Harvey Norman

HOLDINGS LIMITED | ACN 003 237 545

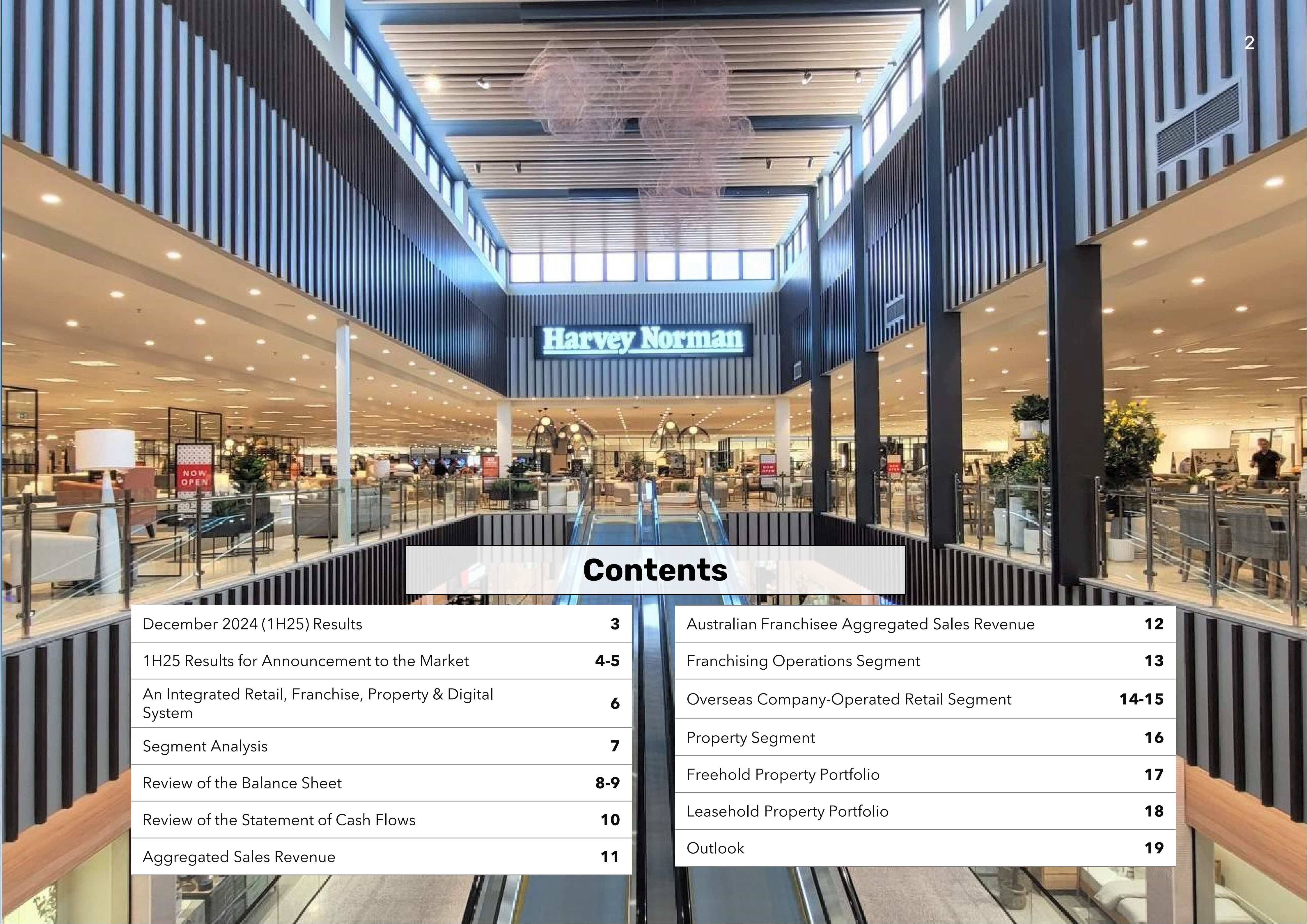
HALF YEAR RESULTS

PRESENTATION

DECEMBER 2024

Australia · Singapore · Ireland · Malaysia

New Zealand · Slovenia · United Kingdom · Croatia

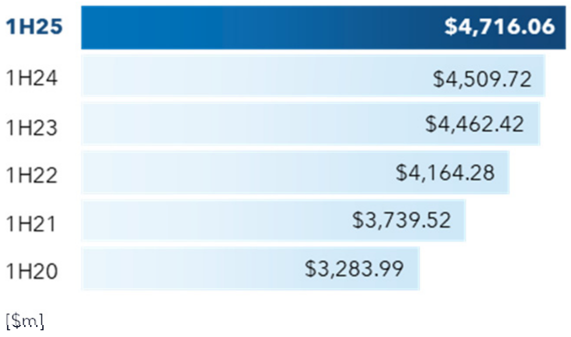


Contents

DECEMBER 2024 (1H25) RESULTS

Net Assets

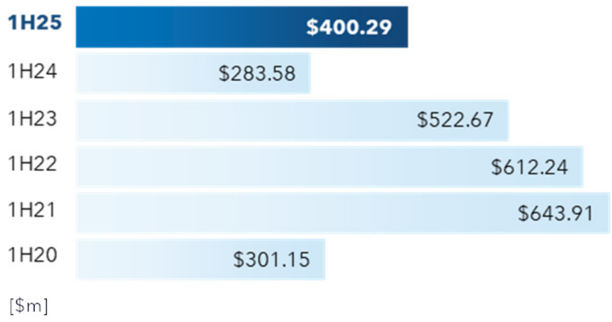
$4.72bn



↑ **$206.34m** from 1H24 | 5-YEAR CAGR **7.5%**

Reported PBT

$400.29m

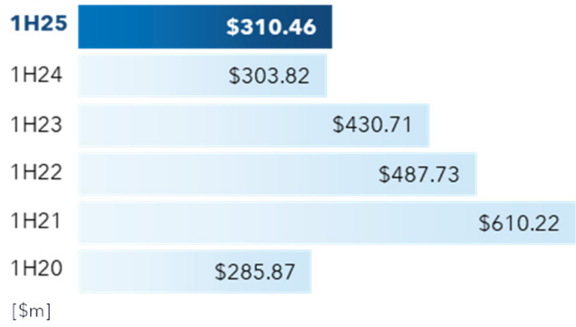


↑ **$116.71m** from 1H24

PBT

[excluding AASB 16 net impact and net property revaluations]

