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HARVEY NORMAN® HOLDINGS LIMITED

REPORTED PBT

\$661.29m

↑ \$86.73m (↑ 15.1%) FROM \$574.56m IN 2019

PBT

Excluding AASB 16 net impact
and net property revaluations**\$635.60m**

↑ \$131.35m (↑ 26.0%) FROM \$504.26m IN 2019

REPORTED PROFIT AFTER TAX & NCI

\$480.54m

↑ \$78.22m (↑ 19.4%) FROM \$402.32m IN 2019

PROFIT AFTER TAX & NCI

Excluding AASB 16 net impact
and net property revaluations**\$462.16m**

↑ \$109.08m (↑ 30.9%) FROM \$353.09m IN 2019

EBITDA

\$944.67m

↑ \$256.07m (↑ 37.2%) FROM \$688.60m IN 2019

EBITDA

Excluding AASB 16 net impact
and net property revaluations**\$742.47m**

↑ \$124.18m (↑ 20.1%) FROM \$618.30m IN 2019

EBIT

\$721.08m

↑ \$117.74m (↑ 19.5%) FROM \$603.34m IN 2019

EBIT

Excluding AASB 16 net impact
and net property revaluations**\$654.86m**

↑ \$121.82m (↑ 22.9%) FROM \$533.04m IN 2019

NET DEBT TO EQUITY: **NIL**NET CASH OF **\$15.35m** vs NET DEBT OF **\$626.47m** in FY19
AN IMPROVEMENT OF **\$641.83m**UNUSED, AVAILABLE
FINANCING FACILITIES OF
\$685m
AS AT 30 JUNE 2020

TOTAL SYSTEM SALES REVENUE

\$8.46 billionAGGREGATED HEADLINE FRANCHISEE SALES REVENUE* .. **\$6.16bn**
COMPANY-OPERATED SALES REVENUE **\$2.29bn**

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

HNHL CONSOLIDATED REVENUES

\$3.55 billionSALES OF PRODUCTS TO CUSTOMERS **\$2.29bn**
REVENUE RECEIVED FROM FRANCHISEES **\$1,055.87m**
REVENUES AND OTHER INCOME ITEMS **\$195.00m**

NET ASSETS

\$3.5 billion

up \$279.53 million (↑ 8.7%)

\$3.0 billionFREEHOLD PROPERTY
PORTFOLIONET CASH FLOWS FROM
OPERATING ACTIVITIES**\$1.1 billion**

up \$684.12 million (↑ 183%)

PBT RETURN ON NET ASSETS

19.02%

up from 18.0% in 2019

BASIC EARNINGS PER SHARE

39.19c

↑ from 33.94c in 2019

DIVIDENDS PER SHARE
(Fully-Franked)**24.0c**

Property

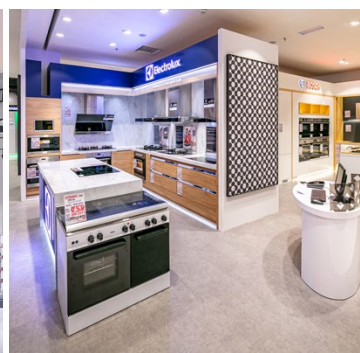
- 30 June 2020: 194 franchised complexes in Australia and 96 company-operated stores overseas.
- Robust \$3 billion property portfolio, consisting of freehold investment properties in Australia, owner-occupied land and buildings in New Zealand, Singapore, Slovenia, Ireland and Australia and joint venture assets.
- 5 new company-operated stores opened during the first half of FY20 in Malaysia at Mid Valley South Key, Johor Bahru (July 2019), AEON Mall, Kota Bharu (October 2019), IPC Toppen, Johor Bahru (November 2019), Ipoh Parade, Ipoh (November 2019) and Batu Kawan, Penang (December 2019).
- The remaining 5 stores that were due to open in the second half of FY20 in Malaysia (2), Singapore (1) and Ireland (2) did not occur as planned due to the government lockdowns and business closures in response to COVID-19.
- 1 new company-operated store opened in Takanini in South Auckland, New Zealand (March 2020)
- We intend to open up to 12 new stores overseas during FY21.
 - Galway City store already opened in Ireland on 22 July 2020 and the Sligo store is anticipated to open in October 2020.
 - Pula store in Croatia on track to open in November 2020.
 - 3 new stores to open in Singapore before December 2020.
 - 3 new stores to open in Malaysia between October 2020 and May 2021.
 - 3 new stores/outlets in New Zealand by December 2020.
- We anticipate recommencing the premium refit plan in FY21.



Mid Valley Southkey, Johor Bahru



AEON Mall, Kota Bharu



IPC Toppen, Johor Bahru



Ipoh Parade, Ipoh



Batu Kawan, Penang



Takanini, Auckland

Overseas Operations

- Temporary closures of our company-operated stores for a 4 to 10 week period.
- In aggregate, overseas subsidiaries were eligible to receive wages support and assistance of \$22.28 million from the respective Governments and property-related support and assistance of \$9.81 million.

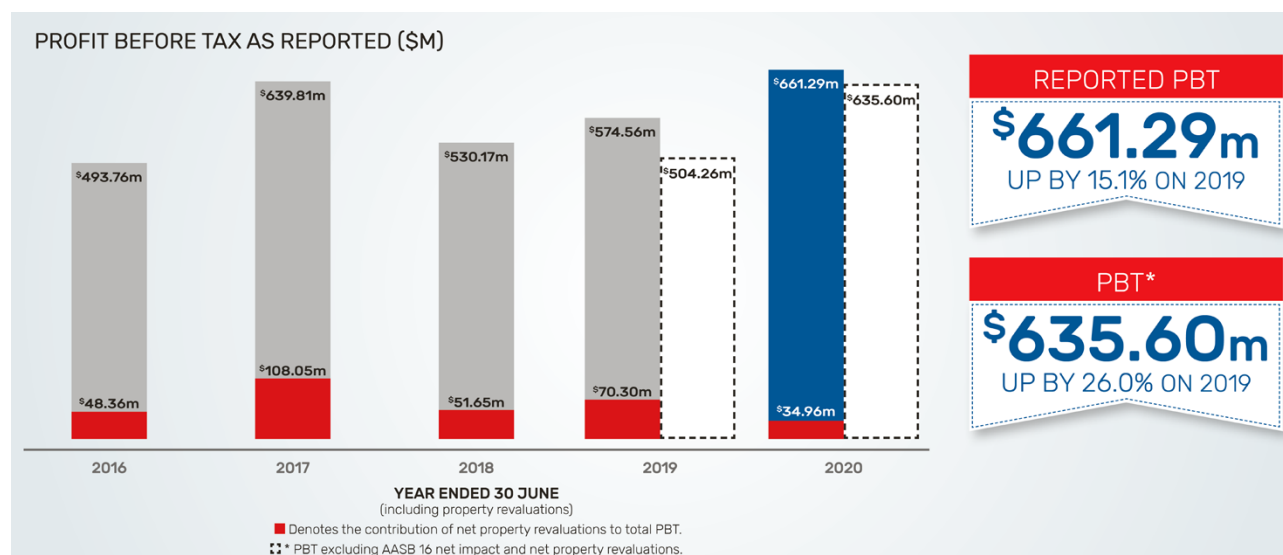
Other Non-Franchised Retail and Wholesale Operations

