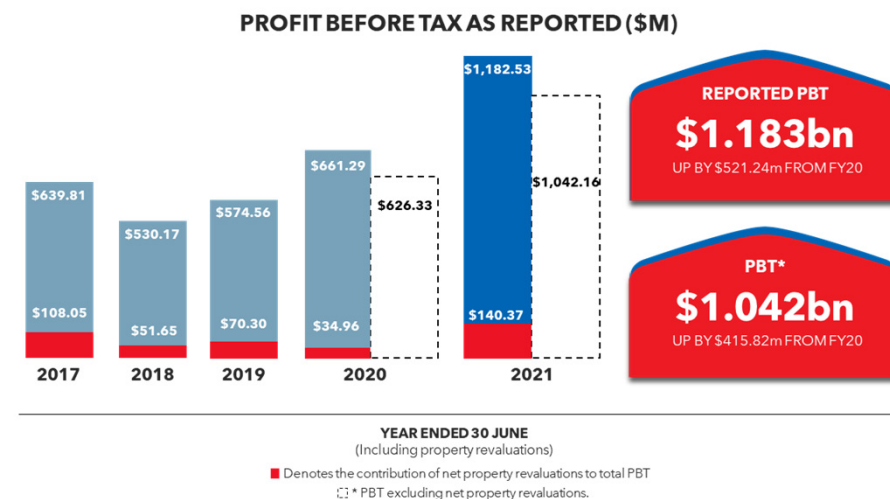
AGGREGATED HEADLINE FRANCHISEE
SALES REVENUE***\$6.952bn**

COMPANY-OPERATED SALES REVENUE**\$2.768bn**

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

RECORD FINANCIAL RESULTS

- Record reported earnings before interest, tax, depreciation & amortisation (**EBITDA**) of **\$1.457 billion**, up by \$512.46 million or +54.2%.
- EBITDA (excluding AASB 16 impact and net property revaluations) of **\$1.147 billion**, up by \$404.09 million or +54.4%.
- Record reported earnings before interest & tax (**EBIT**) of **\$1.233 billion**, up by \$511.66 million or +71.0%.
- EBIT (excluding AASB 16 impact and net property revaluations) of **\$1.059 billion**, up by \$404.30 million or +61.7%.
- Record profit before tax (**PBT**) of **\$1.183 billion**, up by \$521.24 million or +78.8%, delivering a robust return on net assets of 30.4% for FY21 compared to 19.0% for FY20.
- PBT (excluding net property revaluations) of **\$1.042 billion**, up by \$415.82 million or +66.4%.
- Record net profit after tax and non-controlling interests (**NPAT&NCI**) of **\$841.41 million**, up by \$360.87 million or +75.1%.
- Effective tax rate** of **28.39%** for FY21, compared to an effective tax rate of 26.50% for FY20.
- NPAT&NCI (excluding net property revaluations) of **\$743.12 million**, up by \$287.12 million or +63.0%.
- Offshore** company-operated retail profit result of **\$240.79 million**, up by \$88.72 million or +58.3%, amid government imposed lockdowns and restrictions to mobility.
- Solid **earnings per share** of **67.53 cents**, up by +72.3% from 39.19 cents for FY20.
- Very strong balance sheet with **total assets** of **\$6.67 billion**, up by \$844.33 million or +14.5% primarily driven by organic growth from offshore store expansion and increases in the tangible freehold property portfolio.
- Net assets** of **\$3.89 billion**, up by \$415.69 million, or +12.0%.



PROPERTY

- **30 June 2021:** 192 franchised complexes in Australia and 107 company-operated stores overseas.
- Strong freehold property portfolio valued at \$3.37 billion, up by \$355.90 million or +11.8%, consisting of 95 freehold investment properties in Australia and 25 owner-occupied land and buildings in New Zealand, Singapore, Slovenia, Ireland and Australia and joint venture assets.
- 12 new company-operated stores opened during FY21, all in the first half of the financial year earlier than expected. New stores were opened as follows: **Ireland** (2 stores): Galway (Jul-20), Sligo (Nov-20); **New Zealand** (3 stores): Dunedin Outlet (Aug-20), Grey Lynn Commercial Showroom (Oct-20), Glen Innes Outlet (Oct-20); **Singapore** (3 stores): Seletar Mall (Sep-20), The Centrepont (Sep-20), Westgate (Nov-20); **Croatia** (1 store): Pula (Nov-20); and **Malaysia** (3 stores): KL East Mall (Nov-20), Menara (Dec-20), Quayside Mall (Dec-20).
- 1 new premium-format Harvey Norman® franchised complex opened at Hornsby, NSW (Oct-20)
- 3 small-format franchised complexes were closed in Australia during FY21 located at West Wyalong (Sep-20), Coburg (Jan-21) and Cleveland (Jun-21).
- Re-commenced the refit program this financial year with the completion of premium refits of franchised complexes located at Cairns, Campbelltown, Aspley, Launceston, Mackay and Maribyrnong. We expect to complete up to 40 premium refits over the next 5 years.
- For FY22, we intend to open up to 3 franchised complexes in Australia and 3 company-operated stores overseas: 1 in Malaysia, 1 in Croatia and 1 in Ireland.
- For FY23, we intend to open up to 2 franchised complexes in Australia and relocate 1 franchised complex from a leased site to a freehold property.
- We expect our offshore expansion plans to ramp-up towards the end of calendar 2022 and we anticipate opening up to 8 company-operated stores overseas during FY23: 4 in New Zealand, 3 in Malaysia and 1 in Croatia.

