

# Harvey Norman

HOLDINGS LIMITED | ACN 003 237 545

## APPENDIX 4D HALF YEAR REPORT

DECEMBER  
2023



🚩 Australia

🚩 New Zealand

🚩 Singapore

🚩 Slovenia

🚩 Ireland

🚩 Northern Ireland

🚩 Malaysia

🚩 Croatia

# APPENDIX 4D HALF-YEAR REPORT

DECEMBER 2023

## KEY DATES

### 29 February 2024

Announcement of Profit for the Half-Year Ended 31 December 2023 & Announcement of Interim 2024 Dividend

### 3 April 2024

Record Date for Determining Entitlement to Interim 2024 Dividend

### 1 May 2024

Payment of Interim 2024 Dividend

### 30 August 2024

Announcement of Full-Year Profit to 30 June 2024 & Announcement of Final 2024 Dividend

### 7 October 2024

Record Date for Determining Entitlement to Final 2024 Dividend

### 1 November 2024

Payment of Final 2024 Dividend

## COMPANY INFO

### Registered office

A1 Richmond Road,  
Homebush West NSW 2140  
Ph: 02 9201 6111  
Fax: 02 9201 6250

### Share registry

Boardroom Pty Limited  
Level 8, 210 George Street,  
Sydney NSW 2000  
Ph: 02 9290 9600

### Auditors

Ernst & Young (EY)

### Securities exchange listing

Shares in Harvey Norman Holdings Limited (HVN) are quoted on the Australian Securities Exchange Limited (ASX)

### Solicitors

Brown Wright Stein

### Company secretary

Mr. Chris Mentis

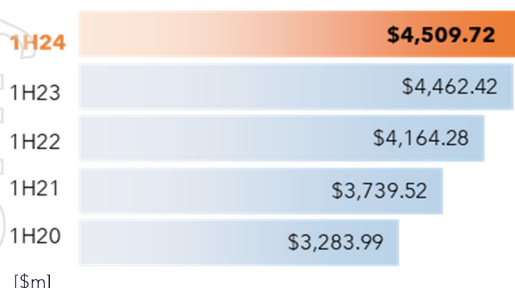
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# DECEMBER 2023 (1H24) RESULTS

## Net Assets

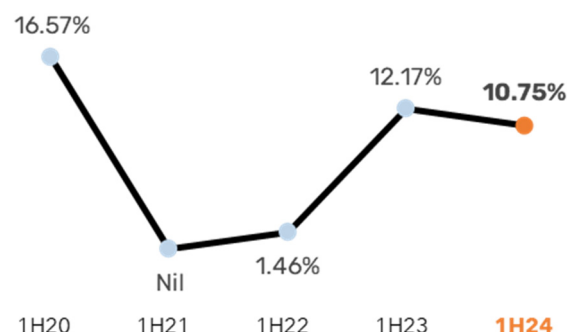
**\$4.510bn**



↑ \$47.31m from 1H23  
↑ \$1,225.74m from 1H20 | 4-YEAR CAGR **8.3%**

## Net Debt to Equity %

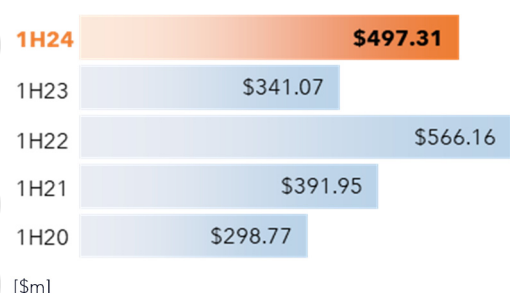
**10.75%**



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

## Operating Cash Flows

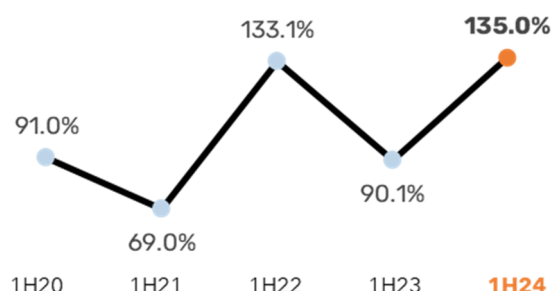
**\$497.31m**



↑ \$156.24m from 1H23  
↑ \$198.55m from 1H20 | 4-YEAR CAGR **13.6%**

## Cash Conversion %

**135.0%**



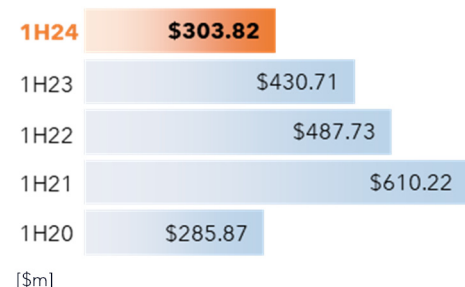
Improvement from 90.1% in 1H23 and 91.0% in 1H20

[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]

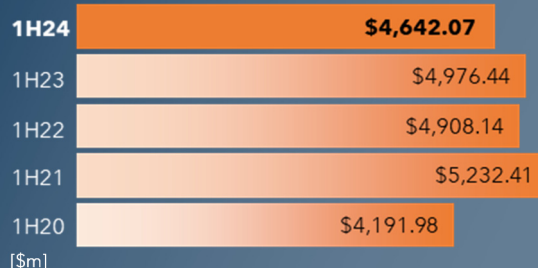
**\$303.82m**



↓ \$126.88m from 1H23 | ↑ \$17.96m from 1H20

## Total System Sales Revenue\*

**\$4.642bn**



↓ \$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.



# HALF-YEAR DECEMBER 2023 (1H24) RESULTS

For announcement to the market

## EBITDA

**\$473.02m**

↓ \$221.00m or -31.8% from \$694.01m in 1H23  
↑ \$29.89m or 6.7% from \$443.13m in 1H20

EBITDA excluding AASB16 net impact and net property revaluations

**\$376.46m**

↓ \$113.80m or -23.2% from \$490.26m in 1H23  
↑ \$34.91m or 10.2% from \$341.54m in 1H20

## EBIT

**\$337.95m**

↓ \$224.42m or -39.9% from \$562.37m in 1H23  
↑ \$5.57m or 1.7% from \$332.39m in 1H20

EBIT excluding AASB16 net impact and net property revaluations

**\$329.60m**

↓ \$116.43m or -26.1% from \$446.03m in 1H23  
↑ \$33.22m or 11.2% from \$296.37m in 1H20

## REPORTED PBT

**\$283.58m**

↓ \$239.09m or -45.7% from \$522.67m in 1H23  
↓ \$17.57m or -5.8% from \$301.15m in 1H20

PBT excluding AASB16 net impact and net property revaluations

**\$303.82m**

↓ \$126.88m or -29.5% from \$430.71m in 1H23  
↑ \$17.96m or 6.3% from \$285.87m in 1H20

## REPORTED PROFIT AFTER TAX & NCI

**\$200.01m**

↓ \$165.89m or -45.3% from \$365.90m in 1H23  
↓ \$13.58m or -6.4% from \$213.59m in 1H20

PAT excluding AASB16 net impact and net property revaluations

**\$213.89m**

↓ \$87.43m or -29.0% from \$301.32m in 1H23  
↑ \$10.85m or 5.3% from \$203.04m in 1H20

## TOTAL SYSTEM SALES REVENUE

**\$4.64bn**

Aggregated headline franchisee sales revenue\* **\$3.16bn**  
Company-operated sales revenue **\$1.48bn**

## HNHL CONSOLIDATED REVENUE

**\$2.15bn**

Sales of products to customers **\$1.48bn**  
Revenues received from franchisees **\$564.30m**  
Revenues and other income items **\$108.33m**

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

## NET ASSETS

**\$4.51bn**

↑ 1.1% from \$4.46bn in Dec 2022  
↑ 37.3% from \$3.28bn in Dec 2019

## BASIC EARNINGS PER SHARE

**16.05c**

Down from 29.37c in 1H23  
Down from 17.14c (restated) in 1H20

## INTERIM DIVIDEND PER SHARE (FULLY-FRANKED)

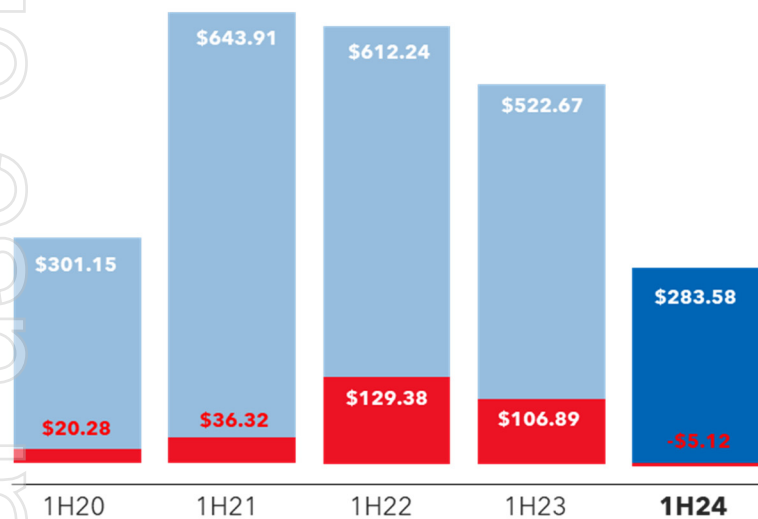
**10.0c**



## Group Results for the Half-Year Ended 31 December 2023 (1H24)

The directors report a profit before tax (PBT) result for the half-year ended 31 December 2023 (1H24) of **\$283.58 million**, a decrease of \$239.09 million or -45.7% from the PBT result of \$522.67 million for half-year ended 31 December 2022 (1H23). Excluding the effects of net property revaluation adjustments and AASB 16 *Leases*, profit before tax for 1H24 was **\$303.82 million**, a decrease of \$126.88 million or -29.5% when compared to 1H23. **When compared to pre-pandemic results in 1H20, the result increased by \$17.96 million, or 6.3%, from \$285.87 million in 1H20.**

### PROFIT BEFORE TAX AS REPORTED (\$M)



HALF YEAR ENDED 31 DECEMBER (including property revaluations)

■ Denotes the contribution of net property revaluations to total PBT

Total revenue for the consolidated entity was \$2.15 billion in 1H24 compared to \$2.34 billion in 1H23, a drop of \$191.84 million or -8.2%. In 1H24, the property segment recorded a net revaluation decrement of \$5.12 million compared to a net revaluation increment of \$106.89 million in 1H23 due to a slight softening of large format retail (LFR) property yields following continued increases in the cost of capital offset by rent growth. In the franchising operations segment, franchise fees fell by \$102.51 million to \$402.82 million in 1H24, relative to \$505.32 million in 1H23, which is directly attributable to the 9.7% moderation in aggregated franchisee sales revenue to \$3.16 billion in 1H24, relative to \$3.51 billion in 1H23.

Total operating expenses as a percentage of total system sales revenue was 18.4% for 1H24 compared to 16.4% in 1H23. The increase in total operating expenses by \$40.21 million can be partially attributed to inflation experienced across the 8 countries and new store openings. Occupancy expenses have increased by \$23.23 million or 16.2% to \$166.44 million in 1H24 due to new store openings and rent increases for existing complexes. Successive interest rate hikes have driven up finance costs by \$11.78 million in Australia and the cost of borrowing has increased by \$2.89 million for the overseas company operated stores. Total marketing expenses in the 8 countries as a percentage of total system sales revenue was 4.3% for 1H24, compared to the pre-pandemic level of 5.1% in 1H20.

Reported profit after tax and non-controlling interests was **\$200.01 million for 1H24**, a decrease of \$165.89 million or -45.3% from \$365.90 million in 1H23. Excluding the effects of net property revaluation adjustments and AASB 16 *Leases*, profit after tax and non-controlling interests for **1H24 was \$213.89 million**, a decrease of \$87.43 million or -29.0% when compared to 1H23. **This result is above pre-pandemic levels, increasing by \$10.85 million, or 5.3%.**

The effective tax rate for the consolidated entity was 28.49% for 1H24 compared to an effective tax rate of 29.26% for 1H23.

There has been a substantial improvement in working capital to deliver strong operating cash flows. Operating cash flows have increased to \$497.31 million for 1H24, an improvement of \$156.24 million or 45.8%, from \$341.07 million in 1H23. This has delivered a strong cash conversion ratio of 135.0% for 1H24 compared to 90.1% for 1H23. Operating cash flows have increased by \$198.55 million, or +66.5%, from pre-pandemic levels of \$298.77 million in 1H20, delivering a 4-year CAGR of 13.6%.