- Other non-franchised retail and wholesale operations under various brand names in Australia (outside of the Harvey Norman®, Domayne® and Joyce Mayne® brands) were eligible to receive \$2.39 million of wages support and assistance during 4Q20, all passed on in order to retain employees.
- In addition, they received \$0.33 million in rent abatements from their landlords.

		Government Mandated Temporary Closure Dates			Government Wage Support & Assistance	Property Support & Assistance
		Affected Product Category	Date Closed	Date Re-opened		
New Zealand	40 Retail Stores	All product categories	26/03/20	14/05/20	€12.04m	€0.95m
	Online trade	Online trade (Essential Products)	26/03/20	31/03/20		
		Online trade (excluding Essential Products)	26/03/20	28/04/20		
Malaysia	23 Retail Stores	Electrical & Computer product categories	18/03/20	Staggered store re-openings from: 18/04/20 to 12/05/20	€0.13m	€1.50m
		Furniture & Bedding product categories	18/03/20	Staggered store re-openings from: 04/05/20 to 12/05/20		
	Online trade	No online trade for Electrical & Computers	18/03/20	18/04/20		
		No online trade for Furniture & Bedding	18/03/20	04/05/20		
Singapore	12 Retail Stores	All product categories	07/04/20	19/06/20	€5.62m	€5.89m
	Online trade	Online permitted - all product categories	n/a	n/a		
Republic of Ireland	13 Retail Stores	Electrical & Computer product categories	28/03/20	18/05/20	€3.35m	€1.06m
		Furniture & Bedding product categories	25/03/20	08/06/20		
	Online trade	Online permitted - all product categories	n/a	n/a		
Northern Ireland	2 Retail Stores	No retail & no online trade	24/03/20	08/06/20	€0.38m	€0.29m
Slovenia	5 Retail Stores	All product categories	16/03/20	20/04/20	€0.48m	€0.05m
	Online trade	Online permitted - all product categories	n/a	n/a		
Croatia	1 Retail Store	All product categories	19/03/20	27/04/20	€0.28m	€0.07m
	Online trade	Online permitted - all product categories	n/a	n/a		
					€22.28m	€9.81m

Franchisees in Australia (not consolidated by HNHL)

- In Australia, certain franchisees were eligible for the Government COVID-19 JobKeeper support for the retention of the employees of the respective franchisees. In aggregate, this amounted to \$7.6 million.



AN INTEGRATED RETAIL, FRANCHISE, PROPERTY AND DIGITAL STRATEGY

PBT COMPOSITION BY OPERATING SEGMENT

Franchising Operations	\$348.59m	52.7%
Offshore Company-Operated Retail	\$152.08m	23.0%
Property Investment	\$173.19m	26.2%
Other	(\$12.57m)	(-1.9)%
	\$661.29m	100.0%

Increase of \$86.73 million (+15.1%) in Reported PBT due to:

