

# HALF YEAR 22 RESULTS

Today, HVN released its results for the half-year ended 31 December 2021 (1H22) as set out in the tables below. The results disclosed within this release confirms that each of Reported Profit Before Tax and System Sales Revenue has accelerated since the Retail Trading Update announced by the consolidated entity on 24th November 2021. The strengthening momentum in the home renovation market and heightened consumer demand since the start of the pandemic, continues to drive sales across key Home, Lifestyle and Tech product categories with the 'home' continuing to be the focal point for consumer spending.

EBITDA

**\$754.41 million**

DOWN (3.3%) FROM 1H21

UP 70.2% FROM 1H20

Reported PBT

**\$612.24 million**

DOWN (4.9%) FROM 1H21

UP 103.3% FROM 1H20

Income Tax Expense

**\$178.56 million**

DOWN (0.6%) FROM 1H21

UP 112.5% FROM 1H20

Total System Sales Revenue

**\$4.91 billion**

DOWN (6.2%) FROM 1H21

UP 17.1% FROM 1H20

Net Assets

**\$4.164 billion**

UP 7.0% FROM JUN-21

UP 11.4% FROM DEC-20

Net Debt to Equity

**1.46%**

NET DEBT OF \$61.95m

Unused Financing Facilities \$266.3m

## HARVEY NORMAN HOLDINGS LIMITED

Half-Year Ended 31 December 2021

REPORTED PROFIT BEFORE TAX OF **\$612.24M FOR 1H22**,  
DOWN 4.9% FROM 1H21 & UP 103.3% FROM 1H20

REPORTED PROFIT AFTER TAX & NCI OF **\$430.91M FOR 1H22**,  
DOWN 6.7% FROM 1H21 & UP 101.7% FROM 1H20

### EBITDA

**\$754.41m**

DOWN BY \$25.43m or -3.3% FROM \$779.84m IN 1H21  
UP BY \$311.28m or 70.2% FROM \$443.13m IN 1H20

### EBITDA

Excluding AASB16 net impact and net property revaluations

**\$538.16m**

DOWN BY \$121.15m or -18.4% FROM \$659.31m IN 1H21  
UP BY \$196.62m or 57.6% FROM \$341.54m IN 1H20

### EBIT

**\$637.76m**

DOWN BY \$31.19m or -4.7% FROM \$668.95m IN 1H21  
UP BY \$305.37m or 91.9% FROM \$332.39m IN 1H20

### EBIT

Excluding AASB16 net impact and net property revaluations

**\$492.49m**

DOWN BY \$122.34m or -19.9% FROM \$614.83m IN 1H21  
UP BY \$196.11m or 66.2% FROM \$296.37m IN 1H20

### REPORTED PBT

**\$612.24m**

DOWN BY \$31.67m or -4.9% FROM \$643.91m IN 1H21  
UP BY \$311.09m or 103.3% FROM \$301.15m IN 1H20

### PBT

Excluding net property revaluations

**\$482.87m**

DOWN BY \$124.73m or -20.5% FROM \$607.59m IN 1H21  
UP BY \$202.00m or 71.9% FROM \$280.87m IN 1H20

### REPORTED PROFIT AFTER TAX & NCI

**\$430.91m**

DOWN BY \$31.12m or -6.7% FROM \$462.03m IN 1H21  
UP BY \$217.32m or 101.7% FROM \$213.59m IN 1H20

### PROFIT AFTER TAX & NCI

Excluding net property revaluations

**\$340.35m**

DOWN BY \$96.26m or -22.0% FROM \$436.61m IN 1H21  
UP BY \$140.96m or 70.7% FROM \$199.40m IN 1H20

### NET DEBT TO EQUITY: 1.46%

NET DEBT OF **\$61.95m** vs  
NET DEBT OF \$295.54m in JUN-21 &  
NET CASH OF \$21.75m in DEC-20

UNUSED, AVAILABLE  
FINANCING FACILITIES OF  
**\$266.33m**

### TOTAL SYSTEM SALES REVENUE

**\$4.91 billion**

AGGREGATED HEADLINE FRANCHISEE SALES REVENUE\*...\$3.43bn  
COMPANY-OPERATED SALES REVENUE.....\$1.48bn

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

### HNHL CONSOLIDATED REVENUES

**\$2.34 billion**

SALES OF PRODUCTS TO CUSTOMERS.....\$1.48bn  
REVENUE RECEIVED FROM FRANCHISEES.....\$641.72m  
REVENUES AND OTHER INCOME ITEMS.....\$222.49m