### OPERATING CASH FLOWS

**\$497.31m**

vs 1H23

vs 1H20

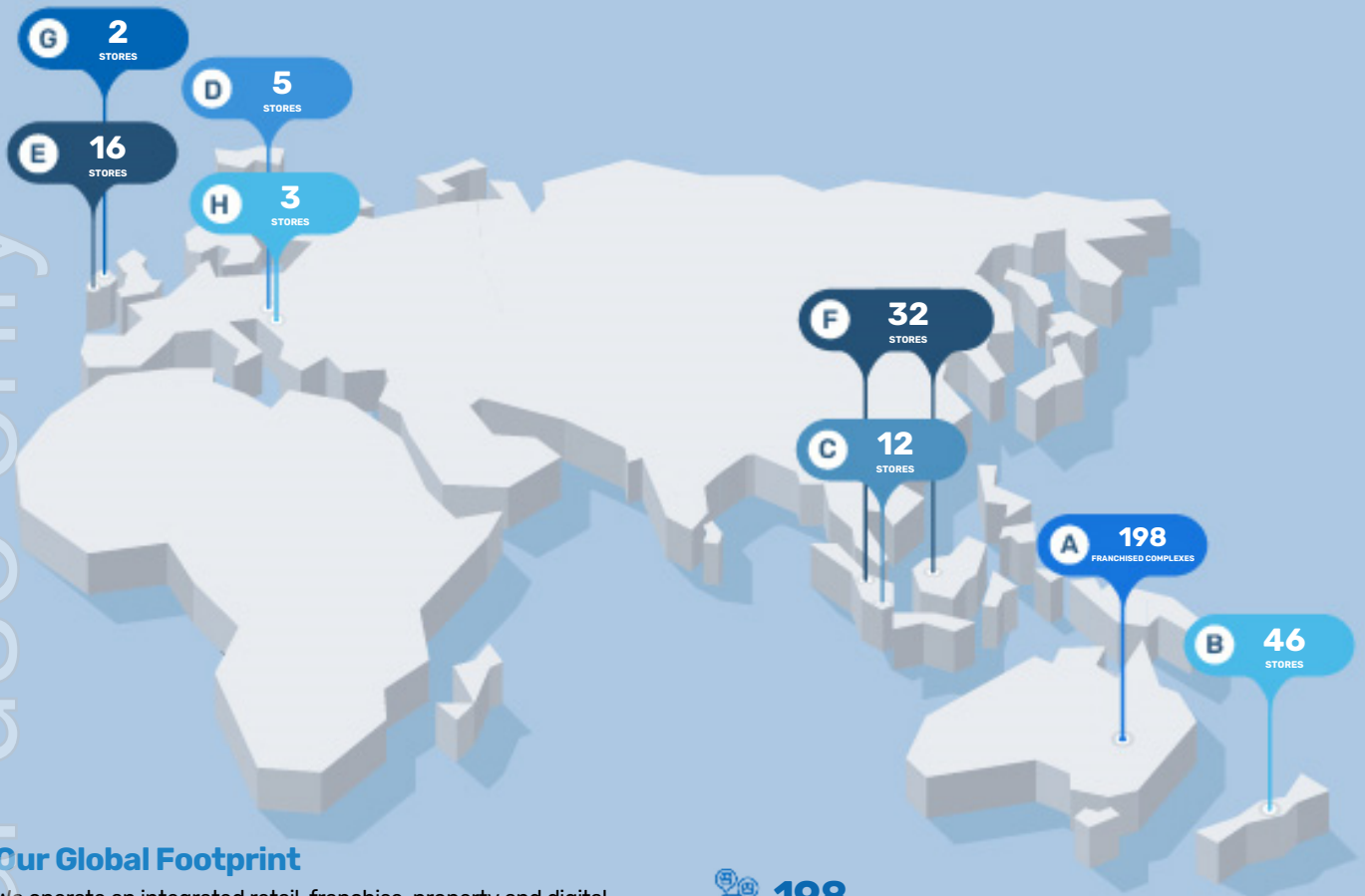
↑ +45.8%  
(up \$156.24m)

↑ +66.5%  
(up \$198.55m)

### STRONG CASH CONVERSION

**135.0%** for 1H24

**90.1%** for 1H23



## Our Global Footprint

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



**198**  
Franchised Complexes in Australia

## Australian Franchising Operations

- 198 franchised complexes in Australia comprising 560 independent franchisees
- 1H24 Aggregated Franchisee Sales Revenue: \$3.16 billion
- 1H24 Franchising Operations PBT: \$143.08 million

## Overseas Company – Operated Retail

- 116 company-operated stores in 7 countries
- 1H24 Overseas Company-Operated Revenue: \$1.40 billion
- 1H24 Overseas Retail PBT: \$76.18 million
- Comprises 26.9% Total PBT (26.4% excluding revaluations)

## Strategic ‘Large-format’ Retail Property Portfolio

- 96 franchised complexes owned (48% of total)
- 470 diverse third-party tenants (large proportion ASX-listed)
- \$3.51 billion Australian investment property portfolio (largest single owner in Australia)
- 1H24 Property PBT: \$70.43 million (including revaluations)
- 27 international owned retail property assets (23% of total)
- \$607.62 million overseas owner-occupied and investment property portfolio

## 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

### An Integrated Retail, Franchise, Property and Digital System

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 a sustained investment in technology, digital transformation and IT infrastructure assets.

Franchising Operations Segment	Overseas Company-Operated Retail Segment	Property Segment
1	2	3
4-year CAGR 3.7%		
REVENUE \$511.81m	REVENUE \$1.40bn	REVENUE \$160.62m
vs 1H23 ↓ -14.0% (down \$83.27m)	vs 1H23 ↑ +0.9% (up \$12.06m)	vs 1H23 ↓ -37.7%* (down \$97.17m)
vs 1H20 ↑ +15.3% (up \$67.99m)	vs 1H20 ↑ +21.7% (up \$249.57m)	vs 1H20 ↑ +2.4% (up \$3.71m)
TOTAL EXPENSES \$368.73m	TOTAL EXPENSES \$1.32bn	TOTAL EXPENSES \$90.19m
vs 1H23 ↑ +3.2% (up \$11.30m)	vs 1H23 ↑ +2.8% (up \$35.48m)	vs 1H23 ↑ +26.2%* (up \$18.70m)
vs 1H20 ↑ +15.2% (up \$48.78m)	vs 1H20 ↑ +23.9% (up \$255.07m)	vs 1H20 ↑ +41.2% (up \$26.33m)
PBT RESULT \$143.08m	PBT RESULT \$76.18m	PBT RESULT \$70.43m
vs 1H23 ↓ -39.8% (down \$94.57m)	vs 1H23 ↓ -23.5% (down \$23.42m)	vs 1H23 ↓ -62.2%* (down \$115.86m)
vs 1H20 ↑ +15.5% (up \$19.22m)	vs 1H20 ↓ -6.7% (down \$5.51m)	vs 1H20 ↓ -24.3% (down \$22.62m)
Representing 49.6% of PBT excluding property revaluations [or 50.5% of Total PBT]	Representing 26.4% of PBT excluding property revaluations [or 26.9% of Total PBT]	Representing 26.2% of PBT excluding property revaluations [or 24.8% of Total PBT]

[\*negatively impacted by: net revaluation decrement of (\$5.12m) in 1H24 vs net revaluation increment of \$106.89m in 1H23, a deterioration of (\$112.01m)]



# Directors' Report - Operating and Financial Review

## The Franchising Operations Segment in Australia

### The Franchised Operating Model in Australia

Harvey Norman Holdings Limited (HNHL) and subsidiaries of HNHL own valuable intellectual property rights, including the trademarks Harvey Norman®, Domayne® and Joyce Mayne®, software and other confidential information to promote and enhance the brands.

A subsidiary of HNHL (a franchisor) grants separate franchises to independent franchisees to use the Harvey Norman®, Domayne® or Joyce Mayne® trade marks in Australia and to conduct the retail business of the franchisee at or from a store within a particular branded complex, pursuant to the terms of a franchise agreement. Each franchisee owns and controls the franchisee business of that franchisee.

Each franchisee has control over the day-to-day operations of the franchisee business and has the discretion and power to make the decisions necessary to drive sales, control floor margins and contain operating costs to maximise the profitability of the franchisee business. Each franchisee pays franchise fees to a franchisor pursuant to a franchise agreement between that franchisee and that franchisor.

The franchising operations segment in Australia captures and records the franchise fees received from franchisees including franchise fees in accordance with franchise agreements, rent

and outgoings for the use of a branded complex and interest on the financial accommodation facility that is made available to each franchisee. The franchising operations segment also includes the costs of operating the franchised system and monitoring and evaluating the performance and compliance of franchisees with their franchise agreements.

#### 1 New Franchised Complex in 1H24

- Harvey Norman® Belconnen, ACT: 3 November 2023

#### Completed Premium Refits during 1H24

- Harvey Norman® Balgowlah, NSW
- Harvey Norman® Preston, VIC

#### Premium Refits Currently in Progress

- Harvey Norman® Erina, NSW
- Harvey Norman® Penrith, NSW
- Harvey Norman® Cannington, WA

172

**Harvey Norman**

Franchised Complexes

19

**DOMAYNE**

Franchised Complexes

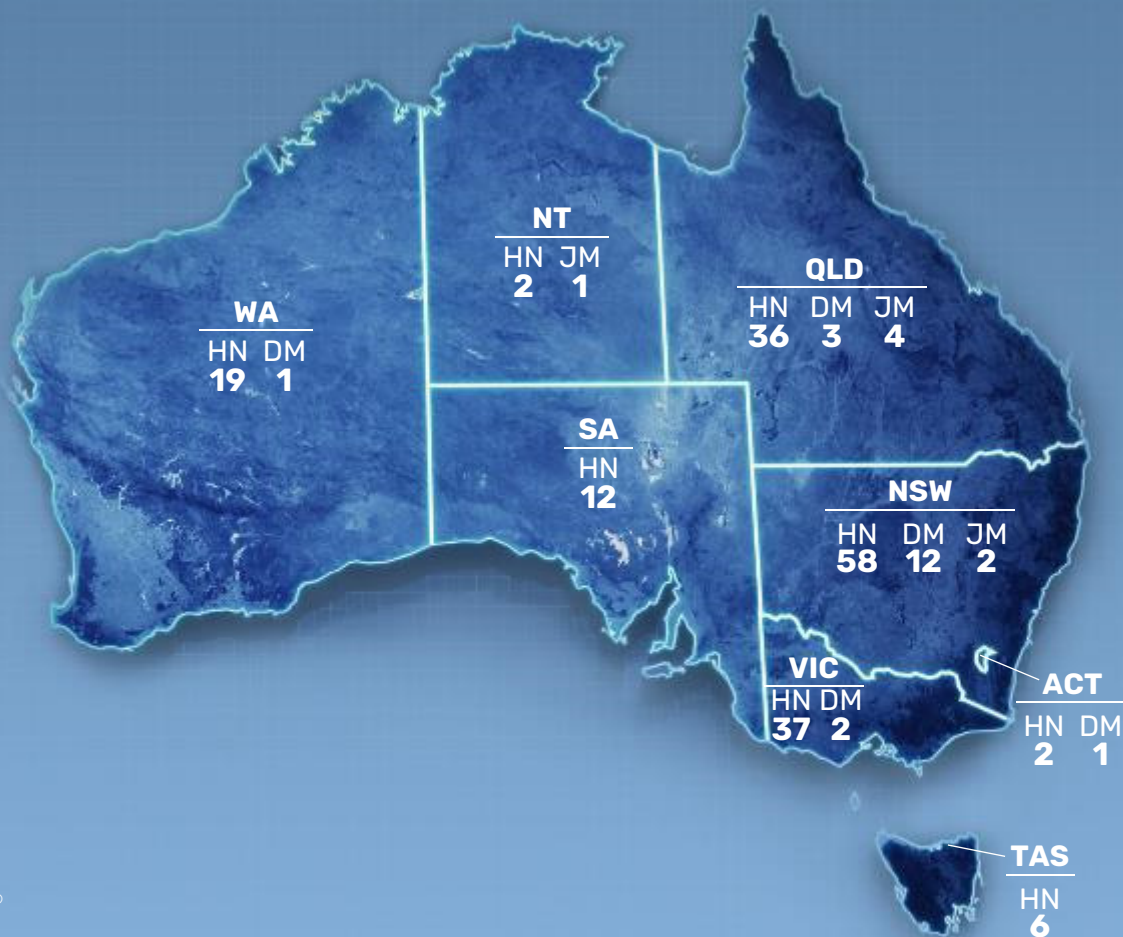
7

**JOYCE MAYNE**

Franchised Complexes

560

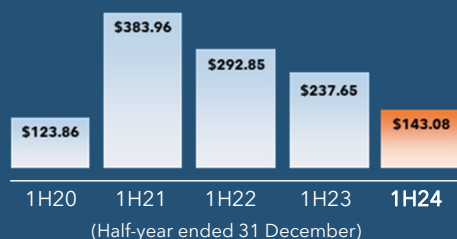
Independent franchisees carrying on their business under Harvey Norman®, Domayne® & Joyce Mayne® brands.