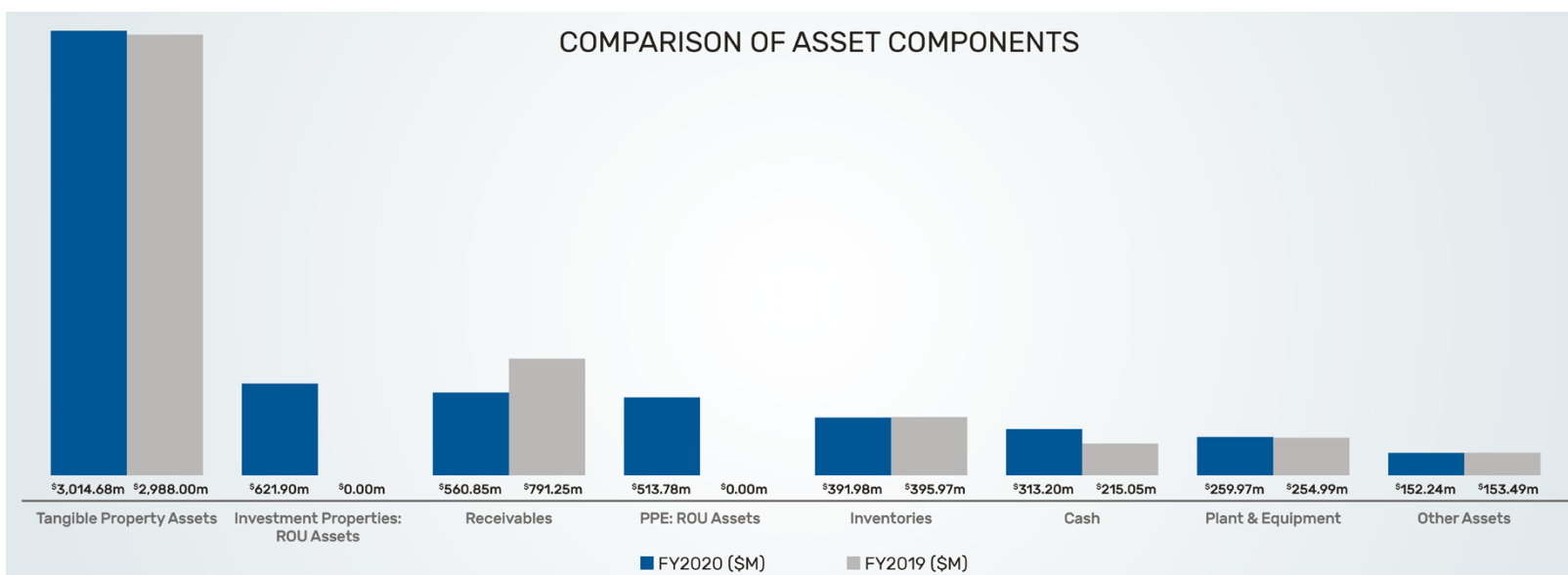
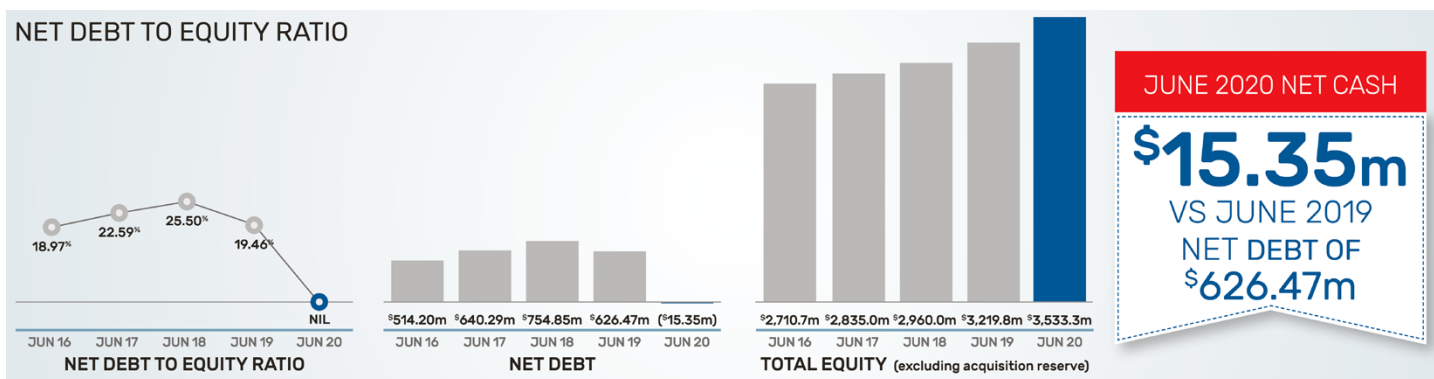
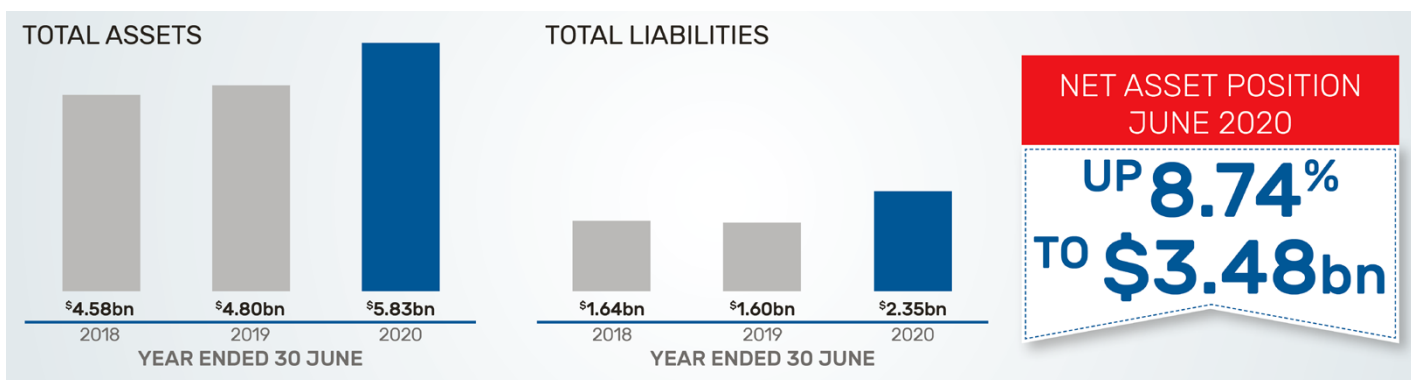
- **\$100.19 million increase in franchising operations segment (\$348.59m vs \$248.40m), up +40.3%**
 - Directly attributable to the growth in aggregated franchisee sales revenue to \$6.16 billion in FY20, an increase of \$505.65 million or +8.9%, mainly due to solid growth in the 2nd half of FY20, particularly in 4Q20.
- **\$22.38 million increase in offshore company-operated segment (\$152.08m vs \$129.70m), up +17.3%**
 - The offshore company-operated retail segment delivered solid sales for FY20 of \$2.08 billion, up by \$71.17 million or +3.5%.
 - Largest contributor to growth in profitability was New Zealand, increasing by \$21.76 million or +28.1% from FY19.
 - The retail result for Ireland & Northern Ireland was \$16.87 million for FY20, an increase of \$9.08 million or +116%, from \$7.80 million in FY19.
 - Offset by a reduction in the retail result for Singapore & Malaysia by \$9.44 million, or -25.5%, to \$27.62 million in FY20 despite 5 new stores in Malaysia in HY20, due to the temporary closures to control the spread of COVID-19 in Southeast Asia, and the prolonged subdued retail, consumer and business sentiment in Singapore.
- **(\$31.49) million decrease in retail property segment (\$173.19m vs \$204.68m), down -15.4%**
 - Mainly due to a lower net property revaluation increment of \$34.96 million in FY20 relative to a net increment of \$70.30 million in FY19.
 - Offset by higher rent received from franchisees and other external tenants during the year.
- **(\$4.35) million decrease in the Other component of PBT (loss of \$12.57m vs loss of \$8.22m), down -52.9%**
 - Other Non-Franchised Retail segment which incurred a loss of \$8.84 million in FY20, compared to a loss of \$16.67 million in FY19.
 - Equity Investments which sustained a loss of \$2.15 million in FY20, compared to a profit of \$18.40 million in FY19.
 - Other Segment which incurred a loss of \$1.58 million in FY20, compared to a loss of \$9.95 million in FY19.
- **The PBT return on net assets was 19.0% for the 2020 financial year, compared to a PBT return on net assets of 18.0% for the 2019 financial year**

YEAR ENDED 30 JUNE 2020	
REPORTED PROFIT AFTER TAX & NCI	PAT & NCI <small>excluding AASB 16 net impact and net property revaluations</small>
\$480.54m	\$462.16m
▲ 19.4% ON 2019	▲ 30.9% ON 2019

- Net profit after tax (NPAT) and non-controlling interests increased by \$78.22 million, or +19.4%, to \$480.54 million for the 2020 financial year, from \$402.32 million in the preceding year. Excluding the AASB 16 net impact and the after tax net property revaluation adjustments, NPAT would have been \$462.16 million for FY20, up by \$109.08 million or +30.9% relative to prior year.
- The effective tax rate was 26.50% for the 2020 financial year, compared to an effective tax rate of 28.81% for the 2019 financial year.
- Our New Zealand business recognised a large credit to deferred tax expense of \$14.77 million in FY20 (FY19: nil) resulting from a legislative change as part of the COVID-19 Act (passed in March 2020) to re-introduce tax deductions in respect of future building depreciation expenses.

