

December 2023 (1H24) Results

"1H24 has delivered strong operating cashflows of \$497m at a cash conversion of 135% whilst maintaining a low net debt to equity ratio of 10.75%.

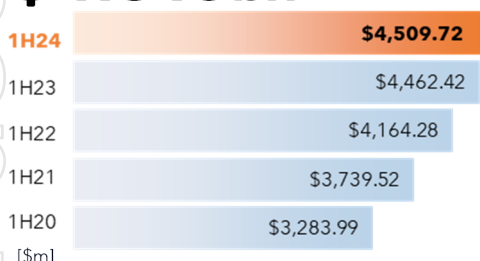
Our balance sheet is resilient with net assets of \$4.51bn.

Our strategic highlights during the period include building on our digital and online offerings as well as expanding our overseas footprint."

Harvey Norman® Chairman, Gerry Harvey

Net Assets

\$4.510bn



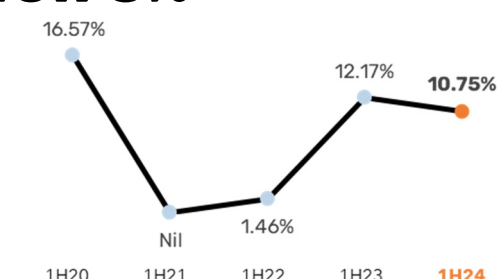
↑ \$47.31m from 1H23

↑ \$1,225.74m from 1H20

4-YEAR CAGR **8.3%**

Net Debt to Equity %

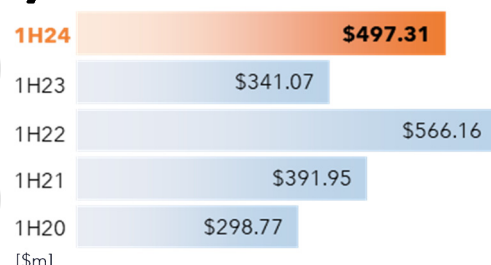
10.75%



Improvement from 12.17% in 1H23 and 16.57% in 1H20

Operating Cash Flows

\$497.31m



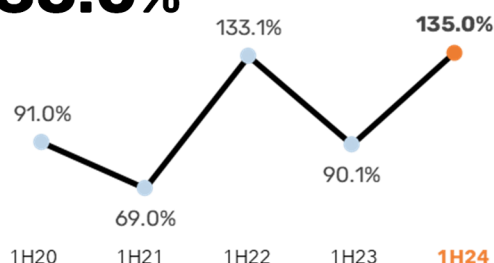
↑ \$156.24m from 1H23

↑ \$198.55m from 1H20

4-YEAR CAGR **13.6%**

Cash Conversion %

135.0%



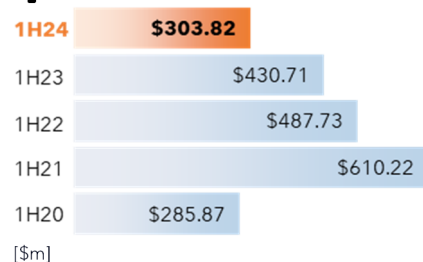
Improvement from 90.1% in 1H23 and 91.0% in 1H20

[Calculated as: Operating Cash Flows (excluding interest & tax) ÷ EBITDA (excluding AASB 16 & net property revaluations)]

PBT

[excluding AASB 16 net impact and net property revaluations]

\$303.82m



↓ \$126.88m from 1H23

↑ \$17.96m from 1H20

Total System Sales Revenue*

\$4.642bn



[\$m]

↓ \$334.37m from 1H23

↑ \$450.09m from 1H20

*Comprised of Harvey Norman® overseas company-operated sales revenue and aggregated Harvey Norman®, Domayne® and Joyce Mayne® franchisee sales revenue in Australia. Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity.

PBT

(excluding AASB 16 & net property revaluations)

\$303.82m

vs 1H23

vs 1H20

↓ -29.5%
(down \$126.88m)

↑ +6.3%
(up \$17.96m)

OPERATING CASH FLOWS

\$497.31m

vs 1H23

vs 1H20

↑ +45.8%
(up \$156.24m)

↑ +66.5%
(up \$198.55m)

NET ASSETS

\$4.51bn

vs Dec-22

vs Dec-19

↑ +1.1%
(up \$47.31m)

↑ +37.3%
(up \$1.23bn)

Harvey Norman® Chairman, Gerry Harvey said "Amid the challenging retail conditions in 1H24, we have continued to deliver sustainable growth in net assets, rising to \$4.51 billion as at 31 December 2023, a substantial increase of \$1.23 billion since the start of the pandemic, with a 4-year CAGR of 8.3%. Our balance sheet remains strong with total assets of \$7.86 billion, anchored by a \$4.14 billion property portfolio. Through efficient working capital management across key segments, we have further improved our liquidity position, with 1H24 delivering strong operating cash flows of \$497.31 million at a cash conversion ratio of 135%. Our low net debt to equity ratio has continued to improve to 10.75% as at 31 December 2023."

PBT was \$283.58 million for 1H24, a decrease of \$239.09 million or -45.7% from \$522.67 million in 1H23. PBT excluding the net effects of AASB 16 and property revaluations was \$303.82 million for 1H24, a reduction of \$126.88 million or -29.5% from 1H23, but increased by 6.3% compared to pre-pandemic levels in 1H20.

Our company-operated overseas retail stores result comprises 26.4% of total PBT excluding net property revaluations. Overseas retail profitability declined this half by \$23.42 million, or -23.5%, to \$76.18 million. Overseas retail sales were impacted by the persistent macroeconomic headwinds in New Zealand that continue to dampen consumer and business confidence, and the ongoing inflationary pressures and geopolitical tensions across Asia and Europe that have decreased store foot traffic and Homemaker spending.

In Australia, the franchising operations segment PBT result was \$143.08 million for 1H24, a decrease of \$94.57 million, or -39.8%, from \$237.65 million in 1H23, resulting in a franchising operations margin of 4.52% for 1H24 compared to 6.78% in 1H23. Inflation has continued this half, curtailing Homemaker activity in Australia in response to cost of living pressures. Australian franchisee sales have decreased by 9.7% to \$3.16 billion compared to the elevated, near-record sales of 1H23, with a direct flow-on impact in reducing franchise fee revenues this half. When compared to the pre-pandemic levels of 1H20, the franchising operations segment PBT result increased by \$19.22 million, or 15.5%, from \$123.86 million, with a 4-year CAGR of 3.7%.

Mr. Harvey said "We are confident in the quality of the Harvey Norman®, Domayne® and Joyce Mayne® brands and the solid market position of our Australian franchisees and overseas company-operated stores. We are well-positioned to benefit from growth in the Homemaker categories and an improvement in residential property activity. Our strong balance sheet and prudent financial management provides us with the capacity to access additional capital to adapt to evolving business needs. We remain committed to our Malaysian expansion plan and it is still our intention to grow to 80 stores by the end of 2028. We continue to source suitable locations overseas to strengthen our global footprint, and are excited by the expansion of the brand in the United Kingdom, with the opening of the Harvey Norman® Merry Hill flagship store in England later this year."

The Board has recommended the payment of a fully-franked interim dividend of 10.0 cents per share, to be paid on 1 May 2024 to shareholders registered on 3 April 2024. 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