### Franchising operations segment PBT (\$m)

**\$143.08m**

↓ \$94.57m or -39.8% from 1H23  
↑ \$19.22m or 15.5% from 1H20

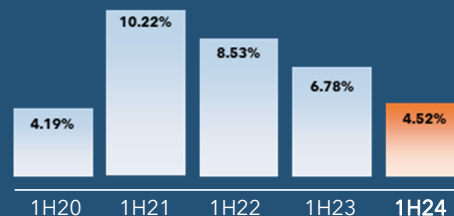


(Half-year ended 31 December)

### Franchising operations margin (%)

**4.52%**

↓ 226 bps from 1H23  
↑ 33 bps from 1H20



(Half-year ended 31 December)

The franchising operations segment PBT result was \$143.08 million for 1H24, a reduction of \$94.57 million or -39.8% from \$237.65 million in 1H23. This represents a franchising operations margin of 4.52% for 1H24, a 226 basis points drop compared to a margin of 6.78% reported in 1H23. When compared to pre-pandemic results in 1H20, the franchising operations segment result increased by \$19.22 million, or 15.5%, from \$123.86 million, demonstrating a stable 4-year CAGR of 3.7%. The franchising operations margin for 1H24 was 33 basis points higher than the margin for 1H20 of 4.19%.

Profitability of the franchising operations segment was negatively impacted by a reduction in franchising operations segment revenues by \$83.27 million, or -14.0%, from \$595.08 million in 1H23 to \$511.81 million in 1H24. This decrease is primarily due to a reduction in franchise fees by \$102.51 million, or -20.3%, to \$402.82 million in 1H24 from \$505.32 million in 1H23.

There is a direct correlation between Harvey Norman®, Domayne® and Joyce Mayne® franchisee sales revenue in Australia and franchise fees charged in accordance with franchise agreements. Inflationary conditions have persisted this half, curtailing Homemaker activity in response to cost-of-living pressures. This has resulted in a reduction in aggregated franchisee sales by \$341.49 million or -9.7% to \$3.16 billion in 1H24, with a direct flow-on impact in reducing franchise fee revenues.

This was offset by higher rent and outgoings received from franchisees occupying properties leased by the consolidated entity by \$3.77 million or 5.7% and higher interest to administer franchisee financial accommodation facilities by \$3.22 million.

Operating costs increased marginally by \$11.30 million or 3.2% relative to the prior period. This was mainly attributable to higher finance costs and higher costs to monitor and evaluate franchisee compliance and operational performance.

The franchisor continues to promote and enhance the Harvey Norman®, Domayne® and Joyce Mayne® brands in Australia. Overall marketing spend has remained relatively consistent with the previous period, and remains efficient at 5.5% of Australian franchisee sales revenue compared to the pre-pandemic ratio of 6.1% in 1H20.

The franchisor has continued to invest in the bonus gift card programs and incentives of franchisees to protect the brands and preserve customer loyalty and retention. This investment is largely consistent with the prior half and aims to assist each franchisee to enhance and grow their customer base.

Franchisees are well-positioned to benefit from growth in the Homemaker categories and an improvement in residential property activity following solid net migration increases.

### Franchising operations segment

		1H	2H	FY
<b>Franchising operations segment PBT</b> (\$m)	FY24	\$143.08m	N/A	N/A
	FY23	\$237.65m	\$135.71m	\$373.36m
	FY20	\$123.86m	\$224.73m	\$348.59m
<b>Aggregated franchisee sales revenue*</b> (\$bn)	FY24	\$3.16bn	N/A	N/A
	FY23	\$3.51bn	\$2.91bn	\$6.42bn
	FY20	\$2.95bn	\$3.21bn	\$6.16bn
*Sales made by franchises in Australia do not form part of the financial results of the consolidated entity.				
<b>Franchising operations margin</b> (%) [calculated as franchising operations segment PBT ÷ aggregated franchise sales revenue]	FY24	4.52%	N/A	N/A
	FY23	6.78%	4.66%	5.82%
	FY20	4.19%	7.00%	5.66%

## Australian Franchisee Sales Revenue Underpins the Franchising Operations Segment

The inflationary environment continues to dampen discretionary retail in Australia and most households continue to be negatively impacted by higher interest rates and mounting cost of living pressures.

Australian franchisee sales for 1H24 decreased by 9.7% to \$3.16 billion relative to 1H23 as 1H23 was buoyed by the normalisation of retail trading conditions following two years of COVID-related disruptions. 1H23 saw near-record sales of \$3.51 billion (only surpassed by record sales in 1H21 due to pandemic-fuelled expansion in the Homemaker categories) thereby providing a challenging retail base for comparison purposes. When compared to 1H20, aggregated franchisee sales remain well above pre-pandemic levels growing by 7.2% from \$2.95 billion in 1H20.

Franchisee sales recovered throughout 2Q24 in the lead up to the busy Christmas trading period and were assisted by an improvement in sales of seasonal products by Electrical and Furniture franchisees which were negatively impacted by cooler than usual temperatures experienced in the previous corresponding period.

Harvey Norman®, Domayne® and Joyce Mayne® remain well placed to benefit from growth that arises from the home renovation cycle, new home starts and net migration increases.

### Total franchisee sales\*

Half-year ended 31 December 2023

**\$3.16bn**

↓ 9.7% on 1H23

↑ 7.2% on 1H20

### Comparable franchisee sales\*

Half-year ended 31 December 2023

**\$3.15bn**

↓ 10.2% on 1H23

↑ 9.4% on 1H20

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

Harvey Norman® Belconnen, ACT, Australia opened November 2023





## A 'Customer-Centric' Strategy

Over the last 6 months, the consolidated entity has continued to strengthen its digital strategy as an essential pillar underpinning the integrated retail, franchise and property system. The digital strategy focuses on enhancing the customer experience by augmenting the various technology platforms and infrastructure to enable Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia and overseas company-operated stores to provide customers with a seamlessly integrated, efficient and highly personalised omnichannel experience.

Cyber security is a key priority for the consolidated entity and investments continue to be made to increase customer convenience and operational efficiency, whilst maintaining a robust cyber security program to mitigate the cyber risks of the business.



### Customer First System

The Customer First system, powered by Freshworks, is central to the customer interaction management platform and is licenced for use within each franchised complex and by the overseas company-operated stores to improve customer service. A proactive approach has been taken by the consolidated entity in designing this system to be adaptable and agile to continuously adapt to evolving customer requirements. This approach has assisted in the delivery of exceptional and consistent service to customers, regardless of their geographic location or how they engage with the brands.

Additionally, there was a successful upgrade of the eCommerce platform for the Harvey Norman®, Domayne® and Joyce Mayne® websites in Australia to build on the secure IT foundations and enrich the overall customer experience.

### Future of Payments

In response to evolving customer shopping preferences, a new initiative was established to integrate Afterpay into the Harvey Norman®, Domayne® and Joyce Mayne® Australian and New Zealand online payment platforms over the past six months.

Additionally, new gift card platforms have been introduced in Singapore, Malaysia, New Zealand and Ireland, facilitating more efficient online and in-store gift card purchases and redemptions.

The Harvey Norman® brand is committed to enhancing customer loyalty and retention and offering various payment methods adds convenience and flexibility to the customer experience.

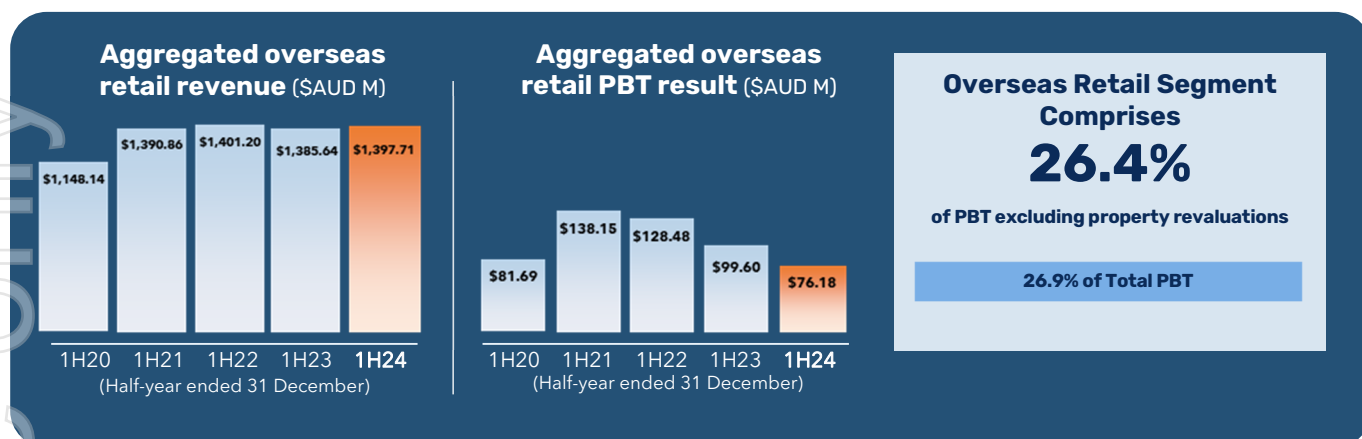
### Click & Collect on Microsoft Teams Continuous Improvements

The Harvey Norman® Click & Collect offering is available across all franchised complexes in Australia and in company-operated stores in 7 countries overseas. The majority of orders completed on the Harvey Norman®, Domayne® and Joyce Mayne® websites under this method are prepared within a one-hour timeframe, enabling customers to benefit from the efficient speed and customer care powered by Microsoft Teams.

Continuous improvements and enhancements have been ongoing for the Microsoft Teams-based system allowing for timely updates on order status and pick-up locations. This system incorporates integrated notifications, enabling customers to communicate their arrival with a convenient "On My Way" or "Arrived" button on their device, whether opting for in-store pick-up or car-side delivery. Dedicated Click & Collect parking bays and in-store desks further enhance the efficiency of this offering.

Customers utilising this system have rated Harvey Norman® franchisees in Australia with a Customer Satisfaction score of nearly 90%. The recent integration of OpenAI technology into Microsoft Teams may assist franchisees and overseas company-operated stores to further optimise communication and collaboration processes, thereby increasing productivity and more efficient customer service.

## Overseas company-operated retail segment

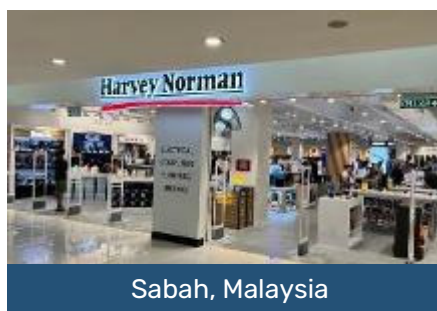


## New overseas stores opened in HY24



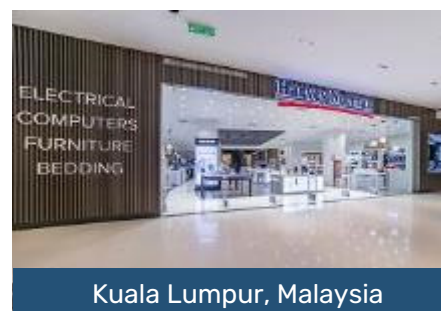
Selangor, Malaysia

Opened on 24 July 2023  
Located in Plaza Shah Alam,  
Selangor



Sabah, Malaysia

Opened on 28 August 2023  
Located in Kota Kinabalu, Sabah



Kuala Lumpur, Malaysia

Opened on 9 October 2023  
Located in Pavilion Damansara Heights,  
Kuala Lumpur



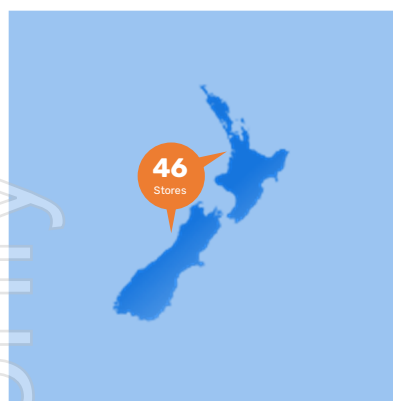
Pahang, Malaysia

Opened on 17 November 2023  
Located in Kuantan, Pahang (electrical  
and computers only)



Tauriko, New Zealand

Opened on 11 December 2023  
Located in Tauriko,  
Tauranga in the North Island



## New Zealand

**New Zealand Flagship**  
 Wairau Park, Auckland (Launched Jun 2018)



### New Zealand

#### 46 Harvey Norman® Company-Operated Stores

In New Zealand, the 46th company-operated store opened at Tauriko located in Tauranga, North Island on 11 December 2023, as planned.

During 1H24, the macroeconomic headwinds in New Zealand have continued to worsen with consumer spending reaching a four-year low, excluding pandemic lockdown periods. The official cash rate has been held at 5.5% since May 2023 and consumers have been progressively transitioning off lower fixed-rate mortgages. Higher interest rates, the tight rental market and mounting cost of living pressures continue to squeeze household budgets. This continues to negatively impact both business and consumer confidence resulting in a deferral of spending in the Homemaker categories and lower foot traffic in our Harvey Norman® company-operated stores.