INCOME STATEMENT	FY 2020			FY 2019		INCREASE/(DECREASE)		
	REPORTED	AASB 16 IMPACT	PRE-AASB 16	PRE-AASB 16*		REPORTED		PRE-AASB 16*
SALES OF PRODUCTS TO CUSTOMERS*	\$2,294.91m		\$2,294.91m	\$2,234.12m		\$60.80m	2.7%	\$60.80m
GROSS PROFIT	\$739.64m		\$739.64m	\$723.39m		\$16.26m	2.2%	\$16.26m
REVENUE RECEIVED FROM FRANCHISEES	\$1,055.87m		\$1,055.87m	\$943.65m		\$112.22m	11.9%	\$112.22m
REVENUES AND OTHER INCOME	\$195.00m		\$195.00m	\$242.42m		(\$47.42m)	(-19.6%)	(\$47.42m)
TOTAL EXPENSES	(\$1,336.84m)	(\$9.27m)	(\$1,327.57m)	(\$1,344.68m)		\$7.84m	0.6%	\$17.11m
SHARE OF NET PROFIT OF JV ENTITIES	\$7.63m		\$7.63m	\$9.79m		(\$2.16m)	(-22.1%)	(\$2.16m)
PROFIT BEFORE TAX	\$661.29m	(\$9.27m)	\$670.56m	\$574.56m		\$86.73m	15.1%	\$96.00m
INCOME TAX EXPENSES	(\$175.27m)	\$2.48m	(\$177.74m)	(\$165.56m)		(\$9.71m)	5.9%	(\$12.19m)
NON-CONTROLLING INTERESTS	(\$5.48m)	\$0.63m	(\$6.11m)	(\$6.69m)		\$1.20m	18.0%	\$0.58m
PROFIT AFTER TAX & NCI	\$480.54m	(\$6.17m)	\$486.71m	\$402.32m		\$78.22m	19.4%	\$84.39m

* Relates to sales revenue generated by company-operated stores and excludes the sales made by franchisees in Australia.



	JUN 2020			JUN 2019 PRE-AASB 16*	INCREASE/(DECREASE)			
	REPORTED	AASB 16 IMPACT	PRE-AASB 16		REPORTED		PRE-AASB 16*	
TOTAL ASSETS	\$5,828.60m	(\$1,135.69m)	\$4,692.92m	\$4,798.74m	\$1,029.86m	21.5%	(\$105.83m)	(-2.2%)
TOTAL LIABILITIES	\$2,351.28m	(\$1,173.09m)	\$1,178.19m	\$1,600.95m	\$750.33m	46.9%	(\$422.76m)	(-26.4%)
EQUITY	\$3,477.33m	\$37.40m	\$3,514.73m	\$3,197.79m	\$279.53m	8.7%	\$316.93m	9.9%

TOTAL ASSETS
UP BY \$1,029.86m (▲ 21.5%)
 FROM \$4.80 BILLION IN FY19
 TO \$5.83 BILLION IN FY20

- \$1,135.69m attributable to the implementation of AASB 16 resulting in recognition of right-of-use-assets for leases of owner-occupied properties and plant and equipment leases of \$513.78 million and investment properties: leasehold right-of-use assets relating to leases of properties sub-leased to external parties of \$621.90 million.
- \$98.15m (+45.6%) increase in cash and cash equivalents due to higher receipts from customers (due to stronger sales from company-operated stores), higher net receipts from franchisees primarily due to the improved profitability of the franchising operations segment, cancellation of interim dividend and other measures taken to preserve cash in response to the pandemic.
- \$84.38m (+3.4%) increase in value of the freehold investment property portfolio primarily due to the net property revaluation increment over the past 12 months.

Offset by;

- \$230.41m reduction in trade receivables due to lower receivables from franchisees by \$255.37m as a result of higher net cash receipts from franchisees.
- \$33.32m decrease in property, plant and equipment assets due to \$75.16m reclassification from property, plant and equipment assets to right-of-use assets upon first-time adoption of AASB 16.

TOTAL LIABILITIES
UP BY \$750.33m (▲ 46.9%)
 FROM \$1.60 BILLION IN FY19
 TO \$2.35 BILLION IN FY20

- \$1,173.09m attributable to the recognition of lease liabilities resulting from implementing AASB 16 Leases.

Offset by;

- \$543.68m reduction in interest bearing loans and borrowings due to the repayment of \$520m in the Syndicated Facility since the end of last year.

	JUN 2020			JUN 2019 PRE-AASB 16*	INCREASE/(DECREASE)			
	REPORTED	AASB 16 IMPACT	PRE-AASB 16		REPORTED		PRE-AASB 16*	
NET CASHFLOWS FROM OPERATING ACTIVITIES	\$1,056.96m	(\$124.77m)	\$932.19m	\$372.85m	\$684.12m	183.5%	\$559.35m	150.0%
NET CASHFLOWS USED IN INVESTING ACTIVITIES	(\$136.96m)		(\$136.96m)	(\$66.20m)	(\$70.76m)	(-106.9%)	(\$70.76m)	(-106.9%)
NET CASHFLOWS USED IN FINANCING ACTIVITIES	(\$811.37m)	\$124.77m	(\$686.60m)	(\$246.29m)	(\$565.08m)	(-229.4%)	(\$440.31m)	(-178.8%)
NET DECREASE IN CASH & CASH EQUIVALENTS	\$108.63m		\$108.63m	\$60.35m	\$48.28m	80.0%	\$48.28m	80.0%
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	\$185.82m		\$185.82m	\$125.46m	\$60.35m	48.1%	\$60.35m	48.1%
CASH & CASH EQUIVALENTS AT END OF YEAR	\$294.45m		\$294.45m	\$185.82m	\$108.63m	58.5%	\$108.63m	58.5%

OPERATING CASH FLOWS

UP BY \$684.12mFROM \$372.85 MILLION IN FY19
TO \$1,056.96 MILLION IN FY20

- \$445.86m increase in net receipts from franchisees
→ Primarily due to improved profitability of the franchising operations segment in the second half of FY20, directly attributable to growth in aggregated franchisee sales.
- \$63.67m increase in receipts from customers
→ Primarily due to higher sales from company-operated stores including new stores opened in FY20.
- \$210.28m decrease in payments to suppliers and employees
→ Primarily due to the adoption of AASB 16, where only variable lease payments and payments for short-term and low-value leases form part of payments to suppliers and employees. All other lease payments under AASB 16 are allocated between interest and principal components and classified within operating and financing cash flows respectively.