AN INTEGRATED RETAIL, FRANCHISE, PROPERTY AND DIGITAL STRATEGY

7

The consolidated entity operates an integrated retail, franchise, property and digital strategy, comprising three main pillars:

1. Retail- 2. Franchise- 3. Property

complemented by a robust and sustained investment in technology, digital transformation and IT infrastructure assets.

1

Offshore Company– Operated Retail Segment

Profit before tax
\$240.79m

Representing 20% of PBT or 23.1%
(excluding net property revaluations)

Increase of
\$88.72m or +58.3%

Offshore company-operated retail segment retail revenue increased by \$480.12m or +22.6% to \$2.61bn for FY21.

Offshore company-operated retail segment PBT increased by \$88.72m or +58.3%, to \$240.79m in FY21, from \$152.08m in FY20, the highest ever overseas full-year PBT.

NZ increased by \$42.45m or +42.8%, to \$141.61m in FY21.

The retail result for Ireland and Northern Ireland increased by \$35.01m or +208%, to \$51.89m in FY21.

The retail result for Singapore and Malaysia increased by \$8.30m, or +30.1%, to \$35.92m in FY21.

The retail result for Slovenia and Croatia increased by \$2.95m, or +35.0%, to \$11.38m in FY21.

2

Franchising Operations Segment

Profit before tax
\$628.19m

Representing 53% of PBT

Increase of
\$279.60m or +80.2%

Profitability of the franchising operations segment increased by \$279.60m or +80.2% to \$628.19m for FY21, compared to \$348.59m for FY20.

Strong growth in franchising operations segment revenues to \$1,237.71m for FY21, an increase of \$288.67m, or 30.4%, from \$949.04m in FY20, underpinned by a 12.8% increase in aggregated headline franchisee sales revenue to \$6.95bn for FY21, compared to \$6.16bn for FY20.

Robust franchising operations margin of 9.04% for FY21, compared to 5.66% for FY20.

3

Property Segment

Profit before tax
\$291.54m

Representing 25% of PBT

Increase of
\$118.35m or +68.3%

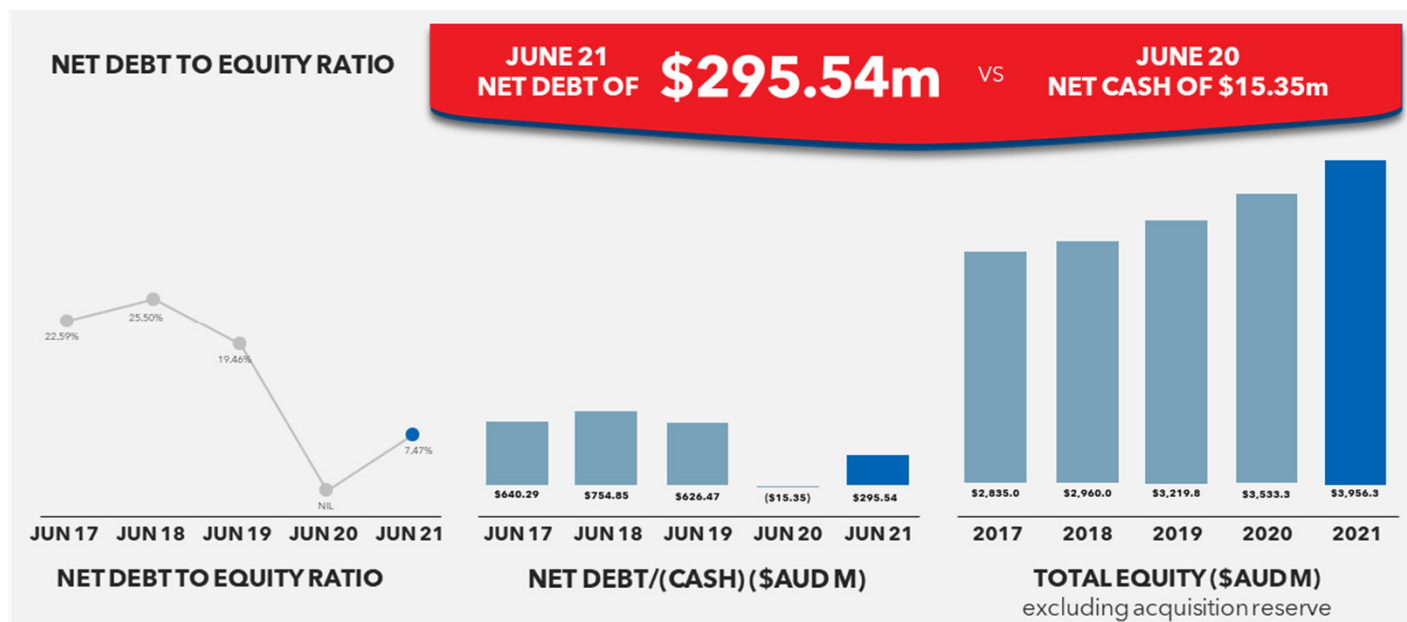
The retail property segment result increased by \$118.60m or +68.5% to \$291.79m in FY21, from \$173.19m in FY20.

Mainly due to \$105.42m increase in the net property revaluation increment to \$140.37m for FY21, up from a net revaluation increment of \$34.96m for FY20.