1H24 sales **declined by NZ\$35.75 million or -6.1% to NZ\$547.06 million** relative to 1H23 of NZ\$582.81 million. When translated to Australian dollars, the decline was \$22.65 million or -4.3%, to \$506.21 million for 1H24, from \$528.86 million in 1H23, assisted by a 2.0% appreciation in the AUD relative to the NZD during the half. NZ sales are still marginally ahead of pre-pandemic levels, growing by NZ\$13.23 million or 2.5% compared to 1H20 in local currency.

The contraction in sales is reflective of the weakened New Zealand economy as consumers adopt a prudent mindset by scaling back on discretionary spending on Homemaker items and a cautious approach towards investing in their homes. With the exception of the Computer category that had a slight uptick in sales due to a change in product range, a reduction in sales was seen across all key categories. The Wairau Park flagship store in Auckland has still not fully recovered from the flood event in January 2023, with a detrimental impact to the sales of the Electrical category. This reduction was offset by a full 6-months trading of the Harvey Norman® Masterton store that

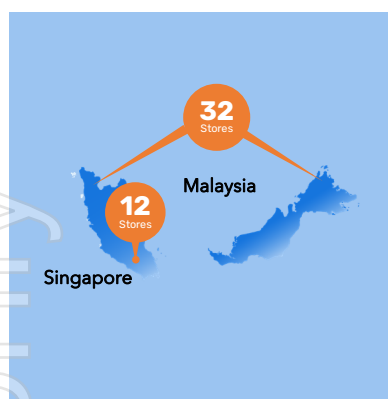
opened on 20 June 2023 and the sales generated by the new commercial business within the Harvey Norman® Dunedin store from 1 July 2023.

In local currency, the retail profit for 1H24 was **NZ\$42.72 million, a decrease of NZ\$7.17 million, or -14.4%**, from NZ\$49.90 million in 1H23. When translated to Australian dollars, the retail result was **\$39.53 million for 1H24, down by \$5.75 million, or -12.7%**, from \$45.28 million in 1H23. Despite the decline in gross profits on the back of lower NZ sales, gross profit margins have held steady due to improved supplier relationships. A concerted effort to curtail costs has led to a reduction in operating expenses of the NZ retail segment relative to the previous half. Operating expenses for 1H24 were inclusive of intercompany licence fees payable under the revised global transfer pricing policy that was adopted in FY23. The intercompany brand licence fee in 1H24 was comparable with the prior period.

The Harvey Norman® brand is proud to retain its market leading position across key categories within the NZ home and lifestyle market. Our NZ balance sheet is strong and resilient, supported by a substantial property portfolio valued at \$440.61 million as at 31 December 2023. Our NZ operations hold substantial cash reserves and carefully monitors cashflow requirements to maintain its debt-free position. Our NZ business remains well-positioned to capitalise on potential opportunities and improvements in the discretionary retail environment.

Our NZ business is on track to relocate the Blenheim store to a new freehold site in May 2024. There will also be 2 new full format stores to be opened at Papanui in November 2024 and Ravenswood in December 2024, both in the Christchurch region of the South Island.

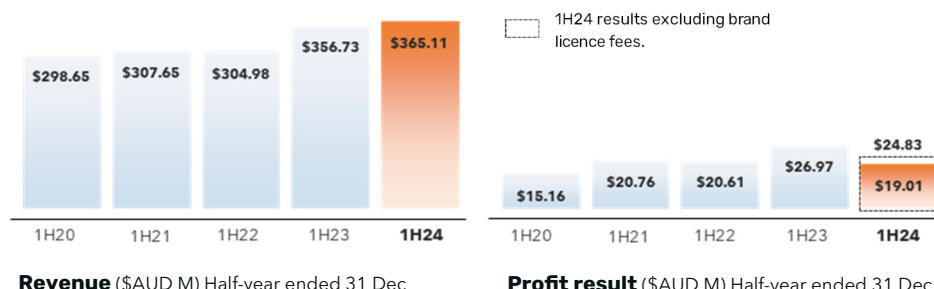




## Singapore & Malaysia

**Singapore Flagship**  
Millenia Walk (Launched Dec 2015)

**Malaysia Flagship**  
Ikano, Kuala Lumpur (Launched Nov 2017)



### Singapore and Malaysia

This segment is comprised of 12 Harvey Norman® stores in Singapore, 32 Harvey Norman® stores in Malaysia and the Space Furniture® branded lifestyle stores in Singapore and Malaysia.

### Malaysia | Sales Revenue

#### 32 Harvey Norman® Company-Operated Stores

In Malaysia, the expansion plan has continued, bolstering the Harvey Norman® brand and footprint with the opening of 4 new company-operated stores in 1H24 located at Shah Alam, Selangor (opened 24 July 2023), Kota Kinabalu, Sabah (opened 28 August 2023), Pavilion Damansara Heights, Kuala Lumpur (opened 9 October 2023), and Kuantan, Pahang (electrical and computers only which opened on 17 November 2023).

Sales for the 32 Harvey Norman® Malaysian stores for 1H24 were **\$S131.21 million**, a **decrease of \$S4.38 million, or -3.2%**, from \$S135.59 million in 1H23. When translated to Australian dollars, sales were **\$148.95 million**, an **increase of \$3.70 million, or +2.5%** from \$145.25 million in 1H23. This was assisted by a 6.0% appreciation in the SGD relative to the AUD for the period. Compared to pre-pandemic sales in 1H20, the increase was \$29.17 million or +24.4%, delivering a 4-year CAGR of 5.6%.

Despite 4 new store openings in Malaysia, and the full 6-month's contribution from the 1 Utama Shopping Centre, Selangor store which opened on 22 November 2022, sales marginally decreased in local currency. This is primarily due to weakened consumer sentiment caused by inflationary pressures adversely impacting consumer discretionary spending and in-store foot traffic. Retail sales across Malaysia were also negatively impacted by the state elections that took place in August 2023. Comparable store sales in Malaysia reduced by -6.9% in local currency.

Despite the challenges posed by increasing prices and cost of living pressures in Malaysia, the Harvey Norman® brand remains strong and market share has continued to increase through heightened brand awareness and geographic expansion. It is our present intention to open a further 3 stores during 2H24 bringing the total number of stores in Malaysia to 35 by the end of June 2024. We remain committed to our Malaysian expansion plan and it is still our intention to grow to 80 stores in Malaysia by the end of 2028.

### Singapore | Sales Revenue

#### 12 Harvey Norman® Company-Operated Stores

In Singapore, consumer sentiment throughout 1H24 was low, with uncertainties around inflation and interest rate rises and geopolitical tensions in Europe and the Middle East.

Sales for the 12 Singaporean stores in 1H24 were **\$S174.75 million**, a **decrease of \$S5.67 million, or -3.2%**, from \$S180.43 million in 1H23. When translated to Australian dollars, sales were **\$198.38 million**, an **increase of \$5.10 million, or +2.6%** from \$193.28 million in 1H23. Compared to pre-pandemic retail sales in 1H20, the increase was \$34.58 million or +21.1%, delivering a 4-year CAGR of 4.9%.

In the prior half, the national GST increased from 7% to 8% effective from 1 January 2023 leading to a surge in sales towards the end of 1H23. There was another GST increase to 9% effective from 1 January 2024, however this did not have the same effect of driving higher sales in 1H24 compared to the previous period.

### Retail - Singapore and Malaysia:

#### Sales & Segment Result

**Aggregated sales revenue** for the Harvey Norman® and Space Furniture® brands in Asia totalled **\$S313.69 million** in local currency for 1H24, **decreasing by \$S10.75 million, or -3.3%**, from \$S324.45 million in 1H23. On translation to Australian dollars, aggregated sales revenue for Asia was **\$356.24 million**, an **increase of \$8.68 million or +2.5%** from \$347.56 million in 1H23. Compared to pre-pandemic aggregated sales in 1H20, the increase was \$64.19 million or +22.0%, a 4-year CAGR of 5.1%.

The growth in total sales in AUD has been offset by higher operating expenses in Asia, influenced by the rising costs in the current environment and new store openings in Malaysia. Operating expenses for 1H24 are inclusive of intercompany brand licence fees payable under the revised global transfer pricing policy that was adopted in FY23. The profitability of the Asian segment was reduced by \$5.82 million in 1H24 due to the intercompany brand licence fees payable under this policy. For comparison purposes, the brand licence fee for FY23 was only charged in June 2023 in respect of the full-year.

The segment profit result of the Harvey Norman® and Space Furniture® brands in Asia was **\$19.01 million** for 1H24, a **decrease of \$7.95 million, or -29.5%**, from \$26.97 million in 1H23. If the intercompany brand licence fees were excluded from the result, the Asian segment would have generated a result of **\$24.83 million**, a **decrease of only \$2.14 million or -7.9%**, from 1H23. Compared to the pre-pandemic segment profit in 1H20 of \$15.16 million, the increase was \$9.68 million or +63.9%.



## Ireland & Northern Ireland

**Ireland Flagship**  
Tallaght, Dublin (Launched Jul 2017)

**Northern Ireland Flagship**  
Boucher Rd, South Belfast (Launched Nov 2015)



### Ireland

#### 16 Harvey Norman® Company-Operated Stores

In **Ireland**, the economy continues to be challenged although the pace of inflation is showing signs of easing. Subdued consumer confidence persists, with inflation and the ongoing challenges in the housing and rental markets. Consumer sentiment marginally improved in Dec-23 signalling a slight easing in cost of living pressures primarily driven by falling energy prices and expectations of lower inflation and interest rates in the coming year.

Sales in local currency decreased to **€231.84 million** in 1H24, down by **€5.42 million or -2.3%**, from €237.26 million in 1H23. When translated to Australian dollars, sales for 1H24 increased by **\$25.75 million, or +7.2%, to \$384.42 million**, from \$358.67 million in 1H23. This was assisted by a 9.7% appreciation in the EUR relative to the AUD between the periods. When compared to pre-pandemic sales of \$233.33 million in 1H20, there has been substantial growth by \$151.08 million, or +64.8%, with a 4-year CAGR of 13.3%.

In local currency, the retail profit for 1H24 was **€9.53 million, a decrease of €3.77 million, or -28.4%**, from €13.30 million in 1H23. When translated to Australian dollars, the retail result was **\$15.80 million for 1H24, down by \$4.31 million, or -21.4%**, from \$20.10 million in 1H23. Profitability in Ireland is still significantly higher than pre-pandemic levels, growing by \$3.44 million, or 27.8%.

Operating expenses for 1H24 are inclusive of intercompany brand licence fees payable under the revised global transfer pricing policy that was adopted in FY23. The profitability of the Irish segment was reduced by \$6.49 million in 1H24 due to the intercompany brand licence fees payable under this policy. For comparison purposes, the brand licence fee for FY23 was only charged in June 2023 in respect of the full-year.

If the intercompany brand licence fees were excluded from the result, the Irish segment would have generated a result of **\$22.29 million, an increase of \$2.19 million or +10.9%**, from \$20.10 million in 1H23. Compared to pre-pandemic segment profit in 1H20 of \$12.36 million, the increase was \$9.93 million or +80.3%.

### Northern Ireland

#### 2 Harvey Norman® Company-Operated Stores

In **Northern Ireland**, dampened consumer and business confidence in the United Kingdom remains, exacerbated by the ongoing state of uncertainty by the government during the period, and geopolitical tensions in Europe and the Middle East. In 1H24, the region faced continued inflationary pressures with escalated costs of living from high energy prices and interest rates.

Sales in local currency decreased to **£5.40 million** in 1H24, down by **£0.45 million or -7.7%**, from £5.85 million in 1H23. When translated to Australian dollars, sales for 1H24 increased by **\$0.12 million, or +1.1%, to \$10.37 million**, from \$10.25 million in 1H23, due to an appreciation in the AUD relative to the GBP by 9.6% between the periods.

The difficult trading conditions in Northern Ireland had resulted in a loss of **\$1.26 million** for 1H24, compared to a loss of \$0.80 million for 1H23.

### United Kingdom Expansion Plans

In January 2024, the consolidated entity announced the expansion of the Harvey Norman® brand in the United Kingdom with the signing of a lease at Merry Hill, located in the West Midlands region in England. The intention is to open the 57,000 sq. ft. Harvey Norman® Merry Hill flagship store by late calendar 2024.



## Slovenia & Croatia

**Slovenia Flagship**  
Ljubljana (Launched Jun 2017)

**Croatia Flagship**  
Zagreb (Launched Oct 2018)



### Slovenia

#### 5 Harvey Norman® Company-Operated Stores

In **Slovenia**, sales began to decrease in 4Q23 and continued into 1H24. The ongoing impact of rising energy prices, escalating interest rates and inflationary pressures continued to subdue consumer confidence. This situation was further exacerbated by severe flooding in August 2023, which affected major areas across Slovenia, and the ongoing geopolitical tensions in Europe and the Middle East.

Retail sales in local currency decreased to **€46.42 million** for 1H24, **down by €7.79 million or -14.4%**, from €54.21 million in 1H23. When translated to Australian dollars, sales were **\$76.98 million** for 1H24, **down by \$4.97 million or -6.1%**, from \$81.95 million in 1H23. When compared against 1H20, sales were above pre-pandemic levels, higher by \$12.43 million or +19.3%, a 4-year CAGR of 4.5%.