Offset by;

- \$40.54m increase in interest paid on lease liabilities (accretion) as required under AASB 16 Leases.

INVESTING CASH OUTFLOWS

UP BY \$70.76mFROM \$66.20 MILLION IN FY19
TO \$136.96 MILLION IN FY20

- \$23.60m increase in cash outflows for the purchase and refurbishments of freehold investment properties.

Offset by;

- \$23.60m increase in proceeds from sale of PPE and properties held for resale, mainly due to the HNHL's share of proceeds received from the sale for the Byron at Byron Bay Resort Joint Venture.
- \$40.50m received in prior year pursuant to the completion of the Administrator Sale of the Coomboona assets.

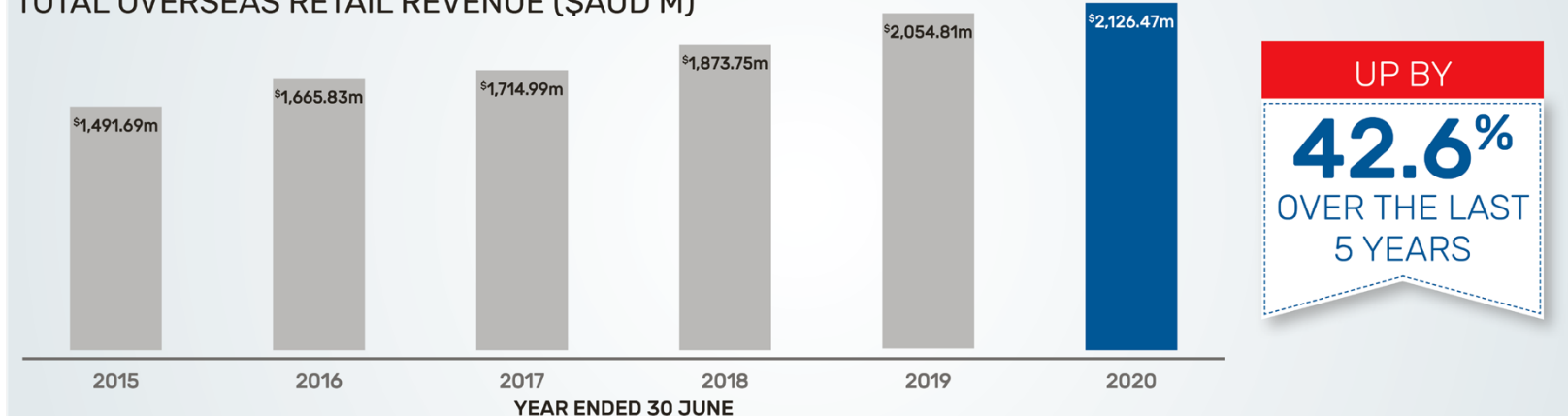
FINANCING CASH OUTFLOWS

UP BY \$565.08mFROM \$246.29 MILLION IN FY19
TO \$811.37 MILLION IN FY20

- \$495m increase in net repayment of the Syndicated Facility
- \$124.77m increase due to the inclusion of the principal component of lease payments upon first-time adoption of AASB 16 Leases in FY20.
- Offset by \$39.56m reduction in loans repaid to related parties.

OFFSHORE SEGMENT PROFIT RESULT	FY 2020	FY 2019	INCREASE/(DECREASE)	
RETAIL - NEW ZEALAND	\$99.16m	\$77.39m	\$21.76m	28.1%
RETAIL - SINGAPORE & MALAYSIA	\$27.62m	\$37.06m	(\$9.44m)	(-25.5%)
RETAIL - IRELAND & NORTHERN IRELAND	\$16.87m	\$7.80m	\$9.08m	116.4%
RETAIL - SLOVENIA & CROATIA	\$8.43m	\$7.46m	\$0.98m	13.1%
TOTAL OVERSEAS	\$152.08m	\$129.70m	\$22.38m	17.3%

TOTAL OVERSEAS RETAIL REVENUE (\$AUD M)



TOTAL OVERSEAS RETAIL PROFIT RESULT (\$AUD M)



COMPANY-OPERATED
RETAIL REVENUE
\$2.13 BILLION
FOR FY2020

**REVENUE
GROWTH OF 42.6%**
OVER THE LAST 5 YEARS

OFFSHORE COMPANY-OPERATED
RETAIL SALES REVENUE
UP BY \$71.17m (▲ 3.5%)
FROM \$2.01 BILLION IN FY19
TO \$2.08 BILLION IN FY20

IRELAND & NORTHERN IRELAND
**SALES UP BY
\$70.36m (▲ 19.0%)**

NEW ZEALAND
**SALES UP BY
\$25.09m (▲ 2.7%)**

SLOVENIA & CROATIA
**SALES UP BY
\$5.44m (▲ 3.7%)**

SINGAPORE & MALAYSIA
**SALES DOWN BY
\$29.72m (▼ 5.4%)**

- **\$70.36m increase in Ireland & Northern Ireland sales revenue**

Ireland

- Up by \$71.47m mainly due to a strong HY20 and in 3Q20 prior to lockdown.
- The government mandated lockdown resulted in a significant sales decrease over the lockdown period however post lockdown, sales for the Irish business rebounded strongly.
- Overall, outperformed the discretionary retail market in Ireland with associated market share gains across all of its main product categories.

Northern Ireland

- Sales down by (\$1.12m).

- **\$25.09m increase in NZ sales revenue**

- Up mainly due to record HY20 sales, topping over half-a-billion dollars in both local currency and on translation to AUD.
- Sales in NZ suffered a significant decline in local currency during the lockdown period. Sales rebounded strongly when the lockdown restrictions were lifted.

- **\$5.44m increase in Slovenia & Croatia sales revenue**

Slovenia

- Up by \$4.66m mainly due to strong sales revenue growth in the first half of FY2020. Sales growth was solid throughout January and February before the government mandated lockdown.

Croatia

- Up by \$0.78m.

- **(\$29.72m) decrease in Singapore & Malaysia sales revenue**

Malaysia

- Up by \$27.11m mainly due to strong sales revenue growth in HY20 due to 5 new stores.

