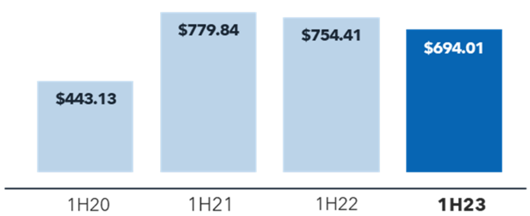
28 February 2023

Results announcement - half-year to 31 December 2022

THE HARVEY NORMAN® RETAIL & PROPERTY STRATEGY DELIVERS

EBITDA ($M)



EBITDA

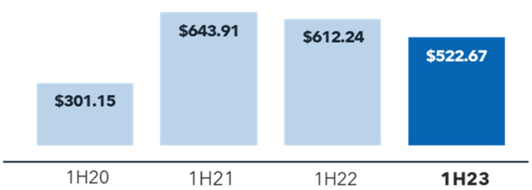
$694.01m

DOWN BY **$60.40m** FROM 1H22
UP BY **$250.89m** FROM 1H20

EBITDA: 1H23 vs 1H20

INCREASE OF **56.6%**
3-YEAR CAGR **16.1%**

REPORTED PBT ($M)



PBT

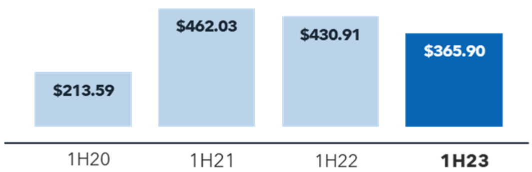
$522.67m

DOWN BY **$89.57m** FROM 1H22
UP BY **$221.52m** FROM 1H20

PBT: 1H23 vs 1H20

INCREASE OF **73.6%**
3-YEAR CAGR **20.2%**

REPORTED NPAT & NCI ($M)



REPORTED NPAT

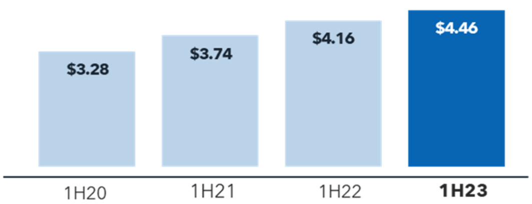
$365.90m

DOWN BY **$65.01m** FROM 1H22
UP BY **$152.31m** FROM 1H20

NPAT: 1H23 vs 1H20

INCREASE OF **71.3%**
3-YEAR CAGR **19.7%**

NET ASSETS ($BN)



NET ASSETS

$4.46bn

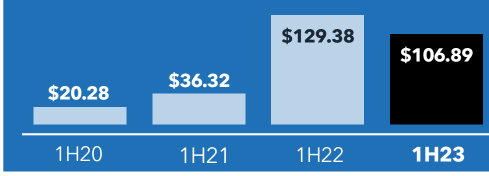
UP BY **$298.14m** FROM 1H22
UP BY **$1.18bn** FROM 1H20

NET ASSETS: 1H23 vs 1H20

INCREASE OF **35.9%**
3-YEAR CAGR **10.8%**

NET PROPERTY REVALUATIONS ($M)

[recorded in Profit or Loss (P&L)]

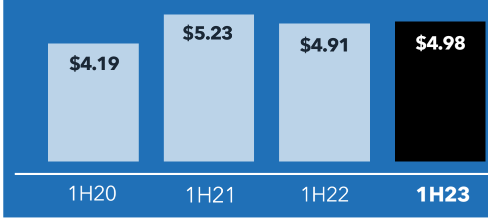


PROPERTY REVALUATIONS

$106.89m

DOWN BY **$22.49m** FROM 1H22
UP BY **$86.61m** FROM 1H20

TOTAL SYSTEM SALES REVENUE ($BN)