Margins overall have remained steady, slightly improving on the previous period, with competitive advantage obtained from stock differentiation against competitors. This was offset by an increase in operating costs. The profitability of the Slovenian business was reduced by \$0.50 million in 1H24 due to the intercompany brand licence fees payable under the revised global transfer pricing policy that was adopted in FY23. For comparison purposes, the brand licence fee for FY23 was only charged in June 2023 in respect of the full-year.

The retail segment in Slovenia delivered an overall profit result of **\$5.04 million** in 1H24, a **\$3.30 million decrease or -39.5%**, from \$8.34 million in 1H23. If the payment of the intercompany brand licence fees were excluded from the result, the Slovenian business would have generated a result of **\$5.55 million**, a **decrease of \$2.79 million or -33.5%**, from 1H23.

### Croatia

#### 3 Harvey Norman® Company-Operated Stores

In **Croatia**, the economic conditions remain challenging, with high interest, inflation, commodity prices and persisting geopolitical issues which placed a strain on consumer sentiment in 1H24.

Retail sales for 1H24 were **€20.42 million**, an **increase of €3.50 million or +20.7%**, from €16.92 million in 1H23. In Australian dollars, sales were **\$33.86 million** for 1H24, **increasing by \$8.28 million or +32.4%**, from \$25.58 million in 1H23. When compared to 1H20, sales were well-above pre-pandemic levels, with an increase of \$15.12 million or +80.7% from \$18.74 million, a 4-year CAGR of 15.9%.

The rise in sales is primarily due to a full 6-months contribution of the third store that opened at Rijeka in April 2023. The two other stores at Zagreb and Pula experienced a slight decline in this period, partly attributed to the surge in sales in the prior period due to the local currency transition from Kuna to Euro on 1 January 2023.

Operating costs from the new Rijeka store and overall inflation has resulted in a loss in Croatia of **\$1.95 million** in 1H24 compared to a loss of \$0.29 million in 1H23.



# Directors' Report - Operating and Financial Review (continued)

## Review of the Property Segment

### Strategic 'Large-Format' Retail Property Portfolio

Property ownership is a crucial pillar in our integrated system, providing a clear competitive advantage. The property segment is vital to our operating model, strengthening our balance sheet and enhancing financial capabilities and operational leverage through consistent income streams. Moreover, it boosts our strategic agility by granting us access to additional capital, to adapt to evolving business needs.

Our consolidated balance sheet is anchored by a **strong freehold property portfolio totalling \$4.14 billion as at 31 December 2023**. This is comprised of tangible, freehold investment properties in Australia of \$3.51 billion, Ireland of \$30.12 million and New Zealand of \$9.69 million; and freehold owner-occupied properties in New Zealand, Singapore, Slovenia, Australia and Ireland of \$581.13 million in aggregate. Our property segment assets also include joint venture assets of \$2.71 million. **The freehold property segment comprises 53% of our \$7.86 billion total asset base.**

### The Australian 'Large-Format' Retail (LFR) Market

We have 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. 96 franchised complexes (48% 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 Australian freehold investment property portfolio has grown to **\$3.51 billion as at 31 December 2023**, rising by \$71.21 million or 2.1% during 1H24. This increase is due to capital additions and refurbishments during the current period, offset by a marginal net revaluation decrement of \$4.56 million for 37 Australian freehold investment properties that were subject to revaluation this half.

Throughout the pandemic and up to June 2023, we had reported on the resilience of the large-format retail (LFR) market in Australia, buoyed by strong consumer household spending, the significant uptick in new dwellings and renovations and the high levels of investor demand for quality LFR property assets.

During 1H24, there has been evidence of capitalisation rates marginally softening in LFR centres, however this has been offset by rental growth. Sustained and significant increases in the cash rate during the last 18 months have impacted the cost of money, placing downward pressure on capital values across all asset classes. Rental growth has occurred predominantly due to rents being comparatively low, limited supply of available space due to a lack of new developments, and LFR tenants seeking store network growth to expand their brand presence particularly in population growth hubs. Additionally, during 1H24, there has been a lack of sales of

LFR properties. This has meant that fair values of the property portfolio have remained largely stable during the period. Whilst there has been softening in LFR property values, this has been modest, as the LFR sector has been shielded from some of the headwinds facing other property asset classes.

The current sentiment in the LFR market is reasonably positive as we are approaching the end of the cash rate cycle and it is expected a degree of certainty and confidence will return to the retail investment market. Strong population growth propelled by high net migration as well as the solid labour market has supported LFR spending, providing confidence to both retailers and investors. This trend is expected to continue and population growth is expected to remain high. It is anticipated dwelling commencements will ramp up based on government intervention to respond to the current housing shortages.

Furthermore, there continues to be scarcity of LFR sites and there are no signs of increased LFR supply in the pipeline meaning vacancy rates are likely to remain low, which is conducive to rental growth which will attract investment in the sector. Retailers continue to pursue store network growth within LFR centres. These retailers are largely ASX listed national retailers that provide a dependable income stream, on 5 to 10 year leases comprising solid annual rent increases typically between 3% to 5% keeping pace with inflation. This demand is expected to underpin property investments in the sector.

Since the end of December 2019, the LFR properties of the consolidated entity have increased by \$966.72 million or 37.9% from \$2.55 billion to \$3.51 billion as at 31 December 2023. This is due to capital appreciation, capital additions and ongoing refurbishments throughout the pandemic and in the transition to post-COVID normality.

The LFR Centres within our Australian investment property portfolio are well-located throughout metropolitan cities and large regional areas and are built and refurbished to a high standard. As at 31 December 2023, our LFR centres accommodate a complementary mix of over 470 third-party tenants that are diversified across a variety of different categories including Food, Lifestyle & Other Service Retailers, Hardware, Medical, Chemists, Pets and Auto related products. A large proportion of these third-party tenants are ASX-listed and are national retailers that support the underlying value of our properties.

The stable fair values recorded by our freehold investment properties in Australia, amid the challenging discretionary retail conditions, validates the resilience of the LFR market in Australia, and the attractiveness of our high-quality LFR properties and solid tenancy mix.

Harvey Norman® Pavilion Damansara Heights, Malaysia opened October 2023



## Overseas Property Portfolio

Globally, we have 116 company-operated stores across 7 countries. 27 of the stores located overseas (23% of total) are owned by the consolidated entity. The aggregate value of the overseas owner-occupied and investment property portfolio is \$607.62 million, increasing in value by \$10.97 million or 1.8% during 1H24.

Capital additions and refurbishments in New Zealand amounted to \$20.17 million for 1H24 primarily due to construction costs incurred for the 2 new owned sites that are due to open in late calendar 2024. This was offset by a net reduction in fair values by \$8.57 million due to falling property prices following increasing interest rates, rolling mortgages and macroeconomic volatility in the New Zealand market.

There have been marginal decreases in the fair values of properties in Ireland and Singapore during 1H24 as the capital additions have been eroded by a depreciation in the Australian dollar relative to the Euro and Singapore dollar used for translation purposes during the period.

## Total Property Portfolio and the Performance of the Property Segment

Property segment revenues have decreased to \$160.62 million for 1H24, down by \$97.17 million, or -37.7%, from \$257.79 million in 1H23. This was primarily due to a reduction in the net property revaluation adjustments by \$112.01 million to a net decrement of \$5.12 million for 1H24 (recorded in expenses), compared to a net increment of \$106.89 million for 1H23. This was offset by an increase in rent and outgoings received from freehold properties by \$7.31 million or 5.6% due to higher market rentals and very low vacancy rates during 1H24.

Property-related operating costs have continued to normalise throughout 1H24 increasing by \$18.70 million during the half, primarily due to higher interest expenses allocated to the property segment by \$7.25 million due to rising borrowing costs relative to the previous period. Excluding interest costs, the increase in operating expenses is consistent with the rise in revenues (excluding net property revaluation adjustments).

The property segment result was \$70.43 million for 1H24, a decrease of \$115.86 million or -62.2% from \$186.29 million in 1H23. Excluding net property revaluations for both periods, the property segment result would have been \$75.55 million for 1H24 compared to \$79.40 million for 1H23, a marginal reduction of \$3.86 million or -4.9% mainly due to an increase in interest between the periods.

### PROPERTY SEGMENT ASSETS

**\$4.14bn**  
at 31 Dec 23

1H23	1H20
↑ +5.1% (up \$200.28m)	↑ +39.1% (up \$1,162.88m)

### PROPERTY SEGMENT REVENUES

**\$160.62m**

[The previous period included a net revaluation increment of \$106.89m in 1H23]

1H23	1H20
↓ -37.7% (down \$97.17m)	↑ +2.4% (up \$3.71m)

### PROPERTY SEGMENT PBT

**\$70.43m**

[Excluding net property revaluations for both periods, the property segment result would have been \$75.55 million for 1H24 compared to \$79.40 million for 1H23, a marginal reduction of \$3.86 million or -4.9%]

1H23	1H20
↓ -62.2% (down \$115.86m)	↓ -24.3% (down \$22.62m)

### NET PROPERTY REVALUATION ADJUSTMENTS

**-\$5.12m**

[Net revaluation decrement of (\$5.12m) in 1H24 vs net revaluation increment of \$106.89m in 1H23, a deterioration of (\$112.01m) due to marginal softening of capitalisation rates, offset by rental growth]

1H23	1H20
↓ -104.8% (down \$112.01m)	↓ -125.2% (down \$25.40m)



Harvey Norman® Tauriko, New Zealand opened December 2023

## Review of the Property Segment

The below table shows the composition of freehold property segment assets as at 31 December 2023, the number of owned property assets and the increase/decrease in fair value recognised in each country.

Composition of freehold property segment assets	December 2023	# 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)
<b>(1) Investment Properties (Freehold)</b>					
– Australia	\$3,514.22m	96	44	(\$4.56m)	-
– New Zealand	\$9.69m	-	2	-	-
– Ireland	\$30.12m	-	1	(\$0.56m)	-
<b>Total Investment Properties (Freehold)</b>	<b>\$3,554.03m</b>	<b>96</b>	<b>47</b>	<b>(\$5.12m)</b>	<b>-</b>
<b>(2) Owner-Occupied Land &amp; Buildings</b>					
– Australia	\$13.31m	-	1	-	-
– New Zealand	\$430.92m	20	1	-	(\$8.57m)
– Singapore	\$25.78m	-	2	-	-
– Slovenia	\$85.57m	5	-	-	-
– Ireland	\$25.54m	2	-	-	-
<b>Total Owner-Occupied Land &amp; Buildings</b>	<b>\$581.13m</b>	<b>27</b>	<b>4</b>	<b>-</b>	<b>(\$8.57m)</b>
<b>(3) Joint Venture Assets</b>	<b>\$2.71m</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>Total Freehold Property Segment Assets</b>	<b>\$4,137.86m</b>	<b>123</b>	<b>59</b>	<b>(\$5.12m)</b>	<b>(\$8.57m)</b>

## Net Property Revaluation Adjustments

For the half-year ended 31 December 2023, a net revaluation decrement of \$4.56 million was recorded in the income statement in relation to the freehold investment property portfolio in Australia. This marginal net revaluation decrement can be attributed to the marginal softening of capitalisation rates in large-format-retail (LFR) properties which have been offset by solid rental growth. This has meant that fair values of the freehold investment property portfolio have remained largely stable during the period.

At each balance date, the directors make an assessment of the fair value of each freehold investment property.

This assessment is informed by:

- the information and advice contained in the last independent external valuation report for that property prepared by an external, professionally qualified valuer who holds a recognised relevant professional qualification and has specialised expertise in the property being valued (**Independent Valuer**);
- the information and advice contained in the last internal valuation report for that property (which was informed by the immediately preceding independent external valuation report for that property);
- the last management review for that property; and
- other information and professional or expert advice given or prepared by reliable and competent persons in relation to that property.

Each freehold investment property in Australia is independently valued by an Independent Valuer at least once every 2 years on a rotational basis.

For 1H24, there were 33 independent valuations of freehold investment properties in Australia representing a total of approximately 25.0% of the value of freehold investment properties externally valued this half, and 23.4% in terms of the number of total freehold investment properties in Australia.

Freehold investment properties not independently externally valued as at balance date are subject to an internal valuation or a management review, performed by persons qualified by relevant education, training or experience. Each internal valuation and management review is informed by the last independent external valuation and reliable market evidence. For the current period, 4 freehold investment properties had been affected by the same factors as the properties which had been independently externally valued. As a consequence, internal valuations for these 4 properties were undertaken to determine the effect of these factors.