Singapore

- Down by (\$54.18m) due to subdued retail business and consumer sentiment.
- Sales were adversely affected by the protracted trade war between the United States and China, and further exacerbated by the pandemic.
- Sales quickly rebounded upon the resumption of in-store trade from 19th June 2020.

OVERSEAS COMPANY-OPERATED
RETAIL SEGMENT

NOW REPRESENTS 23%
OF TOTAL PROFIT BEFORE TAX

GROWTH OF 316%
OVER THE LAST 5 YEARS

OVERSEAS
COMPANY-OPERATED RETAIL
SEGMENT PBT

UP BY 17.3%
FROM \$129.70m IN FY19
TO \$152.08m IN FY20

- **\$21.76m (+28.1%) increase in NZ result from \$77.39m in FY19 to \$99.16m in FY20**
 - Market share growth across all key product categories in New Zealand.
 - Robust sales with solid floor margins, and an effort to curtail and streamline operating expenses, has resulted in an increase in the retail result in New Zealand.
- **\$9.08m (+116.4%) increase in Ireland & Northern Ireland result from \$7.80m in FY19 to \$16.87m in FY20**
 - Ireland retail result increased by \$9.54m (+119%) mainly due to double digit sales growth in first half of FY20.
 - Northern Ireland generated a loss of (\$0.71m) due to decrease in sales as the Northern Ireland economy has struggled to recover from the pandemic.
- **\$0.98m (+13.1%) increase in Slovenia & Croatia result from \$7.46m in FY19 to \$8.43m in FY20**
 - Slovenia retail result increased by \$1.38m (+20.1%).
 - Sales revenue increased for Croatia however profit decreased by \$0.41m. The Croatian economy has a significant tourist sector adversely affected by the travel restrictions imposed by the COVID-19 pandemic.
- **(\$9.44m) (-25.5%) decrease in Singapore & Malaysia result from \$37.06m in FY19 to \$27.62m in FY20**
 - Profitability improved in Malaysia, assisted by 5 new store openings and strong sales growth in the first half of FY20
 - Profitability in Singapore reduced due to lower sales, the adverse effect of the protracted US & China trade war and the progressive restrictions to contain the spread of COVID-19.
 - Incorporates the net financial impact of AASB 16 which increased expense by \$3.93m as all Harvey Norman® stores are leased from external landlords.

TOTAL SYSTEM SALES REVENUE OF **\$8.46 BILLION** FOR FY20

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
\$6.16bn

COMPANY-OPERATED SALES
REVENUE OF **\$2.29bn**

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

AGGREGATED FRANCHISEE SALES OF
\$6.16bn FOR FY20
vs \$5.66bn FOR FY19
UP 8.9% (\$AUD)

AGGREGATED COMPARABLE
FRANCHISEE SALES OF
\$6.13bn FOR FY20
vs \$5.62bn FOR FY19
UP 9.1% (\$AUD)

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

TOTAL SALES

	1Q2020 vs. 1Q2019	2Q2020 vs. 2Q2019	3Q2020 vs. 3Q2019	4Q2020 vs. 4Q2019	FY2020 vs. FY2019
AUSTRALIAN FRANCHISEES \$A*	+1.4%	(-0.9%)	+6.7%	+29.8%	+8.9%
NEW ZEALAND \$NZD	+5.9%	+2.5%	+5.0%	(-6.8%)	+1.5%
SLOVENIA & CROATIA €EURO	+10.5%	+2.3%	(-9.2%)	(-2.0%)	+0.3%
IRELAND €EURO	+5.5%	+13.2%	+26.0%	+24.5%	+16.5%
NORTHERN IRELAND £GBP	+8.6%	+10.8%	(-7.2%)	(-59.3%)	(-9.4%)
SINGAPORE \$SGD	(-12.2%)	(-11.6%)	(-9.0%)	(-49.7%)	(-20.0%)
MALAYSIA RM	+10.0%	+20.2%	+8.7%	(-4.6%)	+8.6%

* 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.

COMPARABLE SALES

Excludes the effect of the temporary closures
mandated by each local Government overseas as a
result of the COVID-19 response

	1Q2020 vs. 1Q2019	2Q2020 vs. 2Q2019	3Q2020 vs. 3Q2019	4Q2020 vs. 4Q2019	FY2020 vs. FY2019
AUSTRALIAN FRANCHISEES \$A*	+1.1%	(-0.8%)	+6.9%	+30.3%	+9.1%
NEW ZEALAND \$NZD	+5.9%	+2.6%	+5.0%	(-7.1%)	+1.4%
SLOVENIA & CROATIA €EURO	+10.5%	+2.3%	(-9.6%)	(-2.0%)	+0.2%
IRELAND €EURO	+5.5%	+13.2%	+26.0%	+24.5%	+16.5%
NORTHERN IRELAND £GBP	+8.6%	+10.8%	(-7.2%)	(-59.3%)	(-9.4%)
SINGAPORE \$SGD	(-9.8%)	(-9.4%)	(-9.0%)	(-49.7%)	(-18.9%)
MALAYSIA RM	(-2.4%)	+0.8%	(-14.1%)	(-18.3%)	(-8.4%)

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FRANCHISEE SALES REVENUE FY2020							
TOTAL FRANCHISEE SALES YEAR ENDED 30 JUNE 2020				COMPARABLE FRANCHISEE SALES YEAR ENDED 30 JUNE 2020			
\$6.16bn UP BY 8.9%				\$6.13bn UP BY 9.1%			
HEADLINE	1H 20	2H 20	FY 20	COMPARABLE	1H 20	2H 20	FY 20
% CHANGE	0.11%	18.56%	8.94%	% CHANGE	0.03%	18.90%	9.05%

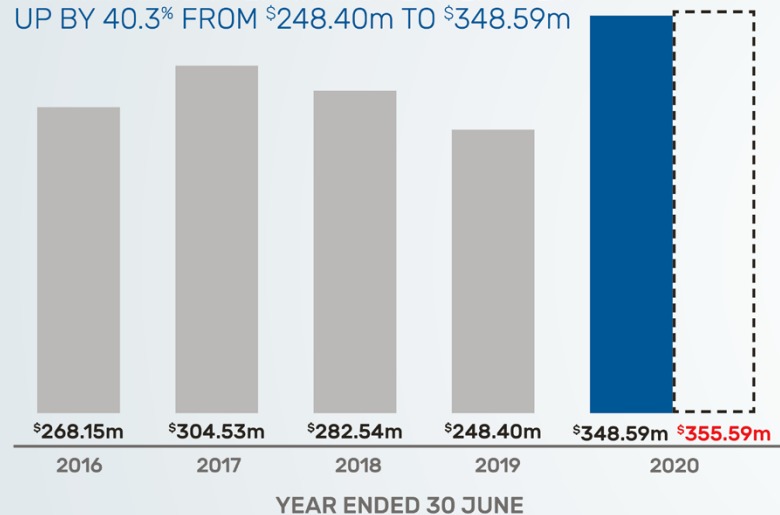
* Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity. Harvey Norman®, Domayne® and Joyce Mayne® retail sales in Australia are made by independently owned franchisee businesses that are not consolidated with the consolidated entity's results.