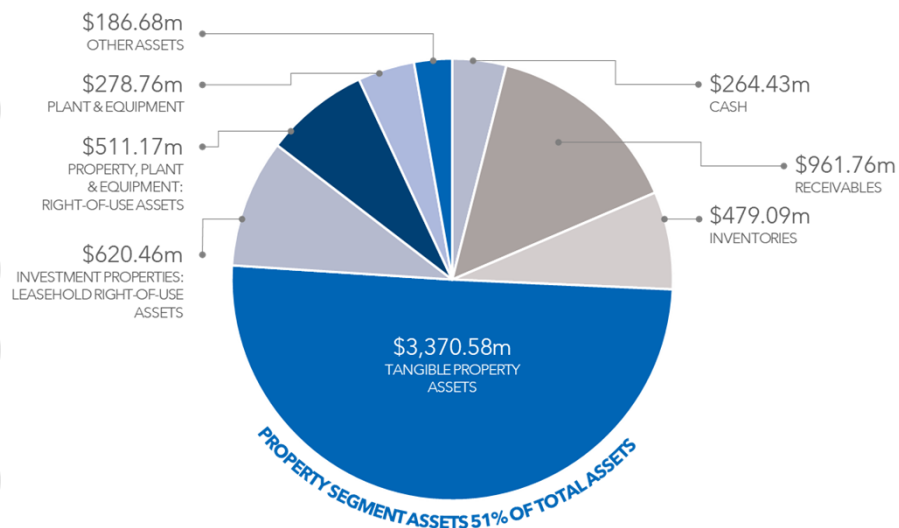
Strong freehold property portfolio valued at \$3.37bn as at 30 June 2021, up by \$355.90m or +11.8%.

Leasehold property portfolio valued at \$1.13bn as at 30 June 2021, \$620.46m relating to leases of investment properties sub-leased to external parties and \$511.17m relating to leases of owner-occupied properties and plant and equipment assets.

personal use only



COMPOSITION OF TOTAL ASSETS OF \$6.67bn



Total Assets

JUNE 2021

\$6.67 bn

JUNE 2020

\$5.83bn

↑ 14.5%

Total Liabilities

JUNE 2021

\$2.78 bn

JUNE 2020

\$2.35bn

↑ 18.2%

	30 JUNE 2021	30 JUNE 2020	INCREASE / (DECREASE)	
TOTAL ASSETS	\$6,672.93m	\$5,828.60m	\$844.33m	14.5%
TOTAL LIABILITIES	\$2,779.92m	\$2,351.28m	\$428.64m	18.2%
EQUITY	\$3,893.02m	\$3,477.33m	\$415.69m	12.0%

Total Assets up by \$844.33m (+14.5%)

from \$5.83bn in FY20 to **\$6.67bn** in FY21

- **\$440.87m** increase in franchisee receivables
 - due to higher financial accommodation requested by and provided to franchisees to assist franchisees in their strategy of increasing their inventory reserves in light of anticipated supply chain disruptions ranging from chip shortages, factory delays due to COVID-19, port and shipping issues and global demand pressures.
- **\$312.18m** increase in the value of the freehold investment property portfolio
 - primarily due to net property revaluation increments totalling \$140.37 million recognised over the past 12 months, the acquisition of new freehold investment properties during FY21 and the refurbishment and upgrade of existing of freehold investment property assets.
- **\$66.96m** increase in property, plant and equipment
 - due to the fit-out of 12 new company operated stores in offshore regions, the premium fit-out of a new Harvey Norman® franchised complex at Hornsby and net property revaluation increments for the owner-occupied freehold properties over the past 12 months.
- **\$87.11m** increase in inventory
 - mainly due to 12 new overseas store openings during FY21 and higher inventory holdings in order to satisfy strong sales growth and global demand pressures

Offset by;

- **\$262.13m** increase in interest-bearing loans and borrowings
 - due to the increase in utilisation of the Syndicated Facility by \$295million during FY21, from \$195 million utilised as at 30 June 2020 to \$490 million utilised as at 30 June 2021 to fund expansion and investments.
- **\$77.80m** increase in income tax payable driven by higher profit generated by the consolidated entity during the current year.
- **\$48.76m** reduction in cash and cash equivalents

Total Liabilities up by \$428.64m (+18.2%)

from \$2.35bn in FY20 to **\$2.78bn** in FY21

	30 JUNE 2021	30 JUNE 2020	INCREASE / (DECREASE)	
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$543.87m	\$1,056.96m	(\$513.10m)	(-48.5%)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(\$254.12m)	(\$136.96m)	(\$117.15m)	(-85.5%)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(\$335.47m)	(\$811.37m)	\$475.90m	58.7%
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS	(\$45.72m)	\$108.63m	(\$154.35m)	(-142.1%)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR	\$294.45m	\$185.82m	\$108.63m	58.5%
CASH & CASH EQUIVALENTS AT END OF THE YEAR	\$248.73m	\$294.45m	(\$45.72m)	(-15.5%)

Operating Cash Flows down by \$513.10m

from \$1,056.96m in FY20
to **\$543.87m** in FY21

- \$417.89m decrease in net receipts from franchisees
 - despite higher gross revenue received from franchisees by \$289.92 million, net receipts from franchisees were affected by the movement in the aggregate amount of financial accommodation provided to franchisees in FY21 relative to the movement in FY20.
 - during FY21, the movement in the aggregate amount of financial accommodation provided to franchisees increased significantly compared to the movement in FY20, aligned with the increased inventory reserves held by purchasing franchisees during the current year in order to avoid future supply chain disruptions and drive higher franchisee sales.
- \$512.49m increase in payments to suppliers and employees
 - for the additional purchase of inventories by the company-operated stores in response to the strong sales growth.

Offset by;

- \$522.90m increase in receipts from customers due to higher sales achieved by the company-operated stores, partly attributable to 12 new offshore store openings.

Investing Cash Outflows up by \$117.15m

from \$136.96m in FY20
to **\$254.12m** in FY21

- \$122.35m increase in payments for the purchase and refurbishments of freehold investment properties

Offset by;

- \$15.08m net proceeds received from the sale of a controlled entity.