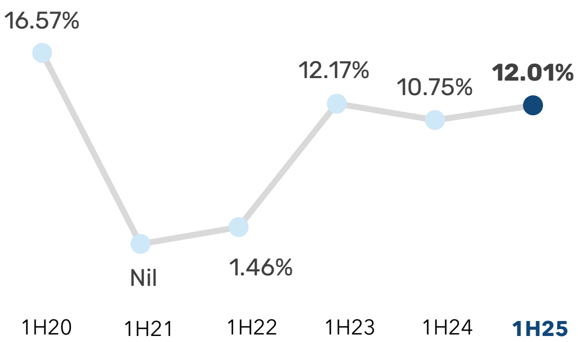
$310.46m



↑ **$6.64m** from 1H24

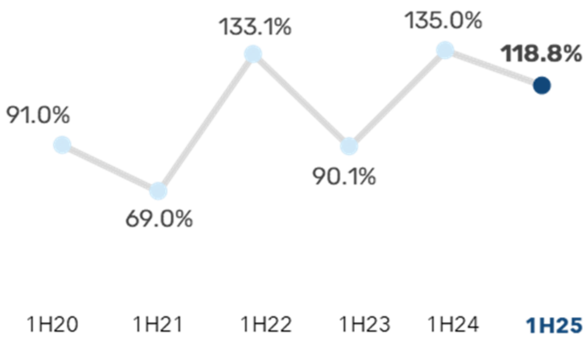
Net Debt to Equity %

12.01%



Cash Conversion %

118.8%



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

Total System Sales Revenue*

$4.83bn

↑ **$186.59m** from 1H24

*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.

1H25 RESULTS FOR ANNOUNCEMENT TO THE MARKET

EBITDA
$581.42m

↑ **$108.40m** or **22.9%** from **$473.02m** in 1H24

EBITDA excluding AASB16 net impact and net property revaluations
$388.72m

↑ **$12.26m** or **3.3%** from **$376.46m** in 1H24

EBIT
$461.26m

↑ **$123.31m** or **36.5%** from **$337.95m** in 1H24

EBIT excluding AASB16 net impact and net property revaluations
$340.45m

↑ **$10.86m** or **3.3%** from **$329.60m** in 1H24

Total System Sales Revenue
$4.83 bn

Aggregated headline franchisee sales revenue* **$3.34bn**
Company-operated sales revenue **$1.49bn**

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

REPORTED PBT
$400.29m

↑ **$116.71m** or **41.2%** from **$283.58m** in 1H24

PBT excluding AASB16 net impact and net property revaluations
$310.46m

↑ **$6.64m** or **2.2%** from **$303.82m** in 1H24

REPORTED PROFIT AFTER TAX & NCI
$279.39m

↑ **$79.38m** or **39.7%** from **$200.01m** in 1H24

PAT excluding AASB16 net impact and net property revaluations
$216.28m

↑ **$2.40m** or **1.1%** from **$213.89m** in 1H24

HNHL Consolidated Revenue
$2.29 bn

Sales of products to customers **$1.49bn**
Revenues received from franchisees **$598.51m**
Revenues and other income items **$203.10m**

Net Assets
$4.72 bn ↑ **4.6%** from **$4.51bn** in Dec 23

Basic Earnings Per Share
22.42c ↑ from **16.05c** in 1H24

Interim Dividend Per Share
(FULLY-FRANKED)
12.0c ↑ from **10.0c** for 1H24

1H25 RESULTS FOR ANNOUNCEMENT TO THE MARKET (continued)

- **$8 billion milestone surpassed for the first-time**, with total assets reaching $8.25bn as at 31 December 2024. 66% of our asset base is comprised of quality, tangible assets, including an appreciating freehold property portfolio valued at $4.39bn
- **$4.72bn net assets**, up $206.34m (+4.6%) from Dec-23
- **Prudent financial management** has resulted in an improved liquidity position and low net debt to equity ratio of 12.01% in 1H25
- **$448.10m in operating cash flows**, down $49.21m (-9.9%) from 1H24, with a cash conversion of 118.8% mainly due to higher payments to suppliers and employees from new store openings
- **$400.29m reported PBT**, up $116.71m (+41.2%) from 1H24 due to:
  - o **$2.29bn of total revenues**, up by $141.54m (+6.6%) from 1H24:
    - $88.41m revaluation uplift in Australian investment property portfolio compared to a net revaluation decrement of $5.12m recorded in 1H24
    - $34.21m increase in franchise fees received on the back of a 5.5% increase in aggregated franchisee revenue
    - $12.56m increase in company operated sales mainly due to new store openings in Malaysia, NZ and the UK
  - o **Improvement in total operating expenses as a % of total system sales revenue from 18.4% in 1H24 to 18.0% in 1H25 –** modest increase of $11.18m (+1.3%) to $866.90m in 1H25, an improvement in the operating expenses ratio by 40bps due to:
    - Marketing costs in the 8 countries decreased by $8.25m (-4.1%) and are 4.0% of total system sales revenue for 1H25 vs 4.3% for 1H24
    - Occupancy expenses declined by $15.47m (-9.3%) due to the net impact of AASB16 fair value assessment this half
    - Offset by costs to open new stores and enter new markets (England, UK) and rise in costs to monitor and evaluate franchisee compliance and operational performance and the sustained investment in the Harvey Norman®, Domayne® and Joyce Mayne® brands
- **$310.46m PBT excluding the effects of AASB 16 and net property revaluations**, up by $6.64m (+2.2%) from 1H24
- **Effective tax rate of 29.20%** for 1H25 vs 28.49% for 1H24