## Leasehold Property Portfolio | AASB 16 Leases

### Right-of-use Assets

#### Leasehold investment properties (sub-leased or licenced to external parties):

The consolidated entity has a portfolio of property leases primarily for the purposes of being sub-leased, or licenced to, Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia. For these properties, the consolidated entity enters into property leasing arrangements with external landlords and then subsequently subleases these sites to franchisees pursuant to a licence, terminable upon reasonable notice. Leasehold investment property: right-of-use asset meets the definition of an investment property and are measured at fair value. As at 31 December 2023, there were 301 leasehold investment properties. 102 leasehold investment properties (34% of total) were sub-leased or licenced to Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia for retail purposes, and 199 leasehold investment properties (66% of total) were mainly sub-leased or licenced to Harvey Norman®, Domayne® and Joyce Mayne® franchisees for warehousing.

### Right-of-use Assets

#### Leasehold owner-occupied properties & plant and equipment assets:

Leasehold properties occupied by the consolidated entity primarily include company-operated stores, warehouses and offices that are leased from external landlords. Unlike the leasehold investment properties: right-of-use assets which are measured at fair value, the leasehold owner-occupied properties and plant and equipment assets: right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses.

### Composition of the Leasehold Property Portfolio:

The table below shows the composition of right-of-use assets and lease liabilities within our leasehold property portfolio as at balance date, and the number of leased retail properties and other properties leased by the consolidated entity.

Composition of leasehold property portfolio	Right-of-use asset Dec 2023	Lease liabilities Dec 2023	# of leased retail property assets	# of leased other property assets
<b>(1) Leases of Properties Sub-Leased to External Parties</b>				
– Australia	\$724.97m	\$804.74m	102	199
<b>(2) Leases of Owner-Occupied Properties and Plant and Equipment Assets</b>				
– Australia	\$42.97m	\$57.87m	-	16
– New Zealand	\$104.86m	\$121.63m	26	34
– Singapore & Malaysia	\$245.42m	\$193.68m	44	20
– Slovenia & Croatia	\$25.53m	\$27.73m	3	2
– Ireland & Northern Ireland	\$105.83m	\$136.10m	16	16
<b>Total Leases of Owner-Occupied Properties and Plant and Equipment Assets</b>	<b>\$524.61m</b>	<b>\$537.01m</b>	<b>89</b>	<b>88</b>
<b>Total Leasehold Property Portfolio</b>	<b>\$1,249.59m</b>	<b>\$1,341.75m</b>	<b>191</b>	<b>287</b>

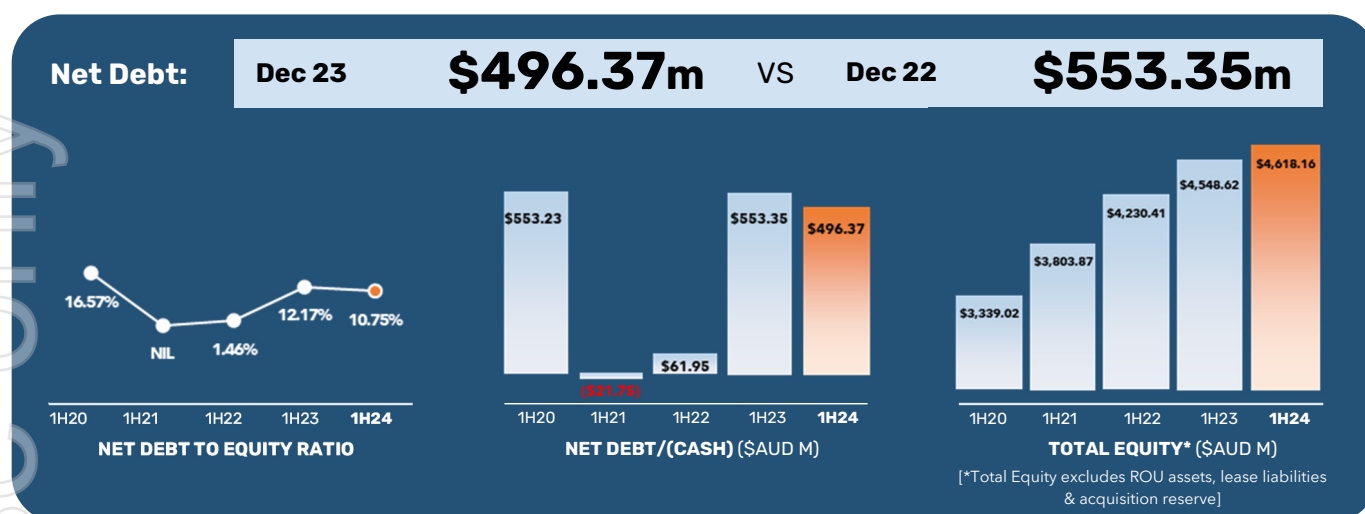
### Financial Impact of AASB 16 Leases on the Consolidated Income Statement:

The table below shows the financial impact of AASB 16 Leases on the consolidated income statement for the half-year ended 31 December 2023.

Financial impact of AASB 16 leases:	Leases of owner-occupied properties \$'000	Leases of properties Sub-leased to external parties \$'000	Total leases \$'000
<b>Property, plant and equipment:</b> Right-of-use asset - Depreciation expense	\$35,893	-	\$35,893
<b>Investment properties (leasehold):</b> Right-of-use asset - Fair value re-measurement	-	\$52,310	\$52,310
<b>Finance costs:</b> Interest on lease liabilities	\$10,401	\$18,193	\$28,594
<b>Total AASB 16 Expenses Recognised</b>	<b>\$46,294</b>	<b>\$70,503</b>	<b>\$116,797</b>
<b>Less:</b> Lease payments made during 1H24 (excluding variable lease payments and short-term, low-value leases)	(\$45,743)	(\$57,140)	(\$102,883)
<b>Other adjustments</b>	\$1,207	-	\$1,207
<b>AASB 16 Net Decrease in PBT for 1H24</b>	<b>\$1,758</b>	<b>\$13,363</b>	<b>\$15,121</b>



## Review of the Financial Position of the Consolidated Entity



### Net Debt to Equity Ratio

Across the consolidated entity globally, the total available facilities amounted to \$1.20 billion as at 31 December 2023 compared to \$1.05 billion as at 31 December 2022, mainly due to the establishment of Tranche D of the Syndicated Facility Agreement of \$200 million in November 2023.

As at balance date, the utilised portion was \$836.13 million (Dec-22: \$872.30 million), leaving \$366.78 million (Dec-22: \$174.25 million) accessible financing facilities available. The utilised facilities in 1H24 decreased by \$36.17 million compared to 1H23 resulting in a net debt position of \$496.37 million as at 31 December 2023, compared to a net debt position of \$553.35 million in the previous first half. Our net debt to equity ratio remains low at 10.75% (Dec-22: 12.17%) compared to pre-COVID levels of 16.57% as at 31 December 2019, an improvement of 582 basis points.

The consolidated entity has sufficient liquidity and our low gearing and strong balance sheet gives us the capacity and ability to access additional liquidity should we require it.

### Solid Cash Flows

Cash and cash equivalents, net of bank overdraft, as disclosed in the Statement of Cash Flows, increased by \$15.27 million to \$326.80 million as at 31 December 2023, compared to \$311.54 million as at 31 December 2022.

There has been a substantial improvement in working capital to deliver strong operating cash flows in 1H24. Cash flows from operating activities increased by \$156.24 million to \$497.31 million for 1H24, from \$341.07 million in 1H23. This was primarily attributable to an increase in net receipts from franchisees by \$88.88 million and lower income taxes paid by \$94.38 million, offset by higher payments to suppliers and employees by \$33.07 million.

Despite a reduction in gross revenue received from franchisees by \$90.33 million, net receipts from franchisees increased by \$88.88 million due to a reduction in the aggregate amount of financial accommodation provided to franchisees in 1H24 relative to the movement in 1H23. During 1H24, financial accommodation provided to franchisees significantly decreased primarily due to lower funding requested by franchisees to fund their inventory purchases as franchisees focused on maintaining efficient inventory levels amid the subdued discretionary retail environment.

Income tax paid decreased by \$94.38 million primarily due to the higher final tax payment made in 1H23 attributable to FY22 taxable profits and the higher income tax instalment rate applied in Australia for 1H23.

Payments to suppliers and employees increased by \$33.07 million due to higher operating costs attributable to new store openings and a general increase in operating costs due to inflation.

Net outflows from investing activities decreased by \$12.73 million during 1H24 mainly due to net repayments from loans in 1H24 of \$16.88 million compared to net loans granted in 1H23 of \$12.10 million. This was offset by an increase in payments for the purchase and refurbishments of freehold investment properties by \$9.46 million and for the purchase of property, plant and equipment and intangible assets by \$13.40 million.

Net outflows from financing activities increased by \$121.41 million mainly due to the net repayment of the syndicated facility of \$10 million in 1H24 compared to net proceeds received in 1H23 of \$180 million. This was offset by a reduction in dividends paid by \$68.53 million.

### Operating Cash Flows

**\$497.31m for 1H24**

**1H24 vs 1H23**

↑  
+45.8%  
(up \$156.24m)

**1H24 vs 1H20**

↑  
+66.5%  
(up \$198.55m)

Substantial improvement in working capital to deliver strong operating cash flows

## Review of the Financial Position of the Consolidated Entity (continued)

### Total Assets

# \$7.86 bn

As at 31 December 2023



↑ 0.6%	up by \$45.96m from \$7.81bn in Dec-22
↑ 29.9%	up by \$1.81bn from \$6.05bn in Dec-19

### Total Liabilities

# \$3.35bn

As at 31 December 2023



↓ 0.04%	down by \$1.35m from \$3.35bn in Dec-22
↑ 21.1%	up by \$583.40m from \$2.77bn in Dec-19

Total assets were \$7.86 billion as at 31 December 2023, increasing by \$45.96 million, or 0.6%, from \$7.81 billion as at 31 December 2022 (**Dec-23**), compared to \$1.11 billion as at 31 December 2022 (**Dec-22**). This reduction is mainly due to a decrease in receivables from franchisees by \$229.90 million, or -24.8%, to \$697.97 million as at Dec-23, compared to \$927.88 million as at Dec-22. Lower financial accommodation was provided to franchisees during 1H24 to fund inventory purchases as franchisees focused on maintaining efficient inventory levels amid the subdued discretionary retail environment.

There was a reduction in total current trade and other receivables by \$243.29 million, or -21.8%, to \$871.53 million as at 31 December 2023 (**Dec-23**), compared to \$1.11 billion as at 31 December 2022 (**Dec-22**). This reduction is mainly due to a decrease in receivables from franchisees by \$229.90 million, or -24.8%, to \$697.97 million as at Dec-23, compared to \$927.88 million as at Dec-22. Lower financial accommodation was provided to franchisees during 1H24 to fund inventory purchases as franchisees focused on maintaining efficient inventory levels amid the subdued discretionary retail environment.

The value of the freehold investment property portfolio increased by \$148.47 million, or 4.4%, to \$3.55 billion as at Dec-23 primarily due to acquisition and refurbishment of new freehold investment properties in Australia.

Property, plant and equipment assets increased by \$99.86 million mainly due to the fit-out of four new company-operated stores in Malaysia in 1H24: Shah Alam, Selangor (July 2023), Kota Kinabalu, Sabah (August 2023), Pavilion Damansara Heights, Kuala Lumpur (October 2023) and Kuantan, Pahang (November 2023) and 1 new company-operated store located at Tauriko, New Zealand (December 2023). Construction costs were incurred in New Zealand for the development of 2 owned company-operated stores in NZ due to open later in calendar 2024. New stores that opened in 2H23: Rijeka, Croatia and

Masterton, New Zealand also contributed to the increase, in addition to the fit-outs of three new franchised complexes in Australia that opened during the last 12 months and the completion of the premium refits at Balgowlah (NSW) and Preston (VIC).

Inventories of company-operated stores increased by \$13.34 million primarily driven by new store openings during the last 12 months. The movement between Dec-23 and Dec-22 has also been impacted by the currencies used for translation purposes between the periods.

Total liabilities decreased by \$1.35 million to \$3.348 billion as at Dec-23 from \$3.35 billion as at Dec-22. Interest-bearing loans and borrowings decreased by \$38.35 million mainly due to the lower utilisation of the Syndicated Facility by \$40 million, from \$790 million utilised as at Dec-22 to \$750 million utilised as at Dec-23.

Net assets have increased by \$47.31 or 1.1% to \$4.51 billion as at Dec-23 from \$4.46 billion in Dec-22. When compared to Dec-19, net assets increased by \$1.23 billion or 37.3%.