- In 1H20, aggregated franchisee sales revenue increased by 0.1% on a headline basis, and 0.03% on a comparable sales basis, relative to 1HY19, reflective of a challenging and competitive retail environment and unprecedented natural disasters.
- With the exception of the mandatory closure of two franchised complexes in Tasmania for a 2-week period, the 194 franchised complexes throughout Australia have remained open during FY20.
- Existing online, Click & Collect and contactless delivery offerings were expanded to provide further options for consumers to shop.
- Strong sales in March 2020 – primarily driven by essential technology and appliance goods as more people started to work from home and learn from home.
- Robust sales of essential whitegoods, technology and home office furnishings continued in 4Q20.
- In 2H20, aggregated franchisee sales revenue increased by 18.6% on a headline basis, or 18.9% on a comparable sales basis, to \$3.21 billion, an increase of \$502.49 million from \$2.71 billion in 2H19.
- Amid the difficult and unprecedented events of this year, aggregated franchisee sales revenue for FY20 increased by 8.9% on a headline basis, or 9.1% on a comparable sales basis, to \$6.16 billion, an increase of \$505.65 million from \$5.66 billion for FY19.

FRANCHISING OPERATIONS SEGMENT	FY 2020			FY 2019		INCREASE/(DECREASE)	
	REPORTED	AASB 16 IMPACT	PRE-AASB 16	PRE-AASB 16*	REPORTED	PRE-AASB 16*	
FRANCHISING OPERATIONS SEGMENT REVENUE	\$949.04m		\$949.04m	\$838.67m	\$110.37m	13.2%	\$110.37m
AGGREGATED FRANCHISEE HEADLINE SALES REVENUE*	\$6.16bn		\$6.16bn	\$5.66bn	\$0.50bn	8.9%	\$0.50bn
FRANCHISING OPERATIONS SEGMENT RESULT	\$348.59m	(\$7.00m)	\$355.59m	\$248.40m	\$100.19m	40.3%	\$107.19m
FRANCHISING OPERATIONS MARGIN %	5.66%	(11bps)	5.77%	4.39%	127bps		138bps

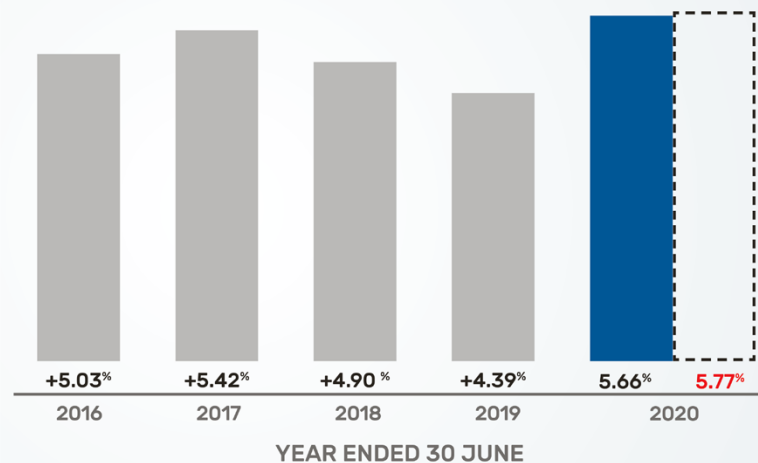
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FRANCHISING OPERATIONS SEGMENT PBT
UP BY 40.3% FROM \$248.40m TO \$348.59m



Excludes net impact of adopting AASB16 Leases.

FRANCHISING OPERATIONS MARGIN
UP FROM 4.39% TO 5.66%



FRANCHISING OPERATIONS
SEGMENT PBT

\$348.59m

UP BY \$100.19M
OR 40.3% ON 2019

JUNE 2020 FRANCHISING
OPERATIONS MARGIN

5.66%

FRANCHISING OPERATIONS
SEGMENT REVENUE
UP BY \$110.37m (▲ 13.2%)
FROM \$838.67m IN FY19
TO \$949.04m IN FY20

- **\$110.37m (+13.12%) increase in segment revenue from \$838.67m in FY19 to \$949.04m in FY20 is mainly due to:**
 - Increase in revenue received from franchisees by \$112.22 million or +11.9%. Net franchise fees increased by \$111.31 million, or +16.6%, primarily driven by the robust aggregated franchisee sales growth in the second half of FY20, particularly the substantial franchisee sales growth in 4Q20 relative to 4Q19.

FRANCHISING OPERATIONS
SEGMENT RESULT
Excluding AASB 16 net impact
UP BY \$107.19m (▲ 43.2%)
FROM \$248.40m IN FY19
TO \$355.59m IN FY20

- **\$107.19m (+43.2%) increase in segment result from \$248.40m in FY19 to \$355.59m in FY20 (excluding AASB 16 Leases financial impact) is mainly due to:**
 - Increase in franchising operations segment revenue by \$110.37m as described above.
 - Offsetting this growth was a net increase in leasing expenses by \$7.00 million due to the adoption of AASB 16 Leases in FY20.