Financing Cash Outflows down by \$475.90m

from \$811.37m in FY20
to **\$335.47m** in FY21

- \$295m relating to the net drawdown of the Syndicated Facility Agreement during the year, compared to the a net repayment of \$520m during FY20.

Offset by;

- \$473.48m in dividend payments during FY21 compared to \$322.51m in FY20.
- Prior year included proceeds received from the renounceable pro-rata Entitlement Offer in October 2019.

SYSTEM SALES INCREASE / (DECREASE) IN CONSTANT LOCAL CURRENCIES:

TOTAL SALES	1QTR - 2021 vs 1QTR 2020	2QTR - 2021 vs 2QTR 2020	3QTR - 2021 vs 3QTR 2020	4QTR - 2021 vs 4QTR 2020	FY2021 vs FY2020
AUSTRALIAN FRANCHISEES \$ AUD*	+31.4%	+23.8%	+11.4%	(-9.7%)	+12.8%
NEW ZEALAND \$ NZD	+21.2%	+18.0%	+18.0%	+31.0%	+21.8%
SLOVENIA & CROATIA € EURO	+25.8%	+2.7%	+26.3%	+29.9%	+19.8%
IRELAND € EURO	+64.4%	+47.5%	+50.8%	+52.5%	+52.6%
NORTHERN IRELAND £ GBP	+17.6%	+26.9%	(-27.4%)	+223.1%	+30.5%
SINGAPORE \$ SGD	+0.8%	+12.3%	+5.8%	+107.4%	+21.3%
MALAYSIA MYR	+10.4%	+15.4%	+40.0%	+4.5%	+17.6%

COMPARABLE SALES

Comparable sales growth has not been adjusted for the temporary closures mandated by each local Government overseas as a result of the COVID-19 response

	1QTR - 2021 vs 1QTR 2020	2QTR - 2021 vs 2QTR 2020	3QTR - 2021 vs 3QTR 2020	4QTR - 2021 vs 4QTR 2020	FY2021 vs FY2020
AUSTRALIAN FRANCHISEES \$ AUD*	+32.3%	+23.5%	+11.3%	(-9.8%)	+12.9%
NEW ZEALAND \$ NZD	+20.4%	+16.9%	+16.7%	+29.9%	+20.7%
SLOVENIA & CROATIA € EURO	+25.8%	(-0.4%)	+17.0%	+20.2%	+14.5%
IRELAND € EURO	+57.3%	+35.4%	+36.7%	+38.3%	+40.6%
NORTHERN IRELAND £ GBP	+17.6%	+26.9%	(-27.4%)	+223.1%	+30.5%
SINGAPORE \$ SGD	(-0.2%)	(-0.8%)	(-5.6%)	+86.0%	+10.8%
MALAYSIA MYR	(-2.4%)	+5.6%	+25.7%	(-9.3%)	+5.1%

* Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity. Harvey Norman®, Domayne® and Joyce Mayne® retail sales in Australia are made by independently owned franchisee businesses that are not consolidated with the consolidated entity's results.

Total System Sales Revenue of \$9.721 Billion for FY21

Comprised of aggregated Franchisee sales in Australia plus Company-Operated sales in New Zealand, Slovenia, Croatia, Ireland, Northern Ireland, Singapore and Malaysia:

Aggregated Franchisee sales* of **\$6.952bn**
Company-Operated sales Revenue of **\$2.768bn**

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

Aggregated Franchisee Sales of \$6.95bn for FY21

vs \$6.16bn for FY20
up **12.8%** (\$AUD)

Aggregated Comparable Franchisee Sales of \$6.92bn for FY21

vs \$6.13bn for FY20
up **12.9%** (\$AUD)

TOTAL FRANCHISEE SALES YEAR ENDED 30 JUNE 2021	COMPARABLE FRANCHISEE SALES YEAR ENDED 30 JUNE 2021
\$6.95bn UP BY 12.8%	\$6.92bn UP BY 12.9%

* 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 reported to the market as it is a key indicator of the performance of the franchising operations segment.

- For 1H21, franchisee sales revenue increased by 27.3% relative to 1H20.
- Franchisee sales growth moderated in 2H21, primarily due to cycling pandemic-fuelled comparatives in 2H20, decreasing by -0.5%.
- The home-focused Australian consumer has continued to provide an environment of growth for franchisees throughout the financial year.
- Strong growth in technology with strong demand for Smart Phones, Gaming Laptops and PCs that provide power and performance.
- With Australian homes continuing to move quickly to being digitally connected, driven by remote working and learning, categories such as Connected Home, Mobile Technology and Super Wi-Fi have surged.
- Strong uptake of the Federal Government's Homebuilder grants program and the renovations that have followed has led to strong demand for kitchen products.
- Strong sales in audio visual with higher demand for big screen, in-home experiences as the stay at home and entertain at home trend continues.
- Furniture and bedding categories have performed strongly, with solid increases in Sleep Surface, lounges and home office categories.
- Upgrade and expansion of outdoor entertaining areas in Australian homes has delivered solid growth in outdoor furniture and BBQs, and these lifestyle categories are expected to remain in demand.

	30 JUNE 2021	30 JUNE 2020	INCREASE / (DECREASE)	
FRANCHISING OPERATIONS SEGMENT REVENUE	\$1.238bn	\$949.04m	\$288.67m	30.4%
AGGREGATED FRANCHISEE HEADLINE SALES REVENUE*	\$6.95bn	\$6.16bn	\$789.77m	12.8%
FRANCHISING OPERATIONS SEGMENT RESULT	\$628.19m	\$348.59m	\$279.60m	80.2%
FRANCHISING OPERATIONS MARGIN %	9.04%	5.66%	338bps	

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Franchising Operations Segment Revenue
up by \$288.67m (+30.4%)
 from \$949.04m in FY20 to **\$1.238bn in FY21**

- Primarily due to increase in net franchise fees by \$295.52m, or +37.9%, underpinned by aggregated franchisee sales growth which increased by 12.8% from \$6.16bn in FY20 to \$6.95bn in FY21.