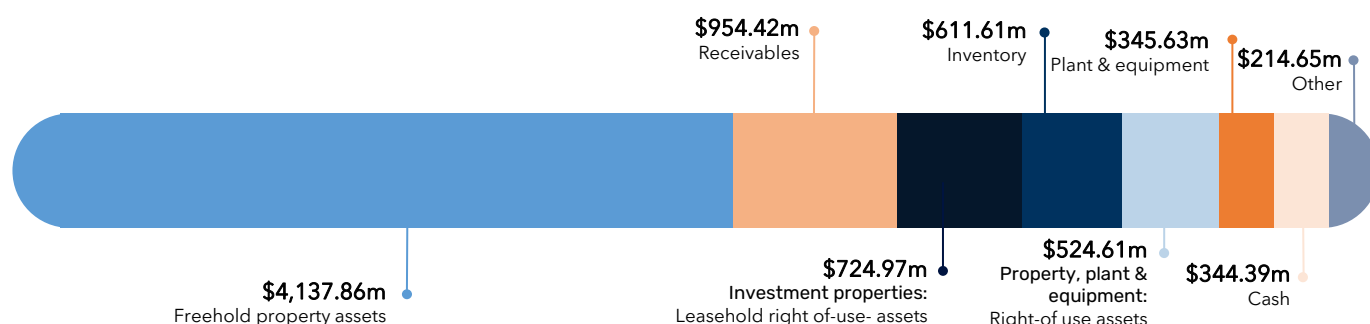
### Net Assets

# \$4.51 bn

As at 31 December 2023

↑ 1.1%	up by \$47.31m from \$4.46bn in Dec-22
↑ 37.3%	up by \$1.23bn from \$3.28bn in Dec-19

## Composition of Total Assets of \$7.86bn



## Directors' Report - Operating and Financial Review (continued)

### Outlook

In **Malaysia**, we are on track to open a further 3 company-operated stores during the second half of FY24, with the sites confirmed and signed. We anticipate opening up to 12 new stores during FY25, and it is still our intention to grow to 80 stores in Malaysia by the end of 2028.

In **New Zealand**, the full-format store at Tauriko, Tauranga in the North Island opened on 11 December 2023. We are on track to open 2 new full-format stores in 1H25 at Papanui in November 2024 and Ravenswood in December 2024, both in the Christchurch region of the South Island, and intend to complete 2 refurbishments in 2H25.

In **Croatia**, the further 3 stores that were intended to open during FY25 have been delayed due to difficulties in locating suitable sites and negotiating with potential landlords. Our first 2 company-operated stores that were due to open in **Budapest, Hungary** during FY25 have also been delayed due to similar challenges.

In January 2024, we announced the expansion of the Harvey Norman® brand in the **United Kingdom** with the signing of a lease at Merry Hill, located in the West Midlands region in England. We intend to open the 57,000 sq. ft. Harvey Norman® Merry Hill flagship store by late calendar 2024.

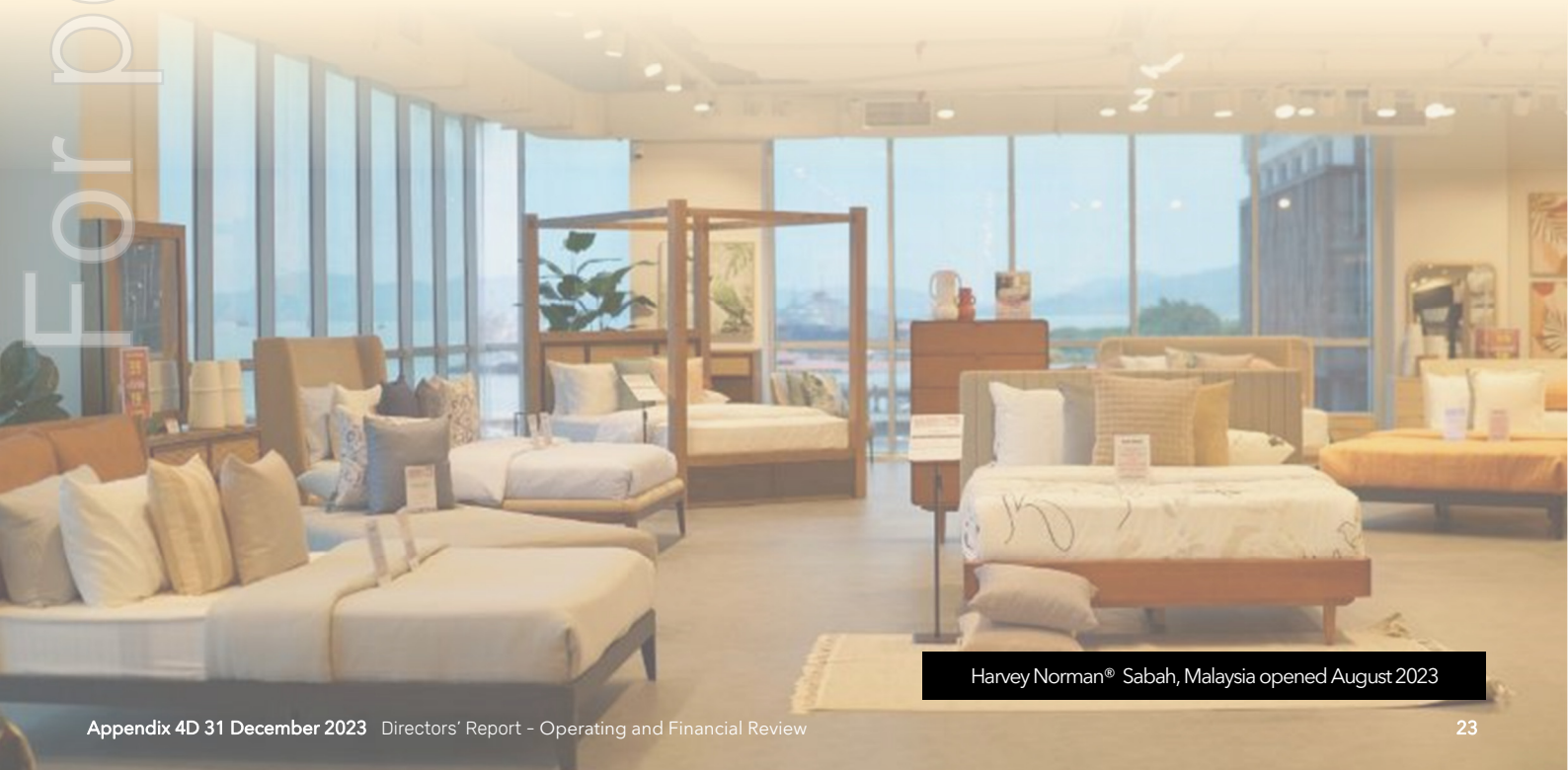
In **Australia**, we opened 1 franchised complex at Belconnen, ACT, on 3 November 2023 as planned, whilst 1 franchised complex has been delayed from 2H24 to 1H25. We are on track to relocate 2 franchised complexes in 2H24. For FY25, the present intention is to open 2 new franchised complexes and relocate 2 franchised complexes to new sites, both of which are new freehold properties.

During 1H24, the premium refit program has continued with the completion of the refits at Harvey Norman® Balgowlah (NSW) and Harvey Norman® Preston (VIC) this half. There are 3 premium refits currently in progress located at Erina (NSW), Penrith (NSW) and Cannington (WA).

### Retail Trading Update:

Aggregated sales increase/(decrease) in local currencies from 1 January 2024 to 31 January 2024 vs 1 January 2023 to 31 January 2023:

% increase / (decrease) calculated in local currencies		1 Jan 2024 to 31 Jan 2024 vs 1 Jan 2023 to 31 Jan 2023	
Country		Total %	Comparable %
Australian Franchisees	\$ AUD	1.3	0.6
New Zealand	\$ NZD	(-4.0)	(-7.0)
Slovenia & Croatia	€ EUR	10.7	2.8
Ireland	€ EUR	1.8	1.8
Northern Ireland	£ GBP	2.3	2.3
Singapore	\$ SGD	9.7	9.7
Malaysia	MYR	11.0	2.5





## Directors

A core philosophy we have maintained throughout the years is the significance and focus on the longevity of the Board of Directors with 'skin in the game', the experience and skill-set of our various business leaders and their deep understanding and expert-execution of the complex franchised operating model in Australia and the company-operated stores across seven overseas countries.

The successful strategies implemented within our integrated retail, franchise, property and digital system could have only been achieved with formidable leadership with the intimate knowledge of the intricacies of our business, leaders that can be trusted to protect our Harvey Norman®, Domayne® and Joyce Mayne® brands and navigate us through the current macroeconomic challenges of the post-COVID environment.

## Our Board

Unless otherwise indicated, all directors (collectively termed 'the Board'), held their position as director throughout the entire half-year and up to the date of this report.

- |   |  |
|---|--|
| • <b>Gerald Harvey</b><br><i>Executive Chairman</i>                             | • <b>Michael John Harvey</b><br><i>Non-Executive Director</i>                            |
| • <b>Kay Lesley Page</b><br><i>Executive Director and CEO</i>                   | • <b>Christopher Herbert Brown (OAM)</b><br><i>Non-Executive Director</i>                |
| • <b>Chris Mentis</b><br><i>Executive Director, CFO &amp; Company Secretary</i> | • <b>Kenneth William Gunderson-Briggs</b><br><i>Non-Executive Director (Independent)</i> |
| • <b>John Eryn Slack-Smith</b><br><i>Executive Director and COO</i>             | • <b>Maurice John Craven</b><br><i>Non-Executive Director (Independent)</i>              |
| • <b>David Matthew Ackery</b><br><i>Executive Director</i>                      | • <b>Luisa Catanzaro</b><br><i>Non-Executive Director (Independent)</i>                  |

## Dividends

The directors recommend 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 (total dividend, fully franked - \$124,600,665). No provision has been made in the Statement of Financial Position for this recommended interim dividend. The Dividend Policy of the Company is to pay such dividends as do not compromise the capability of the Company to execute strategic objectives.

Signed in accordance with a resolution of the directors.



**G. HARVEY**

Chairman

Sydney

29 February 2024



**K.L. PAGE**

Chief Executive Officer

Sydney

29 February 2024



**Building a better  
working world**

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## Auditor's Independence Declaration to the Directors of Harvey Norman Holdings Limited

As lead auditor for the review of the half-year financial report of Harvey Norman Holdings Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Harvey Norman Holdings Limited and the entities it controlled during the financial period.

*Ernst & Young*

Ernst & Young

*James Karekinian*

James Karekinian  
Partner  
Sydney  
29 February 2024

		CONSOLIDATED		
	Note	December 2023 \$000	June 2023 \$000	December 2022 \$000
Current assets				
– Cash and cash equivalents	26(a)	344,391	218,750	325,758
– Trade and other receivables	7	871,530	993,130	1,114,821
– Other financial assets	8	717	3,845	23
– Inventories	9	611,608	545,658	598,267
– Other assets	10	81,974	68,654	80,410
– Intangible assets	11	601	600	588
– Assets held for sale	28	-	-	12,744
Total current assets		1,910,821	1,830,637	2,132,611
Non-current assets				
– Trade and other receivables	7	82,885	87,527	83,884
– Investments accounted for using the equity method	27	2,705	1,904	2,427
– Other financial assets	8	68,143	62,642	66,283
– Property, plant and equipment	12	926,758	892,005	826,894
– Property, plant and equipment: Right-of-use assets	13	524,614	546,019	533,473
– Investment properties: Freehold	14	3,554,026	3,483,593	3,405,561
– Investment properties: Leasehold Right-of-use assets	15	724,974	705,034	702,177
– Intangible assets	11	58,808	57,387	53,309
– Deferred tax assets		4,410	5,083	5,566
Total non-current assets		5,947,323	5,841,194	5,679,574
Total Assets		7,858,144	7,671,831	7,812,185
Current liabilities				
– Trade and other payables	16	456,572	352,716	464,070
– Interest-bearing loans and borrowings	17	71,638	67,103	61,362
– Lease liabilities	19	147,835	151,043	146,132
– Income tax payable		14,072	9,497	16,014
– Other liabilities	20	146,852	121,000	151,132
– Provisions	21	38,253	37,304	37,363
Total current liabilities		875,222	738,663	876,073
Non-current liabilities				
– Interest-bearing loans and borrowings	17	769,119	783,258	817,742
– Lease liabilities	19	1,193,910	1,177,765	1,159,447
– Provisions	21	9,524	9,173	10,278
– Deferred tax liabilities		499,103	495,458	485,401
– Other liabilities	20	1,543	1,025	829
Total non-current liabilities		2,473,199	2,466,679	2,473,697
Total Liabilities		3,348,421	3,205,342	3,349,770
Net Assets		4,509,723	4,466,489	4,462,415
Equity				
– Contributed equity	22	717,925	717,925	717,925
– Reserves	25	293,067	298,900	307,914
– Retained profits	23	3,464,914	3,414,424	3,402,786
Parent entity interests		4,475,906	4,431,249	4,428,625
– Non-controlling interests	24	33,817	35,240	33,790
Total Equity		4,509,723	4,466,489	4,462,415

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



	Note	CONSOLIDATED	
		December 2023 \$000	December 2022 \$000
Sales of products to customers	3	1,477,551	1,470,431
Cost of sales		(1,017,006)	(1,008,532)
<b>Gross profit</b>		<b>460,545</b>	<b>461,899</b>
– Revenues received from franchisees	3	564,296	654,628
– Revenues and other income items	3	108,334	216,964
– Distribution expenses		(31,323)	(32,977)
– Marketing expenses		(201,571)	(201,659)
– Occupancy expenses	4,13,15	(166,443)	(143,215)
– Administrative expenses	4	(345,984)	(339,531)
– Other expenses		(56,034)	(58,434)
– Finance costs	4,19	(54,368)	(39,702)
– Share of net profit of joint venture entities	27	6,132	4,698
<b>Profit before income tax</b>		<b>283,584</b>	<b>522,671</b>
– Income tax expense	5	(80,799)	(152,920)
<b>Profit after tax</b>		<b>202,785</b>	<b>369,751</b>
<b>Attributable to:</b>			
– Owners of the parent		200,011	365,900
– Non-controlling interests		2,774	3,851
		<b>202,785</b>	<b>369,751</b>
<b>Earnings per share:</b>			
– Basic earnings per share (cents per share)	6	16.05 cents	29.37 cents
– Diluted earnings per share (cents per share)	6	16.02 cents	29.32 cents
<b>Dividends per share (cents per share)</b>	<b>23</b>	<b>10.0 cents</b>	<b>13.0 cents</b>

The above Income Statement should be read in conjunction with the accompanying notes.