Total Assets

$8.25 bn

As at 31 December 2024

↑ 5.0% | up by $395.48m from $7.86bn in Dec-23

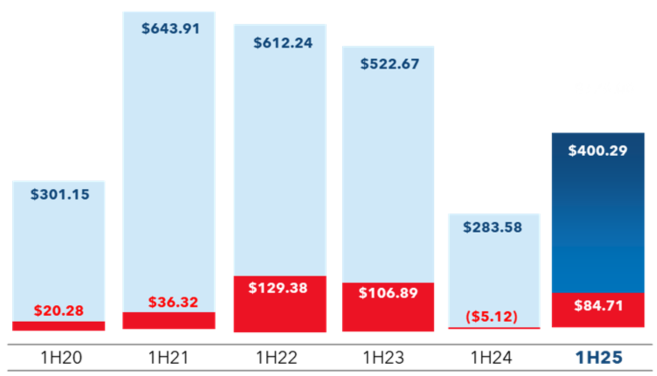
Net Assets

$4.72 bn

As at 31 December 2024

↑ 4.6% | up by $206.34m from $4.51bn in Dec-23

PROFIT BEFORE TAX AS REPORTED ($M)



HALF-YEAR ENDED 31 DECEMBER (including property revaluations)

■ Denotes the contribution of net property revaluations to total PBT

Reported PBT

$400.29m

vs 1H24

↑ 41.2%
(up $116.71m)

PBT
(excluding AASB 16 & net property revaluations)

$310.46m

vs 1H24

↑ 2.2%
(up $6.64m)

STRONG CASH CONVERSION

118.8% for 1H25

135.0% for 1H24

AN INTEGRATED RETAIL, FRANCHISE, PROPERTY AND DIGITAL SYSTEM

We operate an integrated retail, franchise, property and digital system across 8 countries.

Australia	New Zealand	Singapore	Slovenia	Ireland	Malaysia	Croatia	United Kingdom
198 franchised complexes	**47** stores	**11** stores	**5** stores	**16** stores	**37** stores	**3** stores	**3** stores

Harvey Norman® Australian franchised retail and overseas company-operated retail operations are supported by an integrated retail, franchise, property & digital system

Australian Franchising Operations

- **198 franchised complexes in Australia comprising 554 independent franchisees**
- **1H25 Aggregated Franchisee Sales Revenue*:** $3.34 billion
- **1H25 Franchising Operations Revenue:** $540.94 million
- **1H25 Franchising Operations PBT:** $180.28 million

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

Overseas Company – Operated Retail

- **122 company-operated stores in 7 overseas countries**
- **6 new company-operated stores in 1H25: Malaysia -** Elmina Lakeside Mall, Selangor (Aug-24), Park Mall Selangor (Dec-24) and Penang Sunshine Mall (Dec-24); **New Zealand -** Papanui, Christchurch (Oct-24) and Ravenswood, Woodend (Nov-24); **United Kingdom -** Merry Hill, West Midlands (Oct-24)
- **1H25 Overseas Company-Operated Revenue:** $1.42 billion
- **1H25 Overseas Retail PBT:** $67.89 million
- **Comprises 17.0% Total PBT** [21.5% excl property revaluations]

Strategic 'Large-format' Retail Property Portfolio

- **97 franchised complexes owned** (49% of total)
- **480 diverse third-party tenants** (large proportion ASX-listed)
- **$3.72 billion Australian investment property portfolio** (largest single owner in Australia)
- **1H25 Property PBT:** $165.81 million (including revaluations)
- **29 international owned retail property assets** (24% of total)
- **$660.13 million overseas owner-occupied and investment property portfolio**

NEXT GEN Ai AT Harvey Norman®

Investment in Technology, Digital Transformation and IT Infrastructure Assets

Online sales channel | Click & collect | Quick reserve | Store finder | Trak by Harvey Norman® | LiveChat

SEGMENT ANALYSIS

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

1 Franchising Operations Segment

REVENUE	TOTAL EXPENSES	PBT RESULT
$540.94m	$360.66m	$180.28m
vs 1H24	vs 1H24	vs 1H24
↑ +5.7% (up $29.13m)	↓ -2.2% (down $8.08m)	↑ +26.0% (up $37.21m)

FRANCHISING OPERATIONS MARGIN of 5.40%

Representing 57.1% of PBT excluding property revaluations

[or **45.0%** of Total PBT]

2 Overseas Company-Operated Retail Segment

REVENUE	TOTAL EXPENSES	PBT RESULT
$1.42bn	$1.35bn	$67.89m
vs 1H24	vs 1H24	vs 1H24
↑ +1.3% (up $18.05m)	↑ +2.0% (up $26.34m)	↓ -10.9% (down $8.29m)

6 NEW STORES OPENED DURING 1H25

Representing 21.5% of PBT excluding property revaluations

[or **17.0%** of Total PBT]

3 Property Segment

REVENUE	TOTAL EXPENSES	PBT RESULT
$260.00m	$94.19m	$165.81m
vs 1H24	vs 1H24	vs 1H24
↑ +61.9% (up $99.38m)	↑ +4.4% (up $4.00m)	↑ +135.4% (up $95.38m)

$4.39BN Freehold Property Portfolio

Representing 25.7% of PBT excluding property revaluations

[or **41.4%** of Total PBT]

REVIEW OF THE BALANCE SHEET

	31 DECEMBER 2024	31 DECEMBER 2023	Increase / (Decrease) $	Increase / (Decrease) %
Total assets	$8.25bn	$7.86bn	$395.48m	5.0%
Total liabilities	$3.54bn	$3.35bn	$189.14m	5.6%
Equity	$4.72bn	$4.51bn	$206.34m	4.6%