Franchising Operations Segment PBT
up by \$279.60m (+80.2%)
 from \$348.59m in FY20 to **\$628.19m in FY21**

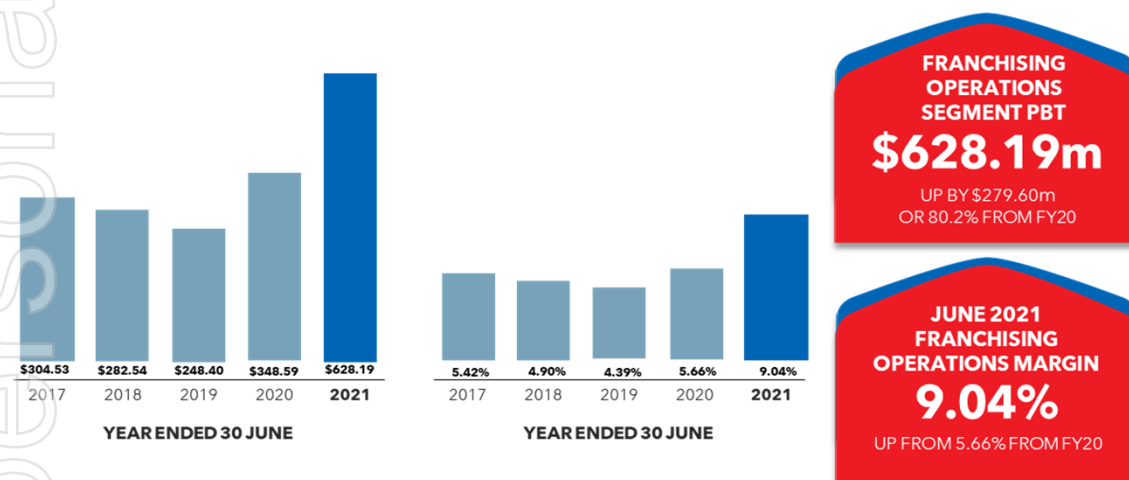
Higher franchising operations segment PBT by \$279.60m due to:

- Increase in franchising operations segment revenue by \$288.67m due to higher franchise fees received from franchisees by \$295.52m in FY21.
- Operating expenses were largely consistent with the previous year despite the large increase in franchising operations revenue, increasing only by 1.5% relative to FY20.

Offset by:

- Growth in rental income received from franchisees for the leased franchised complexes was flat due to the rental support and assistance granted by the franchisor to those franchisees affected by the 11-week COVID-19 mandatory closures in greater Melbourne, Victoria.

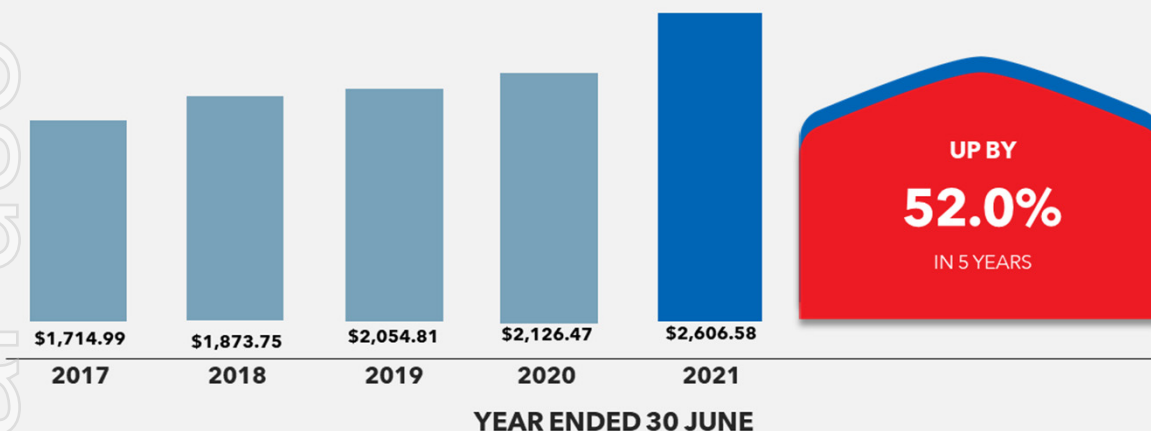
FRANCHISING OPERATIONS SEGMENT PBT (\$M) FRANCHISING OPERATIONS MARGIN



OFFSHORE SEGMENT PROFIT RESULT

	30 JUNE 2021	30 JUNE 2020	INCREASE / (DECREASE)	
RETAIL - NEW ZEALAND	\$141.61m	\$99.16m	\$42.45m	42.8%
RETAIL - SINGAPORE & MALAYSIA	\$35.92m	\$27.62m	\$8.30m	30.1%
RETAIL - IRELAND & NORTHERN IRELAND	\$51.89m	\$16.87m	\$35.01m	207.5%
RETAIL - SLOVENIA & CROATIA	\$11.38m	\$8.43m	\$2.95m	35.0%
RETAIL - OVERSEAS	\$240.79m	\$152.08m	\$88.72m	58.3%

TOTAL OVERSEAS RETAIL REVENUE (\$AUD M)

