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HARVEY NORMAN HOLDINGS LIMITED

Half-Year Ended 31 December 2020

REPORTED PROFIT BEFORE TAX UP 113.8%
PROFIT AFTER TAX & NCI UP 116.3%

REPORTED PBT
$643.91m UP BY 113.8%
FROM $301.15m IN 1H20

PBT
Excluding AASB 16 net impact and net property revaluations
$610.22m UP BY 113.5%
FROM $285.87m IN 1H20

REPORTED PROFIT AFTER TAX & NCI
$462.03m UP BY 116.3%
FROM $213.59m IN 1H20

PROFIT AFTER TAX & NCI
Excluding AASB 16 net impact and net property revaluations
$438.17m UP BY 115.8%
FROM $203.04m IN 1H20

EBITDA
$779.84m UP BY 76.0%
FROM $443.13m IN 1H20

EBITDA
Excluding AASB 16 net impact and net property revaluations
$659.31m UP BY 93.0%
FROM $341.54m IN 1H20

EBIT
$668.95m UP BY 101.3%
FROM $332.39m IN 1H20

EBIT
Excluding AASB 16 net impact and net property revaluations
$614.83m UP BY 107.5%
FROM $296.37m IN 1H20

HALF-YEAR ENDED 31 DECEMBER 2020 (1H21)

RECORD FINANCIAL RESULTS	Variance to 1H20	1H21
Offshore company-operated Harvey Norman® retail sales revenue	+21.8% *(comp +16.9%)*	$1.36bn
Aggregated Headline Franchisee Sales Revenue*	+27.3% *(comp +27.5%)*	$3.76bn
Total Aggregated Company-Operated and Franchisee Sales Revenue	+25.8% *(comp 24.6%)*	$5.12bn
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	+76.0%	$779.84m
Reported Profit Before Tax (PBT)	+113.8%	$643.91m
PBT excluding AASB 16 Leases net impact & net property revaluations	*+113.5%*	*$610.22m*
Reported Profit After Tax and Non-Controlling Interests (PAT&NCI)	+116.3%	$462.03m
PAT&NCI excluding AASB 16 Leases net impact & net property	*+115.8%*	*$438.17m*
Net Assets	+13.9%	$3.74bn
Earnings Per Share	+109.5%	37.08 cents
Interim Dividend (fully-franked)	(A)	20.0 cents
Net Debt to Equity Ratio	Improved from 16.57% in December 2019	NIL

* Sales made by Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia do not form part of the financial results of the consolidated entity.

(A) The interim dividend previously proposed for the year ended 30 June 2020 of 12.0 cents per share, totalling $149.52 million fully-franked and payable on 4 May 2020, was cancelled on 2 April 2020 given the uncertainties surrounding COVID-19 and to preserve and retain cash in the business.

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With the ongoing COVID-19 impact to the communities served by Harvey Norman®, the Board of Harvey Norman Holdings Limited (ASX:HVN) commends the continued efforts of franchisees, franchisee staff, local management and team members across 8 countries, as they maintain their commitment to prioritising the wellbeing and safety of customers, their teams, and members of the community.

HVN announced today that net profit after tax and non-controlling interests for the half year ended 31 December 2020 was $462.03 million, up $248.44 million, from $213.59 million in the previous half year, representing a 116.3% increase.

Profit before tax was $643.91 million, an increase of 113.8% from $301.15 million in the previous half year. Excluding the impact of AASB 16 *Leases* and net property revaluation adjustments, profit before tax would have been $610.22 million for the half year ended 31 December 2020, compared to $285.87 million for the prior half year, an increase of $324.36 million or 113.5%.

Harvey Norman® Chairman, Gerry Harvey said "The solid results delivered this half is a testament to the strength and resilience of the integrated retail, franchise, property and digital strategy and its ability to adapt and transform to the changing retail landscape and continue to navigate the uncertainties presented by COVID-19".

"Pleasingly, customers continued to engage strongly with our brands and importantly, as we are in the lifestyle / home retail space, the customer was appreciative of the shopping experience, spaciousness and easy parking at the physical franchised complexes and stores, whilst embracing the ease of connection to our brands digitally and the important convenience of home delivery and contactless click and collect. The results achieved in 1H21 confirm the strength of our model".

Harvey Norman's® balance sheet continues to prove its strength, anchored by real property assets and a strong working capital position. The value of net assets increased 13.9% to $3.74 billion as at 31 December 2020 from $3.28 billion as at 31 December 2019.

Harvey Norman® was in a net cash position of $21.75 million at 31 December 2020, compared to a net debt position of $553.23 million at 31 December 2019. The net debt to equity ratio at 31 December 2020 was NIL, compared to a net debt to equity ratio of 16.57% at 31 December 2019.

Harvey Norman® Chairman, Gerry Harvey said "The robust cash flows generated from operating activities of over $391 million dollars this half year has enabled us to invest in our businesses and paydown external debt. At 31 December 2020, the consolidated entity had $499 million of unused, available financing facilities, and is well-placed to respond to challenges and capitalise on opportunities as they arise."

Positive momentum has continued from 1 January 2021 to 23 February 2021 with aggregated sales revenue increasing 21% compared to the period 1 January 2020 to 23 February 2020. Refer to the Aggregated Sales release disclosed on the ASX platform today.

The Board has recommended the payment of a fully-franked interim dividend of 20.0 cents per share, to be paid on 3 May 2021 to shareholders registered on 1 April 2021.

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