Total Assets

$8.25 bn

As at 31 December 2024

↑ 5.0% up by $395.48m from $7.86bn in Dec-23

- **$234.57m** increase in the value of the freehold investment property portfolio:
  - primarily due to $98.81m net property revaluation increments over the past 12 months
  - acquisition and refurbishment of new freehold investment properties in Australia
- **$81.26m** increase in property, plant and equipment:
  - mainly due to the fit-out of new company operated stores that opened in 1H25: 3 in Malaysia, 2 in New Zealand and 1 in United Kingdom
  - fit-out of 2 new franchised complexes at Macgregor (QLD) and Melton (VIC), and premium refits at Penrith (NSW) and Marion (SA)
  - new company-operated stores that opened in 2H24, 2 in Malaysia and 1 in New Zealand along with the completion of premium refits at Erina (NSW) and Cannington (WA)
- **$44.42m** increase in inventories of company-operated stores:
  - primarily driven by new store openings over the last 12 months

Total Liabilities

$3.54bn

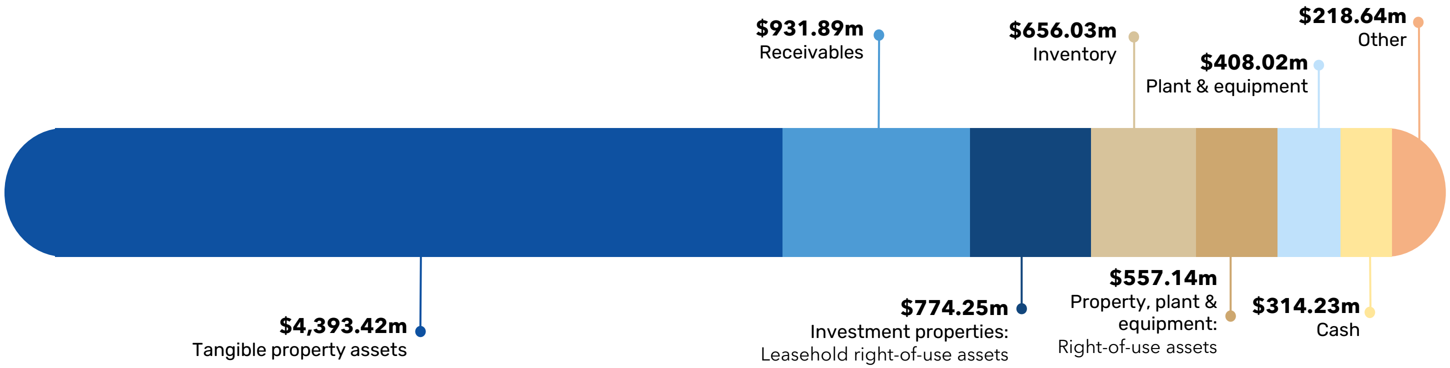
As at 31 December 2024

↑ 5.6% up by $189.14m from $3.35bn in Dec-23

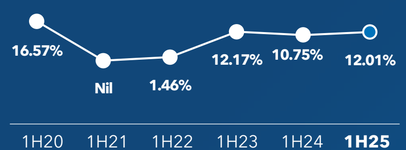
- **$48.14m** net increase in interest-bearing loans and borrowings:
  - primarily due to higher utilisation of short-term borrowings to fund expansion in the UK and Europe
- **$69.91m** increase in deferred tax liabilities
  - partially due to legislative change in New Zealand to include tax deductions for future building depreciation resulting in approximately $22m in deferred tax balances

REVIEW OF THE BALANCE SHEET (continued)

Composition of Total Assets of $8.25bn

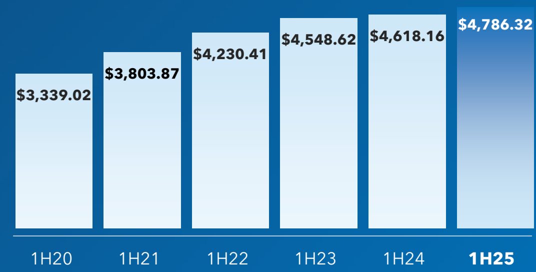


Net Debt:	Dec 24	$574.67m	VS	Dec 23	$496.37m



NET DEBT TO EQUITY RATIO

NET DEBT/(CASH)($AUD M)



TOTAL EQUITY* ($AUD M)
[*Total Equity excludes ROU assets, lease liabilities & acquisition reserve]

REVIEW OF THE STATEMENT OF CASH FLOWS

	31 DECEMBER 2024	31 DECEMBER 2023	Increase / (Decrease) $	Increase / (Decrease) %
Net cash flows from operating activities	$448.10m	$497.31m	($49.21m)	(-9.9%)
Net cash flows used in investing activities	($125.14m)	($137.88m)	$12.74m	9.2%
Net cash flows used in financing activities	($277.26m)	($234.69m)	($42.57m)	(-18.1%)
Net increase in cash & cash equivalents	$45.70m	$124.74m	($79.04m)	(-63.4%)
Cash & cash equivalents at beginning of the period	$253.16m	$202.06m	$51.10m	25.3%
Cash & cash equivalents at end of the period	$298.86m	$326.80m	($27.94m)	(-8.6%)

OPERATING CASH INFLOWS

Down by $49.21m

from $497.31m in 1H24
to **$448.10m** in 1H25

- **$63.08m** increase in payments to suppliers and employees, resulting from higher costs of opening new company-operated stores in Malaysia, New Zealand and the new Merry Hill UK flagship, as well as ongoing inflationary pressures on operating costs

Offset by:
- **$13.73m** increase in receipts from customers in line with the increase in company-operated retail sales revenue in 1H25
- **$8.49m** increase in net receipts from franchisees due to an increase in gross revenue received from franchisees by $34.21m offset by higher funding requests for inventory purchases.