### NET ASSETS

**\$4.164 billion**

### BASIC EARNINGS PER SHARE

**34.58c**

### INTERIM DIVIDEND PER SHARE (FULLY-FRANKED)

**20.0c**

HVN today announced that **profit before tax for the half-year ended 31 December 2021 (1H22) was \$612.24 million**, a decrease of \$31.67 million or -4.9% from the PBT result of \$643.91 million for half-year ended 31 December 2020 (1H21). When compared to a more stable, comparable recent trading period of the half-year ended 31 December 2019 (1H20) which generated a PBT result of \$301.15 million, the result achieved for 1H22 grew by \$311.09 million or +103.3%. Excluding the effects of net property revaluation adjustments, profit before tax for 1H22 was \$482.87 million, a decrease of \$124.73 million or -20.5% when compared to 1H21, but up by \$202.00 million or +71.9% when compared to 1H20.

**Reported profit after tax and non-controlling interests was \$430.91 million for 1H22**, a decrease of \$31.12 million or -6.7% from \$462.03 million in 1H21, but up by \$217.32 million or +101.7% from \$213.59 million when compared to 1H20.

Harvey Norman® Chairman, Gerry Harvey said "This is a solid result given the unprecedented COVID-19 issues encountered by the consolidated entity during this half. We operate an integrated retail, franchise, property and digital business across eight countries - and our points of difference have proven to be our strengths validating the continued investment in our three main pillars: 108 company-operated retail stores overseas; 194 franchised complexes in Australia across all key product categories within the Home, Lifestyle and Tech markets; a resilient \$3.54 billion freehold property portfolio and a \$1.12 billion leasehold portfolio that anchors a strong balance sheet."

Our company-operated overseas retail stores result now comprises 27% of total PBT excluding net property revaluations. 28% of our total asset base is located overseas, and their strong cash reserves and ample inventory levels provides a robust working capital resource to continue to grow the businesses organically and take advantage of expansion opportunities within each country or in neighbouring regions.

The Australian franchising operations segment profit result of \$292.85 million for 1H22, a decrease of \$91.11 million or -23.7%, from \$383.96 million in 1H21, was affected by nearly 4 months of government mandated closures 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 for a period of up to 4 months, 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. Franchising operations profitability 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. 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. Retail closures during 1H21 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. When compared to a more stable recent retail period in 1H20 which generated a profit of \$123.86 million, the 1H22 result was up by 136.4%.

The property segment remains strong with real, **tangible property assets exceeding \$3.5 billion** and achieving a property segment profit result of \$197.74 million, up by \$88.65 million or +81.3%.

The balance sheet of the consolidated entity remains robust, anchored by real property assets supported by the strong 'large-format retail market', solid cash reserves across all countries and ample inventory levels overseas to service growing demand and expansion. **Net assets have exceeded the \$4 billion milestone** for the first time this half, increasing by \$424.76 million or +11.4%, to \$4.16 billion from \$3.74 billion as at 31 December 2020.

Harvey Norman® Chairman, Gerry Harvey said "**Cash conversion in 1H22 improved significantly** compared to 1H21 predominantly due to a \$174.21 million increase in net cashflows from operating activities, from \$391.95 million in 1H21 to \$566.16 million for 1H22. The solid cash flows generated from operating activities this half will enable us to further enhance and promote our brand locally and overseas to grow our businesses, refurbish our existing stores and invest in new property acquisitions and paydown external debt. We have improved our net debt to equity ratio even further reducing to a low 1.46% as at 31 December 2021."

Harvey Norman® Chairman, Gerry Harvey said "Today, we released a retail trading update with aggregated sales for Australian franchisees and overseas company-operated stores from 1 January 2022 to 21 February 2022. When you compare the period 1 January 2022 to 21 February 2022 to the previous corresponding period, there is sales growth in all countries, except for Ireland where sales are virtually flat against a strong prior comparable period."

The Board has recommended the payment of a fully-franked interim dividend of 20.0 cents per share, to be paid on 2 May 2022 to shareholders registered on 1 April 2022. The details of this announcement will be made available on our website [www.harveynormanholdings.com.au](http://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