	FY2020	FY2019	Increase/(Decrease)	%
PROPERTY SEGMENT REVENUE	\$300.53m	\$332.16m	(\$31.63m)	▼ (-9.5%)
NET PROPERTY REVALUATION INCREMENT	\$34.96m	\$70.30m	(\$35.35m)	▼ (-50.3%)
PROPERTY SEGMENT EBITDIA	\$199.02m	\$235.08m	(\$36.06m)	▼ (-15.3%)
PROPERTY SEGMENT RESULT BEFORE TAX	\$173.19m	\$204.68m	(\$31.49m)	▼ (-15.4%)

PROPERTY SEGMENT REVENUE
DOWN BY \$31.63m (~ 9.5%)
 FROM \$332.16m IN FY19
 TO \$300.53m IN FY20

- **Impacted by \$35.35m decrease in property revaluation increment**
 → \$35.02m decrease in net revaluation increment for Australian freehold investment property and joint venture properties.
- Offset by higher rent and outgoings received from freehold investment properties in Australia leased to franchisees and other external tenants.
- **Mainly due to \$35.35m decrease in net property revaluation increment, offset by higher rent & outgoings received.**

PROPERTY SEGMENT RESULT
 BEFORE TAX
DOWN BY \$31.49m (~ 15.4%)
 FROM \$204.68m IN FY19
 TO \$173.19m IN FY20

COMPOSITION OF FREEHOLD PROPERTY SEGMENT ASSETS	2020 (\$m)	# OF OWNED RETAIL PROPERTY ASSETS	# OF OWNED OTHER PROPERTY ASSETS	NET INCREASE IN FAIR VALUE (INCOME STATEMENT) (\$m)	NET INCREASE IN FAIR VALUE (EQUITY) (\$m)
(1) Investment Properties (Freehold) and Assets Held for Sale					
- Australia	\$2,583.62	94	43	\$34.27 ⁽¹⁾	-
- New Zealand	\$9.71	-	2	-	-
- Singapore (Property asset held for sale)	\$16.19	-	1	-	-
Total Investment Properties (Freehold) and Assets Held for Sale	\$2,609.52	94	46	\$34.27	-
(2) Owner - Occupied Land & Buildings					
- Australia	\$10.05	-	1	-	\$0.46
- New Zealand	\$288.09	19	1	-	\$22.82
- Singapore	\$8.09	-	1	-	(\$0.58)
- Slovenia	\$80.31	5	-	\$0.69	\$5.33
- Ireland	\$16.36	1	-	-	\$0.35
Total Owner-Occupied Land & Buildings	\$402.92	25	3	\$0.69	\$28.38
(3) Joint Venture Assets	\$2.25	-	7	-	-
Total Freehold Property Segment Assets	\$3,014.68	119	56	\$34.96	\$28.38

(1) This equates to approximately 1.3% of the freehold investment properties balance as at 30 June 2020.

- The consolidated entity owns and manages a robust freehold property portfolio valued at over \$3 billion as at 30 June 2020.
- These large-format retail properties are characterised by generous retail footprints and spacious floor layouts, providing a safer, more spacious and comfortable shopping experience. Property values of large-format retail complexes have been more resilient, in contrast to the softening values of some traditional, multi-storey shopping centres in Australia.

COMPOSITION OF LEASEHOLD PROPERTY SEGMENT ASSETS	RIGHT OF USE ASSETS 2020 (\$m)	LEASE LIABILITIES 2020 (\$m)	# OF LEASED RETAIL PROPERTY ASSETS	# OF LEASED OTHER PROPERTY ASSETS
(1) Leases of Properties Sub-Leased to External Parties				
- Australia	\$621.90	\$643.68	100	140
(2) Leases of Owner-Occupied Properties and Plant and Equipment Assets				
- Australia	\$35.14	\$52.49	-	1
- New Zealand	\$109.24	\$126.75	21	24
- Singapore & Malaysia	\$245.44	\$184.54	35	9
- Slovenia & Croatia	\$11.30	\$13.34	1	6
- Ireland & Northern Ireland	\$112.65	\$152.28	14	10
Total Owner-Occupied Properties and Plant and Equipment Assets	\$513.78	\$529.41	71	50
Total Leasehold Property Segment Assets	\$1,135.69	\$1,173.09	171	190

- 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.
 - As at 30 June 2020, there were 240 leasehold investment properties. 100 leasehold investment properties (42% of total) were sub-leased to Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia for retail purposes. The remaining 140 leasehold investment properties (58% of total) were sub-leased to franchisees for warehousing purposes.
 - Increase in expenses of \$7.04 million in FY20 on adoption of AASB 16 leases.
- 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.
 - Increase in expenses of \$2.23 million in FY20 on adoption of AASB 16 leases.

- We expect to open up to 12 new Harvey Norman® company-operated stores overseas, with 3 in New Zealand, 3 in Malaysia, 3 in Singapore, 2 in Ireland and 1 in Croatia. The new store at Galway City in Ireland has already opened subsequent to balance date and is trading well.
- In Australia, we anticipate opening a new Harvey Norman® franchised complex at Hornsby, NSW in October 2020. Upgrades and refurbishments to franchised complexes as part of our premium refit strategy announced last year is expected to recommence in FY21, after being placed on hold temporarily due to COVID-19 disruptions. Subsequent to balance date, eighteen (18) Harvey Norman® and Domayne® complexes in greater Melbourne, Victoria were closed to the public from 6th August 2020 as a direct result of the Stage 4 Restrictions mandated by the State Government of Victoria. Our franchisees quickly moved to service their customers via Click & Collect and contactless deliveries. The sales turnover of our affected franchisees in greater Melbourne will be adversely affected by the mandated closures.
- On 11th August 2020, the New Zealand Government announced Alert Level 3 restrictions for the Auckland region, and Alert Level 2 restrictions for the remainder of the country, resulting in the closure of eleven (11) Harvey Norman® company-operated stores in Auckland to the public from midday 12th August 2020 to Sunday 30th August 2020 inclusive. All 11 stores are expected to re-open to the public from Monday 31st August 2020.
- The below table shows the aggregated sales increase / (decrease) from 1 July 2020 to 25 August 2020 compared to 1 July 2019 to 25 August 2019. (% increases have been calculated in Australian Dollars \$A)

COUNTRY (% increase calculated in \$AUD)	JULY 2020 vs JULY 2019		AUGUST 2020 vs AUGUST 2019		1 JULY to 25 AUGUST 2020 vs 1 JULY to 25 AUGUST 2019	
	TOTAL (%)	COMPARABLE (%)	TOTAL (%)	COMPARABLE (%)	TOTAL (%)	COMPARABLE (%)
AUSTRALIAN FRANCHISEES	40.5	40.9	34.3	35.1	37.8	38.4
NEW ZEALAND	24.1	23.5	14.6	13.9	19.9	19.2
SLOVENIA & CROATIA	24.8	24.8	35.3	35.3	29.1	29.1
IRELAND	63.1	59.9	57.4	49.1	60.4	54.9
NORTHERN IRELAND	31.7	31.7	19.5	19.5	26.3	26.3
SINGAPORE	0.8	0.8	6.1	6.1	3.0	3.0
MALAYSIA	15.6	2.2	5.4	(-7.4)	10.9	(-2.2)