<Note> During 1H25, the rise in gross revenues from franchisees was offset by higher funding requests for franchisee inventory purchases to drive the 5.5% growth in franchisee sales (resulting in a more moderate increase in net receipts from franchisees this half). This is in contrast to 1H24, where net receipts from franchisees were high due to lower inventory funding requests from franchisees in response to subdued aggregated franchisee sales revenue which declined by 9.7% in 1H24, thereby inflating operating cash flows in the previous period.

OUTFLOWS FROM INVESTING ACTIVITIES

Down by $12.74m

from $137.88m in 1H24
to **$125.14m** in 1H25

- **$29.76m** reduction in payments for the construction and refurbishments of freehold investment properties
- **$22.68m** proceeds received from sale of listed securities

Offset by:
- **$27.87m** increase in payments for property, plant and equipment and intangible assets
- **$10.68m** reduction in net repayments from loans in 1H25

OUTFLOWS FROM FINANCING ACTIVITIES

Up by $42.57m

from $234.69m in 1H24
to **$277.26m** in 1H25

- **$42.57m increase in net financing cash outflows** due to higher repayments of syndicated facility by $95m in 1H25.

Offset by:
- **$54.99m** increase in proceeds from other short-term borrowings

AGGREGATED SALES REVENUE

Aggregated sales increase / (decrease) in constant local currencies:

Total Sales	Local Currency	1H25 vs 1H24
Australian Franchisees*	$ AUD	5.5%
New Zealand	$ NZD	(-1.9%)
Slovenia & Croatia	€ EURO	7.4%
Ireland	€ EURO	5.4%
United Kingdom	£ GBP	39.7%
Singapore	$ SGD	(-3.8%)
Malaysia	MYR	4.4%

Total franchisee sales*
Half-year ended 31 December 2024

$3.34bn ↑ **5.5%**
increase of $174.03m vs 1H24

Comparable franchisee sales*
Half-year ended 31 December 2024

$3.30bn ↑ **5.3%**
increase of $165.73m vs 1H24

Comparable Sales increase / (decrease) in constant local currencies:

Comparable Sales	Local Currency	1H25 vs 1H24
Australian Franchisees*	$ AUD	5.3%
New Zealand	$ NZD	(-2.5%)
Slovenia & Croatia	€ EURO	7.9%
Ireland	€ EURO	5.4%
United Kingdom	£ GBP	(-6.3%)
Singapore	$ SGD	(-1.9%)
Malaysia	MYR	(-4.4%)

Total System Sales Revenue of

$4.83bn for 1H25

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

Aggregated Franchisee sales* revenue of **$3.34bn**
Company-Operated sales revenue of **$1.49bn**

** 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. Australian franchisee aggregated sales revenue is provided to the market as it is a key indicator of the performance of the franchising operations segment.*

AUSTRALIAN FRANCHISEE AGGREGATED SALES REVENUE*

- Australian franchisee sales for 1H25 increased by 5.5% to $3.34 billion from $3.16 billion in 1H24
- Comparable franchisee sales revenue for 1H25 was $3.30 billion, an increase of 5.3% from 1H24
- As reported on 27/11/24, franchisee sales for the period 1 July 2024 to 31 October 2024 increased by 3.2% (comparable up 3.1%) on the previous corresponding period. For the months of November and December 2024, the increase was 9.0% (comparable up 8.6%) on November and December 2023, boosted by the strong performance of franchisees within the Mobile & Computer Technology and Home Appliances categories, particularly in the lead up to the peak Christmas trading period.
- Australian consumers continue to embrace the growing AI-PC market, with Harvey Norman® proudly enhancing its AI-foothold in the delivery of the 'Next Gen AI' technology range to transform the daily lives of their loyal customer base.
- The continuing innovation and mainstream adoption of Next Gen AI PCs and devices are expected to drive further sales growth in the Home Appliances, Television, Audio, Mobile & Computer Technology categories throughout FY25 and beyond.

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FRANCHISING OPERATIONS SEGMENT

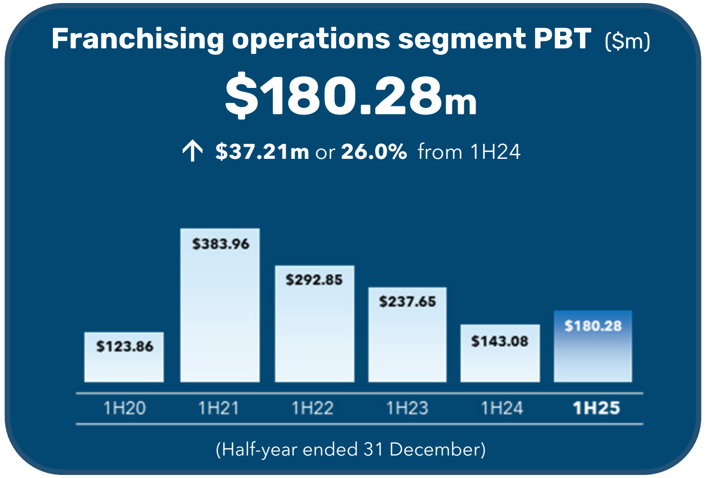
	1H25	1H24	Increase / (Decrease) $	Increase / (Decrease) %
Franchising operations segment revenue	$540.94m	$511.81m	$29.13m	5.7%
Aggregated franchisee headline sales revenue*	$3.34bn	$3.16bn	$174.03m	5.5%
Franchising operations segment PBT	$180.28m	$143.08m	$37.21m	26.0%
Franchising operations margin % [calculated as franchising operations segment PBT ÷ aggregated franchise sales revenue]	5.40%	4.52%	88bps	

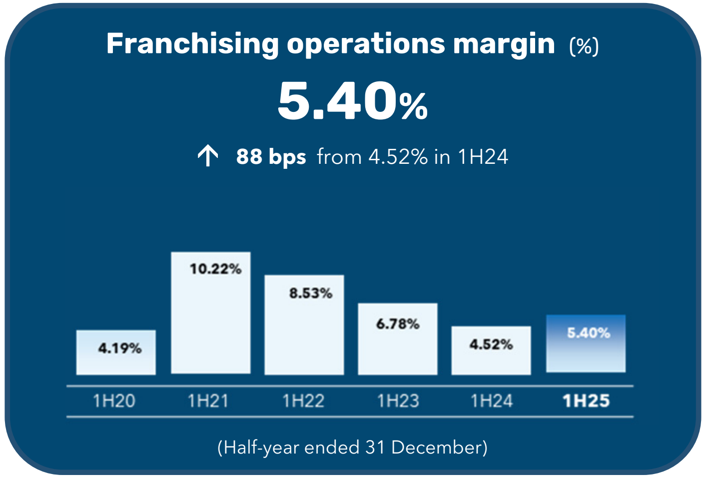
*Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity.