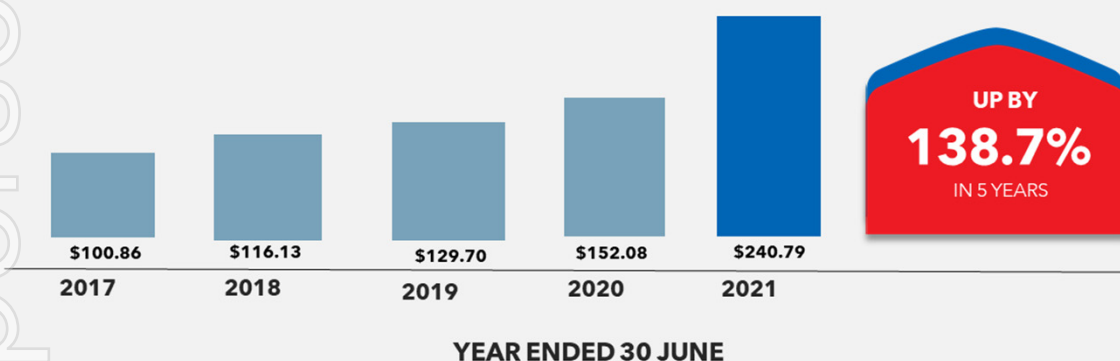
Offshore Company-Operated
Retail Sales Revenue

up by **\$480.12m (+22.6%)**
from \$2.13bn in FY20 to **\$2.61bn** in FY21

Overseas Company-Operated
Retail Segment

now represents **23.1%** of total PBT
(excluding net property revaluations)

TOTAL OVERSEAS RETAIL PROFIT RESULT (\$AUD M)

Overseas Company-Operated Retail
Segment PBT

up by **58.3%**
from \$152.08m in FY20 to **\$240.79m** in FY21

OVERSEAS COMPANY-OPERATED RETAIL SEGMENT (continued) 15

New Zealand

- Sales increased by **\$187.96m or +19.6%**, from \$960.19m in FY20 to **\$1.15 bn** in FY21, surpassing the billion dollar milestone in AUD for the first time.
- Retail result increased by **\$42.45m or +42.8%**, from \$99.16m in FY20 to **\$141.61m in FY21**, the first time the NZ retail business has well-exceeded the \$100 million profitability milestone.
- 2 new outlets were opened in Dunedin (Aug-20) and in Glen Innes, Auckland (Oct-20) along with a commercial showroom in Grey Lynn, Auckland (Oct-20).
- The pent-up demand from limited travel and entertainment options, complemented by a strong NZ property market has continued to give consumers the confidence to invest in their homes. All key categories have recorded strong sales growth during the year.

Ireland & Northern Ireland

- Aggregated sales revenue for Ireland & Northern Ireland increased by **\$207.39m or +47.1%**, from \$440.51m in FY20 to **\$647.90m** in FY21.
- Aggregated retail result for Ireland & Northern Ireland increased by **\$35.01m or +208%** in FY21, from \$16.87m in FY20 to **\$51.89m in FY21**.

Ireland

- Two new stores were opened during FY21 at Galway City (Jul-20) and Sligo (Nov-20), strengthening the brand in the country's west and bringing the total store network to 15.
- Sales increased by **\$202.96m or +48.0%**, from \$423.06m in FY20 to **\$626.02m in FY21**
- Retail result increased by **\$32.06m or +182.3%**, from \$17.58m in FY20 to **\$49.64m in FY21**
- Customers continued spending on investing their homes have benefited the stores, resulting in double-digit increases and market share growth across all key product categories.

Northern Ireland

- Sales increased by **\$4.43m**, from \$17.45m in FY20 to **\$21.88m** in FY21.
- Retail result increased by **\$2.96m**, from a loss of (\$0.71m) in FY20 to a profit of **\$2.25m** in FY21.
- Flagship store at Boucher Road, South Belfast continues to perform well.

Singapore & Malaysia

- Aggregated sales revenue for Singapore and Malaysia combined increased by **\$51.74m or +9.8%**, from \$525.75m in FY20 to \$577.48m in FY21.
- Aggregated retail result for Singapore and Malaysia increased by **\$8.30m or +30.1%**, from \$27.62m in FY20 to **\$35.92m** in FY21
- Profitability has improved in Singapore & Malaysia through improved margins on sales, and carefully targeted cost reductions despite the additional cost incurred in opening 6 new stores during FY21.

Malaysia

- Sales increased by **\$17.41m or +7.8%** mainly from 3 new store openings in the first half of FY21 in KL East Mall (Nov-20) and Menara and Quayside (both in Dec-20) and a full year's trade of the 5 new Malaysian stores that opened in the first half of FY20, coupled with the continued strong demand for home appliances and computers for working from home arrangements.

Singapore

- Sales increased by **\$34.69m or +12.1%** partly due to 3 new stores opened in the first half of FY21 in Seletar Mall (Sep-20), The Centrepont (Sep-20) and Westgate (Nov-20), and the organic growth of the existing flagship store at Millennia Walk.

Slovenia & Croatia

- Aggregated sales revenue for Slovenia and Croatia increased by **\$24.86m or +16.1%**, from \$154.36m in FY20 to \$179.22m in FY21.
- Aggregated retail result for Slovenia and Croatia increased by **\$2.95m or +35.0%**, from \$8.43m in FY20 to **\$11.38m in FY21**.

Slovenia

- Sales increased by **\$11.28m or +9.4%**, delivered double-digit sales growth across all key product categories throughout FY21.
- Retail result increased by **\$3.01m or +36.4%**, from \$8.26m in 1FY20 to **\$11.27m in FY21**.