TOTAL SYSTEM SALES

$4.98bn

UP BY **$68.31m** FROM 1H22
UP BY **$784.46m** FROM 1H20

Harvey Norman® Chairman, Gerry Harvey said "Our Omni Channel Strategy continues to deliver stable returns and sustainable growth resulting in a **significant uplift in consolidated net assets by $1.18 billion from pre-COVID levels of $3.28 billion as at 31 December 2019 (1H20) to $4.46 billion as at 31 December 2022 (1H23)**. Our balance sheet is robust, anchored by a strong, **tangible property portfolio totalling $3.94 billion** that continues to deliver growth in terms of rental returns and capital appreciation. We have sufficient liquidity and we continue to maintain a **low net debt to equity ratio of 12.17%** giving us the capacity to access additional liquidity should we require it. Amid the macroeconomic headwinds of the past year, we have grown our integrated retail, franchise, property and digital business across eight countries to nearly $5 billion in system sales for the current half-year period."

HVN today announced a **PBT of $522.67 million** for 1H23, a decrease of $89.57 million or –14.6% from $612.24 million in 1H22. **PBT is still well above pre-COVID levels increasing by $221.52 million or 73.6% from 1H20, delivering a 3-year CAGR of 20.2%.** Excluding the net effects of AASB 16 and property revaluations, PBT declined -11.7% in 1H23, but **increased by 50.7% compared to 1H20, with a 3-year CAGR of 14.6%**.

Our company-operated overseas retail stores result comprises 24% of total PBT excluding net property revaluations. Overseas retail profitability declined this half by $28.88 million, or -22.5%, to $99.60 million, primarily due to the difficult trading conditions in New Zealand, with business and consumer confidence further deteriorating this half. **When compared to 1H20, the overseas retail segment PBT result exceeded pre-pandemic levels by $17.91 million, or 21.9%**.

Over the past 6 months we have disclosed our intentions to recommence our offshore expansion plans, including the intention to grow the stores in Malaysia to 80 stores by the end of 2028. During 1H23, we opened our 28th company-operated store in Malaysia at 1 Utama Shopping Centre, Selangor and our 16th company-operated store in Ireland at Fonthill, Dublin. Our focus is to continue to improve our strong balance sheet, maintain solid cash reserves and low debt levels to ensure that we continue to have the capability to seize development and expansion opportunities as they arise.

In Australia, the **franchising operations segment PBT result was $237.65 million for 1H23**, a decrease of $55.21 million or –18.9%, from $292.85 million in 1H22, generating a franchising operations margin of 6.78% for 1H23 compared to 8.53% in 1H22. When compared to 1H20, the franchising operations segment PBT result was **well above pre-pandemic levels growing by $113.79 million, or 91.9%, from $123.86 million, and delivering a 3-year CAGR of 24.3%.** The franchising operations margin for 1H23 was 259 basis points, or 61.8%, higher than the margin for 1H20 of 4.19%.

Harvey Norman® Chairman, Gerry Harvey said "We continue to assist each franchisee to provide them with the necessary tools and digital infrastructure to invest in their customers to enhance customer loyalty and retention in order to protect, enhance and promote the brands and keep customers within the Harvey Norman®, Domayne® and Joyce Mayne® branded ecosystem."

We are pleased with the strength of the consolidated balance sheet, with **total assets increasing by $565.78 million, or 7.8%, over the past 6 months to $7.81 billion** as at 31 December 2022 from $7.25 billion as at 30 June 2022. **This is substantially above pre-pandemic levels where our total assets have grown by $1.76 billion, or 29.1%, from $6.05 billion as at 31 December 2019.**

The Board has recommended the payment of a fully-franked interim dividend of 13.0 cents per share, to be paid on 1 May 2023 to shareholders registered on 3 April 2023. The details of this announcement will be made available on our website www.harveynormanholdings.com.au.

This document was authorised to be provided to the ASX by the Board of Directors of Harvey Norman Holdings Limited.

Yours faithfully,

CHRIS MENTIS
Company Secretary / CFO