The franchising operations segment PBT increased by $37.21m (+26.0%) due to:

- $29.13m (+5.7%) rise in franchising operations segment revenues:
  - Higher revenue from franchise fees by $27.64m on the back of a 5.5% rise in aggregated franchisee sales revenue
  - Higher rent and outgoings received from franchisees occupying leased properties by $2.39m (+3.4%)
- $8.08m (-2.2%) decrease in costs to operate the franchising operations segment mainly due to:
  - the net impact of AASB 16 leases was a net gain of $5.19m for 1H25 compared to a net expense of $13.74m for 1H24 (turnaround of $18.93m) due to continued stabilisation of discount rates and higher rental income applied in the fair value assessment of the right-of-use assets within the leasehold investment property portfolio
  - overall marketing spend has reduced by $7.34m and remains efficient at 4.95% of Australian franchisee sales revenue compared to 5.5% in 1H24

  Offset by:
  - higher costs to monitor and evaluate franchisee compliance and operational performance due to the challenging retail climate
  - $11.29m increase in the costs incurred by the franchisor to promote and enhance the Harvey Norman, Domayne and Joyce Mayne brands in Australia to assist franchisees to invest in their customers (primarily in the form of bonus gift cards)

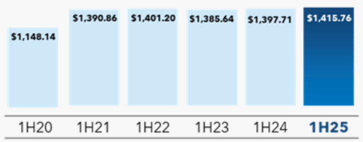




OVERSEAS COMPANY-OPERATED RETAIL SEGMENT

Overseas retail segment PBT result	1H25	1H24	Increase / (Decrease) $	Increase / (Decrease) %
Retail – New Zealand	$35.57m	$39.53m	($3.96m)	(-10.0%)
Retail – Singapore & Malaysia	$21.82m	$19.01m	$2.81m	14.8%
Retail – Ireland	$17.92m	$15.80m	$2.12m	13.4%
Retail – United Kingdom	($10.10m)	($1.26m)	($8.85m)	(-705%)
Retail – Slovenia & Croatia	$2.68m	$3.10m	($0.41m)	(-13.3%)
Total overseas retail segment PBT result	**$67.89m**	**$76.18m**	**($8.29m)**	**(-10.9%)**

Aggregated overseas retail revenue ($AUD m)



(Half-year ended 31 December)

Aggregated overseas retail PBT result ($AUD m)

(Half-year ended 31 December)

Overseas Retail Segment Comprises

21.5%

of PBT excluding property revaluations

17.0% of Total PBT

New overseas stores opened in 1H25

Selangor, Malaysia

Opened on 30 August 2024
Located in Elmina Lakeside Mall, Selangor

West Midlands, UK

Opened on 11 October 2024
Located in Merry Hill Shopping Centre, West Midlands

Christchurch, New Zealand

Opened on 28 October 2024
Located in Papanui, Christchurch

Woodend, New Zealand

Opened on 21 November 2024
Located in Ravenswood, Woodend

Penang, Malaysia

Opened on 12 December 2024
Located in Penang Sunshine Mall, Penang

Selangor, Malaysia

Opened on 31 December 2024
Located in Park Mall Selayang, Selangor

OVERSEAS COMPANY-OPERATED RETAIL SEGMENT (continued)

New Zealand

- Sales for 1H25 declined by $18.34m (–3.6%) to $487.87m for 1H25, from $506.21m in 1H24 as macroeconomic headwinds continued to dampen retail trade in NZ
- Retail conditions towards the end of 2Q25 showed signs of resilience and improvement, with a 4.7% increase in 2Q25 relative to 2Q24, reversing some of the decline recorded for 1Q25
- NZ retail profit for 1H25 was $35.57m down by $3.96m (-10.0%) from 1H24
- The decrease in profit was driven by the decrease in sales turnover, a reduction in gross margin due to price competition and higher operating costs from inflation and new store openings
- We are excited about the uptake of the Next Gen-AI technology range by consumers and are proud to have gained a market leading position in this emerging category
- Our NZ balance sheet is strong, underpinned by a property portfolio valued at $449.70m as at 31 December 2024. With substantial cash reserves and diligent monitoring of cashflow requirements, we continue to maintain a debt-free position and is well positioned for future opportunities.

Ireland

- Sales for 1H25 increased by $15.55m (+4.0%) from $384.42m to $399.97m
- The Mobile and Computer Technology categories performed strongly in 1H25. The launch of the 'Next Gen-AI' technology has delivered strong laptop sales growth
- Retail profit for 1H25 was $17.92m, an increase of $2.12m (+13.4%) from $15.80m in 1H24
- Operating expenses have risen in line with sales growth, with store wages impacted by the National minimum wage increase effective from 1 January 2024

United Kingdom

Northern Ireland

- Sales for 1H25 increased by $1.10m to $11.47m, from $10.37m in 1H24
- Northern Ireland recorded a loss of $3.46m for 1H25, compared to a loss of $1.26m for 1H24

England

- We are proud to have opened our first store at Merry Hill as part of the strategic initiative to expand the brand's presence in the United Kingdom. Sales since opening is $3.24m.
- The strategic expansion into England has come with significant country establishment costs, contributing to a loss of $6.64m for 1H25
- We confirm our intention to open a second store in the West Midlands during calendar 2026 with the finalisation of lease negotiations of the proposed store at Gracechurch, Sutton Coldfield, West Midlands

Singapore & Malaysia

- Aggregated sales revenue for Asia combined was $363.63m, an increase of $7.39m (+2.1%) from $356.24m in 1H24
- Aggregated retail result for Asia was $21.82m for 1H25, an increase of $2.81m (+14.8%) from $19.01m in 1H24.