Croatia

- 2nd Croatian store at Pula opened on 26 November 2020 and intend to open 2 new stores in Croatia over the next 2 years.
- Sales increased by **\$13.58m or +39.9%**, due to the new Pula store and the continued strength of our Zagreb flagship store.
- Retail profit of \$0.11m

	30 JUNE 2021	30 JUNE 2020	INCREASE / (DECREASE)	%
PROPERTY SEGMENT REVENUE	\$409.20m	\$300.53m	\$108.67m	+36.2%
NET PROPERTY REVALUATION INCREMENT	\$140.37m	\$34.96m	\$105.42m	+301.6%
PROPERTY SEGMENT EBITDIA	\$307.44m	\$199.02m	\$108.42m	+54.5%
PROPERTY SEGMENT RESULT BEFORE TAX	\$291.54m	\$173.19m	\$118.35m	+68.3%

Property Segment Revenue up by \$108.67m (+36.2%)

from \$300.53m in FY20 to **\$409.20m** in FY21

- The increase is primarily due to the recognition of \$140.37m in net property revaluation increments for FY21 compared to \$34.96m in net increments for FY20, an increase of \$105.42m.
- Rent and outgoings received from freehold properties have moderated during the year due to \$6 million of rent abatements provided to franchisees affected by the pro-longed 11-week mandatory Stage 4 lockdown in greater Melbourne, Victoria and to other external tenants in Australia

Property Segment Result Before Tax up by \$118.35m (+68.3%)

from **\$173.19m** in FY20 to **\$291.54m** in FY21

- Mainly due to \$105.42m increase in net property revaluation increment for freehold investment properties.

COMPOSITION OF FREEHOLD PROPERTY SEGMENT ASSETS	June 2021	# 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	\$2,894.22m	95	41	\$138.69m	-
- New Zealand	\$11.29m	-	2	\$1.69m	-
- Singapore (Property asset held for sale)	\$12.66m	-	1	-	(\$2.67m)
Total Investment Properties (Freehold) and Assets Held for Sale	\$2,918.17m	95	44	\$140.37m	(\$2.67m)
(2) Owner-Occupied Land & Buildings					
- Australia	\$10.37m	-	1	-	-
- New Zealand	\$339.84m	19	1	-	\$57.54m
- Singapore	\$7.65m	-	1	-	-
- Slovenia	\$77.41m	5	-	-	-
- Ireland	\$15.82m	1	-	-	\$0.31m
Total Owner-Occupied Land & Buildings	\$451.09m	25	3	-	\$57.85m
(3) Joint Venture Assets	\$1.32m	-	7	-	-
Total Freehold Property Segment Assets	\$3,370.58m	120	54	\$140.37m	\$55.18m

- There are 192 Australian franchised complexes geographically spread throughout metropolitan cities, large regional towns and smaller regional communities to service the Australian population. 95 franchised complexes (49.5% of total franchised complexes) are owned by the consolidated entity, inclusive of warehouses that are either adjacent to, or in close proximity of, the retail store, and are leased to external parties, including Harvey Norman®, Domayne® and Joyce Mayne® franchisees.
- In addition to our franchised complexes, our dominant, well-located freehold properties are large-format retail (**LFR**) centres that 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.
- Recent investment transactions and acquisitions throughout FY21 has resulted in a material uplift in the fair values of properties – cementing the consolidated entity, with its \$2.9 billion Australian freehold investment property portfolio, as the largest single owner of LFR real estate in the Australian market.

COMPOSITION OF LEASEHOLD PROPERTY SEGMENT ASSETS	Right -of-Use Asset June 2021	Lease Liabilities June 2021	# of Leased Retail Property Assets	# of Leased Other Property Assets
(1) Leases of Properties Sub-Leased to External Parties	\$620.46m	\$647.12m	97	166
- Australia				
(2) Leases of Owner-Occupied Properties and Plant and Equipment Assets				
- Australia	\$30.13m	\$46.19m	-	7
- New Zealand	\$113.13m	\$130.55m	26	29
- Singapore & Malaysia	\$244.16m	\$190.12m	40	14
- Slovenia & Croatia	\$19.23m	\$21.27m	2	6
- Ireland & Northern Ireland	\$104.51m	\$143.41m	16	11
Total Owner-Occupied Properties and Plant and Equipment Assets	\$511.17m	\$531.55m	84	67
Total Leasehold Property Segment Assets	\$1,131.63m	\$1,178.67m	181	233

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

- Primarily for the purposes of being sub-leased to Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia.

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

- Primarily include company-operated stores, warehouses and offices that are leased from external landlords.

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	62,908	-	62,908
- Depreciation expense			
Investment properties (leasehold): Right-of-use asset	-	74,076	74,076
- Fair value re-measurement			
Finance costs: Interest on lease liabilities (accretion)	17,765	23,176	40,941
Total AASB 16 Expenses Recognised	80,673	97,252	177,925
Less: Lease payments made during FY21 (excluding variable lease payments (short-term, low-value leases))	(77,180)	(92,890)	(170,070)
Other adjustments	(126)	-	(126)
AASB 16 Incremental Decrease in PBT for FY21	3,367	4,362	7,729

During the 2022 financial year, we intend to open up to 3 franchised complexes in Australia and 3 company-operated stores overseas: 1 in Malaysia, 1 in Croatia and 1 in Ireland. Beyond the upcoming financial year, we intend to open up to 2 franchised complexes in Australia during the 2023 financial year and we intend to relocate 1 franchised complex from a leased site to a freehold property. We expect our offshore expansion plans to ramp-up towards the end of calendar 2022 and we anticipate opening up to 8 company-operated stores overseas during FY23: 4 in New Zealand, 3 in Malaysia and 1 in Croatia.