Malaysia

- Sales were $161.44m, an increase of $12.49m (+8.4%) from $148.95m in 1H24. The increase in sales is primarily driven by 3 new store openings during 1H25, the launch of the expanded Mid Valley store as the new Malaysian flagship in Oct-24 and the full 6-months' contribution from the stores which opened last year.
- Comparable store sales reduced by -4.4% relative to 1H24 due to challenging macroeconomic conditions including inflationary pressures, an increase in the Sales and Services Tax and reduced government subsidies.
- We remain committed to our expansion plan to grow to 80 stores, but due to the challenges of locating and negotiating suitable sites and obtaining the relevant authority approvals, we have extended the expansion plan from completing in 2028 to 2030.

Singapore

- Sales for 1H25 were $191.70m, a decrease of $6.68m (-3.4%) from $198.38m in 1H24
- The reduction in sales was due to the closure of the store at Bukit, Panjang in Aug-24 and heightened demand during 1H24 in anticipation of the GST increase in Jan-24

Slovenia & Croatia

- Aggregated sales revenue for Slovenia and Croatia increased by $6.63m (+6.0%) from $110.84m in 1H24 to $117.47m in 1H25
- Aggregated retail result for Slovenia and Croatia decreased by $0.41m (-13.3%) from $3.10m in 1H24 to $2.68m in 1H25

Slovenia

- Sales were $79.24m for 1H25, up by $2.27m (+2.9%) from $76.98m in 1H24
- The retail segment in Slovenia delivered a profit of $4.20m in 1H25, a $0.84m decrease (–16.7%) from $5.04m in 1H24.

Croatia

- Sales were $38.23m for 1H25, increasing by $4.37m (+12.9%) from $33.86m in 1H24
- This has been offset by increased operating costs due to higher wages and borrowing costs, resulting in a loss in Croatia of $1.52m for 1H25, compared to a loss of $1.95m in 1H24, an improvement of $0.43m (+22.0%)

PROPERTY SEGMENT

	31 December 2024	31 December 2023	Increase / (Decrease) $	Increase / (Decrease) %
Property segment revenue	$260.00m	$160.62m	$99.38m	61.9%
Net property revaluation increment / (decrement)	$84.71m	($5.12m)	$89.82m	1755%
Property segment EBITDA	$191.29m	$92.91m	$98.38m	106%
Property segment result before tax	$165.81m	$70.43m	$95.38m	135%

Property Segment Revenue

Up by $99.38m or 61.9% from $160.62m in 1H24 to **$260.00m in 1H25**

- Increase in the net property revaluation adjustment by $89.82m, from a net decrement of $5.12m for 1H24 compared to a net increment of $84.71m for 1H25
- This net revaluation increment can be attributed to growing investor confidence and market stability, sustained strong demand and attractiveness of large-format retail (LFR) assets and sustained rental growth and record-low vacancy rates, thereby curtailing any further softening of capitalisation rates. Our freehold investment property portfolio in Australia has experienced a stronger than average rental growth and low vacancy rates that have outperformed the market average. Included in this increment, one property was externally revalued following a rezoning change that altered its highest and best use, resulting in a material uplift in value.
- Rent and outgoings received from freehold properties have also increased by $10.75m or 7.8% due to higher market rentals and lower vacancy rates

Property Segment Result Before Tax

Up by $95.38m or 135.4% from $70.43m in 1H24 to **$165.81m in 1H25** (mainly due to impact of net property revaluation adjustments)

- The increase is mainly due to the net revaluation increment recognised this year.
- Property-related operating costs have increased by $4.0m during the period, primarily due to higher interest expenses by $2.53m. Excluding interest costs, the increase in operating expenses is consistent with the rise in revenues (excluding net property revaluation adjustments)
- Excluding net property revaluations for both periods, the property segment result would have been $81.11m for 1H25 compared to $75.55m for 1H24, an increase of $5.56m or 7.4%, mainly due to rental growth.

FREEHOLD PROPERTY PORTFOLIO

Composition of freehold property segment assets	December 2024	# of Owned Retail Property Assets	# of Owned Other Property Assets	Net Increase / (Decrease) in Fair Value [Income Statement]	Net Increase / (Decrease) in Fair Value [Equity]
(1) Investment Properties (Freehold)					
- Australia	$3,717.27m	97	49	$88.41m	-
- New Zealand	$41.53m	-	5	-	-
- Ireland	$29.79m	-	1	-	-
Total Investment Properties (Freehold)	**$3,788.59m**	**97**	**55**	**$88.41m**	**-**
(2) Owner–Occupied Land & Buildings					
- Australia	$11.18m	-	1	-	-
- New Zealand	$408.16m	22	1	($3.70m)	$12.92m
- Singapore	$21.47m	-	2	-	-
- Slovenia	$117.74m	5	1	-	$4.75m
- Ireland	$25.50m	2	-	-	-
- Croatia	$15.95m	-	1	-	-
Total Owner–Occupied Land & Buildings	**$600.00m**	**29**	**6**	**($3.70m)**	**$17.67m**
(3) Joint Venture Assets	**$4.83m**	**-**	**8**	**-**	**-**
Total Freehold Property Segment Assets	**$4,393.42m**	**126**	**69**	**$84.71m**	**$17.67m**

- **The consolidated entity continues to be the largest owner of LFR real estate in the Australian market.**
- Our Australian freehold investment property portfolio has grown to $3.72bn as at 31 December 2024, rising by $135.80m or 3.8% during 1H25. This increase is due to capital additions and refurbishments during the current period and a net revaluation increment of $88.41m for 46 Australian freehold investment properties that were subject to revaluation.
- The net revaluation increment can be attributed to growing investor confidence and market stability, sustained strong demand and sustained rental growth with record-low vacancy rates.
- 198 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. 97 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.
- Our LFR centres also accommodate a complimentary mix of over 480 third-party tenants that are diversified across a variety of different categories including Food, Lifestyle & Other Service Retailers, Hardware, Medical, Pharmacies, Pets and Auto related products, a number of which are ASX-listed and are national retailers that support the underlying value of our properties.
- LFR market continues to be buoyed by solid economic fundamentals of record population growth, low unemployment, wages growth and the wealth effect from increasing house values.
- Globally, we have 122 company-operated stores across 7 overseas countries. 29 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 $660.13m, increasing in value by $21.24m or 3.3% during the period.