We are announcing our intention to open 2 leasehold company-operated stores in Budapest, Hungary during calendar year 2023. Hungary borders Slovenia and Croatia, and with the collective population of the 3 countries added together, the Harvey Norman® brand can potentially reach approximately 16 million people.

RETAIL TRADING UPDATE: 1 July 2021 to 26 August 2021 vs 1 July 2020 to 26 August 2020; and 1 July 2021 to 26 August 2021 vs 1 July 2019 to 26 August 2019

Rolling lockdowns in most States and Territories of Australia have affected sales in July and August 2021, even though Contactless Click & Collect and home delivery are operating for customers from 192 Australian franchised complexes. Over 15 million people, or approximately 58% of the Australian population, are currently in lockdown. However, we expect spending to recover quickly as we saw when lockdown restrictions were eased in our overseas markets due to pent-up demand.

Malaysia closed from 1 June 2021 due to large outbreaks of COVID-19 in the country. Malaysian stores commenced limited opening to customers from 21 August 2021. On 18 August 2021, New Zealand went into Level 4 lockdown with no store click and collect permitted, but contactless home delivery allowed. Our other 5 countries have been open in July and August 2021.

With the exception of Malaysia which was significantly affected by the lockdowns during this period, the post year-end retail trading update reflects a continued elevated customer demand with solid headline sales growth rates ahead of the comparable period in July and August 2019.

Mandatory temporary COVID-19 closures imposed by each local government in Australia from 1 July 2021 are outlined below. Comparable sales in the previous corresponding period were not adjusted for the effect of these mandated temporary closures.

Australian Franchised Complexes:

- **New South Wales (NSW):** Closure of all Furniture & Bedding categories from 18 July 2021 and closure of all Computer & Electrical categories from 24 July 2021 for 29 Harvey Norman®, Domayne® and Joyce Mayne® franchised complexes across Sydney, Blue Mountains, Central Coast, Wollongong and Shellharbour LGAs of NSW. Closure of 12 Harvey Norman® and Domayne® franchised complexes within specific regional NSW LGAs from 5 August 2021. Closure of 30 Harvey Norman®, Domayne® and Joyce Mayne® franchised complexes within the remaining regional NSW LGAs from 15 August 2021. The forecast reopening dates for greater Sydney and regional NSW are yet to be advised by the State Government of NSW.
- **Victoria (VIC):** Closure of all 39 Harvey Norman® and Domayne® franchised complexes statewide from 16 July 2021 to 27 July 2021 and again from 6 August 2021. Regional complexes temporarily reopened during 10 August 2021 to 20 August 2021, with subsequent closure to the public from 21 August 2021. The forecast reopening dates for greater Melbourne and regional Victoria are yet to be advised by the State Government of VIC.
- **South Australia (SA):** Closure of the Furniture & Bedding categories from 20 July 2021 to 27 July 2021 and closure of the Computer & Electrical categories from 21 July 2021 to 22 July 2021 for all 10 Harvey Norman® franchised complexes mandated by the State Government of SA.
- **Western Australia (WA):** 4-day closure of all 12 Harvey Norman® and Domayne® franchised complexes located in Perth and Peel regions by the State Government of WA from 29 June 2021 to 2 July 2021.
- **Australian Capital Territory (ACT):** Closure of the Harvey Norman® Fyshwick franchised complex and the Furniture & Bedding categories at the Domayne® Fyshwick franchised complex from 13 August 2021 with a forecast reopening date to be advised by the ACT Government.
- **Northern Territory (NT):** Closure of all product categories at the Harvey Norman® and Joyce Mayne® Darwin franchised complexes from 16 August 2021 to 18 August 2021.

Aggregated Sales increase / (decrease) from 1 July 2021 to 26 August 2021 vs 1 July 2020 to 26 August 2020¹ and 1 July 2021 to 26 August 2021 vs 1 July 2019 to 26 August 2019

(% increases have been calculated in Australian Dollars \$A)

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	1 July 2021 to 26 August 2021 vs 1 July 2020 to 26 August 2020		1 July 2021 to 26 August 2021 vs 1 July 2019 to 26 August 2019	
	Total %	Comparable %	Total %	Comparable %
Australian Franchisees	(-19.2)	(-19.1)	11.1	11.9
New Zealand	(-12.3)	(-13.0)	4.6	3.1
Slovenia & Croatia	1.4	(-5.9)	30.8	21.4
Ireland	11.1	4.7	78.8	62.0
Northern Ireland	2.3	2.3	31.9	31.9
Singapore	0.4	(-9.8)	3.1	(-7.0)
Malaysia	(-49.2)	(-52.4)	(-43.9)	(-60.3)

Aggregated Sales increase / (decrease) from 1 July 2021 to 26 August 2021 vs 1 July 2020 to 26 August 2020¹ and 1 July 2021 to 26 August 2021 vs 1 July 2019 to 26 August 2019

(% 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 2021 to 26 August 2021 vs 1 July 2020 to 26 August 2020		1 July 2021 to 26 August 2021 vs 1 July 2019 to 26 August 2019	
		Total %	Comparable %	Total %	Comparable %
Australian Franchisees	\$A	(-19.2)	(-19.1)	11.1	11.9
New Zealand	\$NZD	(-13.9)	(-14.6)	5.6	4.1
Slovenia & Croatia	€Euro	3.8	(-3.7)	32.5	23.1
Ireland	€Euro	13.7	7.1	81.4	64.3
Northern Ireland	£GBP	(-1.1)	(-1.1)	25.9	25.9
Singapore	\$SGD	2.4	(-7.9)	9.0	(-1.8)
Malaysia	MYR	(-47.5)	(-55.0)	(-39.1)	(-57.0)

QUESTIONS

(LIMITED TO 30 MINUTES)