LEASEHOLD PROPERTY PORTFOLIO

Composition of the Leasehold Property Portfolio:

Composition of leasehold property portfolio	Right-of-Use Assets Dec 2024	Lease Liabilities Dec 2024	# of Leased Retail Property Assets	# of Leased Other Property Assets
(1) Leases of Properties Sub-Leased to External Parties				
- Australia	$774.25m	$825.17m	101	206
(2) Leases of Owner-Occupied Properties and Plant and Equipment Assets				
- Australia	$41.01m	$56.38m	-	16
- New Zealand	$128.43m	$145.01m	25	36
- Singapore & Malaysia	$259.42m	$193.36m	48	20
- Slovenia & Croatia	$23.58m	$25.98m	3	1
- Ireland	$99.12m	$127.16m	14	15
- United Kingdom	$5.59m	$12.32m	3	2
Total Leases of Owner–Occupied Properties and Plant and Equipment Assets	**$557.14m**	**$560.20m**	**93**	**90**
Total Leasehold Property Portfolio	**$1,331.39m**	**$1,385.37m**	**194**	**296**

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

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	$37,646	-	**$37,646**
Investment properties (leasehold): Right-of-use asset fair value re-measurement	-	$34,245	**$34,245**
Finance costs: Interest on lease liabilities	$11,100	$19,879	**$30,979**
Total AASB 16 Expenses Recognised	**$48,746**	**$54,124**	**$102,870**
Less: Lease payments made during 1H25 (excluding variable lease payments and short-term, low-value leases)	($48,063)	($59,728)	**($107,791)**
Other Adjustments	($204)	-	**($204)**
AASB 16 Net Decrease / (Increase) in PBT for 1H25	**$479**	**($5,604)**	**($5,125)**

OUTLOOK

- In **Malaysia**, we previously reported our intention to open up to 10 stores during FY25. During 1H25, 3 new stores were opened and we launched our expanded store in Mid Valley Megamall as our flagship store in Malaysia. We will open 1 more store during 2H25, bringing the number of stores to 38 by 30 June 2025. We remain committed to growing to 80 stores but have extended the expansion plan from completing in 2028 to 2030 due to the challenges of locating and negotiating suitable sites and obtaining the relevant authority approvals.

- In **Croatia**, we have purchased a strategically located block in East Zagreb with plans to build a new two-level, 200,000 sq ft complex with Harvey Norman® occupying half the retail space. The remaining area will be leased to other retailers and we expect this new East Zagreb Harvey Norman® store to open in late 2026.

- In the **United Kingdom**, our first English flagship at the Merry Hill Shopping Centre opened on 11 October 2024. We continue to recognise the significant opportunities in Birmingham and the wider West Midlands region. We confirm our intention to open a second store during calendar 2026, with the finalisation of lease negotiations of the proposed store at Gracechurch, Sutton Coldfield, West Midlands.

- In **New Zealand**, amid challenging retail conditions, two full-format company-operated stores were opened at Papanui and Ravenswood in 1H25. In January and February 2025, following an extensive review to align performance with long-term strategic objectives, the decision was made to close three small stores during 2H25. The NZ business continuously monitors the NZ market for possible store expansion opportunities.

- In **Australia**, 2 franchised complexes were opened during 1H25 – Domayne® Macgregor, QLD and Harvey Norman® Melton, VIC. The Harvey Norman® Mt. Gravatt franchised complex was relocated to the newly constructed Macgregor Homemaker Centre. We intend to relocate a further franchised complex in 2H25 from a leasehold site to a freehold property. It is our present intention to relocate a further 3 Harvey Norman® franchised complexes in FY26, 2 of which are from their current leasehold sites to new freehold properties.

- During 1H25, the premium refit program has continued, with 2 premium refits currently in progress located at Penrith (NSW) and Marion (SA). Over the next 12 months, and we intend to commence a further 3 premium refits.

Retail Trading Update:

As reported on 27/11/24, franchisee sales for the period 1 July 2024 to 31 October 2024 increased 3.2% (comparable up 3.1%) on the previous corresponding period, and for the months of November 2024 and December 2024 increased 9.0% (comparable up 8.6%) on November and December 2023. January 2025 sales increased 2.4% (comparable up 2.1%) on January 2024 and **further accelerated into February 2025 where the increase for the first 21 days of February 2025 was 7.2% (comparable up 7.0%) compared to the first 21 days of February 2024.**

1 January 2025 to 31 January 2025 vs **1 January 2024 to 31 January 2024**		**% increase / (decrease)** calculated in local currencies	
Country		**Total %**	**Comparable %**
Australian Franchisees	$ AUD	**2.4**	2.1
New Zealand	$ NZD	**0.6**	(-1.0)
Slovenia & Croatia	€ EUR	**1.9**	2.2
Ireland	€ EUR	**3.6**	3.6
United Kingdom	£ GBP	**96.8**	(-23.2)
Singapore	$ SGD	**(-9.6)**	(-6.9)
Malaysia	MYR	**7.4**	(-1.3)

Aggregated sales increase / (decrease) in local currencies from 1 January 2025 to 31 January 2025 vs 1 January 2024 to 31 January 2024.