	CONSOLIDATED	
	December 2023 \$000	December 2022 \$000
<b>Profit for the period</b>	<b>202,785</b>	<b>369,751</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
– Foreign currency translation	1,575	35,692
– Net movement on cash flow hedges	(3,114)	(2,267)
– Income tax effect on net movement on cash flow hedges	934	682
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
– Fair value revaluation of land and buildings	(8,565)	(11,835)
– Income tax effect on fair value revaluation of land and buildings	2,840	1,598
– Net fair value gains / (losses) on financial assets at fair value through other comprehensive income	1,755	(3,431)
<b>Other comprehensive income for the period (net of tax)</b>	<b>(4,575)</b>	<b>20,439</b>
<b>Total comprehensive income for the period (net of tax)</b>	<b>198,210</b>	<b>390,190</b>
<b>Total comprehensive income attributable to:</b>		
– Owners of the parent	195,313	385,259
– Non-controlling interests	2,897	4,931
	<b>198,210</b>	<b>390,190</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED \$000	Attributable to equity holders of the parent									
	Contributed equity	Retained profits	Asset revaluation reserve	Foreign currency reserve	FVOCI reserve	Cash flow hedge reserve	Employee equity benefits reserve	Acquisition reserve	Non- controlling interests	Total
<b>At 1 July 2023</b>	<b>717,925</b>	<b>3,414,424</b>	<b>227,635</b>	<b>57,862</b>	<b>14,750</b>	<b>2,592</b>	<b>12,335</b>	<b>(16,274)</b>	<b>35,240</b>	<b>4,466,489</b>
Revaluation of land and buildings	-	-	(5,725)	-	-	-	-	-	-	(5,725)
Currency translation differences	-	-	-	1,452	-	-	-	-	123	1,575
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	37	-	-	-	37
Fair value of forward foreign exchange contracts	-	-	-	-	-	(90)	-	-	-	(90)
Fair value of interest rate swap contract	-	-	-	-	-	(2,127)	-	-	-	(2,127)
Fair value of financial assets at fair value through other comprehensive income	-	-	-	-	1,755	-	-	-	-	1,755
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(5,725)</b>	<b>1,452</b>	<b>1,755</b>	<b>(2,180)</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>(4,575)</b>
<b>Profit for the period</b>	<b>-</b>	<b>200,011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,774</b>	<b>202,785</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>200,011</b>	<b>(5,725)</b>	<b>1,452</b>	<b>1,755</b>	<b>(2,180)</b>	<b>-</b>	<b>-</b>	<b>2,897</b>	<b>198,210</b>
Cost of share based payments	-	-	-	-	-	-	1,213	-	-	1,213
Utilisation of employee equity benefits reserve	-	-	-	-	-	-	(2,348)	-	-	(2,348)
Dividends paid	-	(149,521)	-	-	-	-	-	-	(4,320)	(153,841)
<b>At 31 December 2023</b>	<b>717,925</b>	<b>3,464,914</b>	<b>221,910</b>	<b>59,314</b>	<b>16,505</b>	<b>412</b>	<b>11,200</b>	<b>(16,274)</b>	<b>33,817</b>	<b>4,509,723</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



CONSOLIDATED \$000	Attributable to equity holders of the parent									Total
	Contributed equity	Retained profits	Asset revaluation reserve	Foreign currency reserve	FVOCI reserve	Cash flow hedge reserve	Employee equity benefits reserve	Acquisition reserve	Non- controlling interests	
<b>At 1 July 2022</b>	<b>717,925</b>	<b>3,254,936</b>	<b>245,448</b>	<b>27,572</b>	<b>20,490</b>	<b>13</b>	<b>10,921</b>	<b>(16,274)</b>	<b>33,093</b>	<b>4,294,124</b>
Revaluation of land and buildings	-	-	(10,237)	-	-	-	-	-	-	(10,237)
Currency translation differences	-	-	-	34,612	-	-	-	-	1,080	35,692
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	(13)	-	-	-	(13)
Fair value of forward foreign exchange contracts	-	-	-	-	-	16	-	-	-	16
Fair value of interest rate swap contract	-	-	-	-	-	(1,588)	-	-	-	(1,588)
Fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(3,431)	-	-	-	-	(3,431)
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(10,237)</b>	<b>34,612</b>	<b>(3,431)</b>	<b>(1,585)</b>	<b>-</b>	<b>-</b>	<b>1,080</b>	<b>20,439</b>
<b>Profit for the period</b>	<b>-</b>	<b>365,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,851</b>	<b>369,751</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>365,900</b>	<b>(10,237)</b>	<b>34,612</b>	<b>(3,431)</b>	<b>(1,585)</b>	<b>-</b>	<b>-</b>	<b>4,931</b>	<b>390,190</b>
Cost of share based payments	-	-	-	-	-	-	2,672	-	-	2,672
Utilisation of employee equity benefits reserve	-	-	-	-	-	-	(2,287)	-	-	(2,287)
Dividends paid	-	(218,050)	-	-	-	-	-	-	(4,234)	(222,284)
<b>At 31 December 2022</b>	<b>717,925</b>	<b>3,402,786</b>	<b>235,211</b>	<b>62,184</b>	<b>17,059</b>	<b>(1,572)</b>	<b>11,306</b>	<b>(16,274)</b>	<b>33,790</b>	<b>4,462,415</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

		CONSOLIDATED	
		December 2023 \$000	December 2022 \$000
Operating activities	<b>Cash flows from operating activities</b>		
	Net receipts from franchisees	705,972	617,090
	Receipts from customers	1,563,595	1,560,675
	Payments to suppliers and employees	(1,620,108)	(1,587,043)
	Distributions received from joint ventures	6,047	4,590
	GST paid	(46,001)	(58,346)
	Interest received	9,506	6,679
	Interest and other costs of finance paid	(25,652)	(16,475)
	Interest paid on lease liabilities	(28,594)	(24,382)
	Income taxes paid	(69,181)	(163,563)
	Dividends received	1,730	1,849
	<b>Net cash flows from operating activities</b>	<b>26(b)</b>	<b>497,314</b>
Investing activities	<b>Cash Flows from investing activities</b>		
	Payments for purchases of property, plant and equipment and intangible assets	(81,595)	(68,198)
	Payments for purchase and refurbishments of freehold investment properties	(76,372)	(66,915)
	Proceeds from sale of property, plant and equipment and properties held for resale	2,744	372
	Payments for purchase of units in unit trusts and other investments	(100)	(5,046)
	Payments for purchase of equity accounted investments	(1,135)	(1,225)
	Proceeds from sale of other investments	-	2,500
	Proceeds from insurance claims	1,698	-
	Proceeds received from / (loans granted to) joint venture entities, joint venture partners, related and unrelated entities	16,884	(12,097)
	<b>Net cash flows used in investing activities</b>	<b>(137,876)</b>	<b>(150,609)</b>
Financing activities	<b>Cash flows from financing activities</b>		
	Lease payments (principal component)	(74,500)	(72,605)
	(Repayments of) / proceeds from syndicated facility	(10,000)	180,000
	Dividends paid	(149,521)	(218,051)
	Repayments of other borrowings	(673)	(2,632)
	<b>Net cash flows used in financing activities</b>	<b>(234,694)</b>	<b>(113,288)</b>
	Net increase in cash and cash equivalents	124,744	77,177
	Cash and cash equivalents at beginning of the period	202,056	234,358
	<b>Cash and cash equivalents at end of the period</b>	<b>26(a)</b>	<b>326,800</b>
		<b>311,535</b>	

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## 01 Statement of Significant Accounting Policies

### (a) Corporate Information

Harvey Norman Holdings Limited (the "Company") is a for profit company limited by shares incorporated in Australia. Subsidiaries of the Company carry on operations in Australia, New Zealand, Ireland, Northern Ireland, Singapore, Malaysia, Slovenia and Croatia whose shares are publicly traded on the Australian Securities Exchange ("ASX") trading under the ASX code HVN.

### (b) Basis of Preparation

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2023, except for the adoption of new standards mandatory for annual periods beginning on or after 1 July 2023 which require retrospective restatement.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and the operating, financing and investing activities of the consolidated entity as the Annual Financial Report. The half-year financial report should be read in conjunction with the Annual Financial Report of Harvey Norman Holdings Limited as at 30 June 2023.

It is also recommended that the half-year financial report be considered together with any public announcements made by Harvey Norman Holdings Limited and its controlled entities during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134 Interim Financial Reporting.

The half-year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

The financial report of the Company for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 29 February 2024.

### New Accounting Standards Adopted by the Consolidated Entity

Several amendments and interpretations apply for the first time in the half-year ended 31 December 2023, but do not have material impact on the half-year financial report of the Group. These are as follows:

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
- AASB 2022-1 Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9—Comparative Information
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-Current Liabilities with Covenants

### (c) Statement of Compliance

The half-year financial report has been prepared using the same accounting policies as used in the Annual Financial Report for the year ended 30 June 2023, except for the adoption of new and amending standards mandatory for annual periods beginning on or after 1 July 2023. The adoption of other amendments and interpretations did not have a significant impact on the consolidated entity.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the half-year reporting period ended 31 December 2023.



## 02 Operating Segments

### 1H24 Segment Revenue

Operating segments 31 December 2023	CONSOLIDATED (\$'000)		
	Sales of products to customers	Revenues received from franchisees and other income items	Total revenue by segment
<b>Franchising operations</b>	-	<b>511,808</b>	<b>511,808</b>
→ New Zealand (retail)	506,209	12,844	519,053
→ Singapore & Malaysia (retail)	356,237	8,876	365,113
→ Slovenia & Croatia (retail)	110,835	2,160	112,995
→ Ireland & Northern Ireland (retail)	394,785	5,760	400,545
→ Other non-franchised retail	113,764	1,588	115,352
<b>Total retail</b>	<b>1,481,830</b>	<b>31,228</b>	<b>1,513,058</b>
→ Retail property	-	159,828	159,828
→ Retail property under construction	-	791	791
<b>Total property</b>	-	<b>160,619</b>	<b>160,619</b>
<b>Equity investments</b>	-	<b>4,816</b>	<b>4,816</b>
<b>Other</b>	-	<b>9,695</b>	<b>9,695</b>
<b>Intercompany eliminations</b>	<b>(4,279)</b>	<b>(45,536)</b>	<b>(49,815)</b>
<b>Total segment revenue</b>	<b>1,477,551</b>	<b>672,630</b>	<b>2,150,181</b>

### 1H23 Segment Revenue

Operating segments 31 December 2022	CONSOLIDATED (\$'000)		
	Sales of products to customers	Revenues received from franchisees and other income items	Total revenue by segment
<b>Franchising operations</b>	-	<b>595,076</b>	<b>595,076</b>
→ New Zealand (retail)	528,862	16,134	544,996
→ Singapore & Malaysia (retail)	347,558	9,169	356,727
→ Slovenia & Croatia (retail)	107,528	1,846	109,374
→ Ireland & Northern Ireland (retail)	368,918	5,629	374,547
→ Other non-franchised retail	123,469	1,993	125,462
<b>Total retail</b>	<b>1,476,335</b>	<b>34,771</b>	<b>1,511,106</b>
→ Retail property	-	255,037	255,037
→ Retail property under construction	-	2,749	2,749
<b>Total property</b>	-	<b>257,786</b>	<b>257,786</b>
<b>Equity investments</b>	-	<b>6,212</b>	<b>6,212</b>
<b>Other</b>	<b>1,337</b>	<b>10,514</b>	<b>11,851</b>
<b>Intercompany eliminations</b>	<b>(7,241)</b>	<b>(32,767)</b>	<b>(40,008)</b>
<b>Total segment revenue</b>	<b>1,470,431</b>	<b>871,592</b>	<b>2,342,023</b>

## 02 Operating Segments (continued)

### 1H24 Segment Result

Operating segments 31 December 2023	CONSOLIDATED (\$'000)					Segment result before Tax
	Segment result before interest, tax, depreciation & amortisation	Interest expense	Depreciation expense (excl ROU Assets)	Depreciation & fair value remeasure- ment of ROU Assets	Impairment & amortisation expense	
<b>Franchising operations</b>	<b>240,747</b>	<b>(21,822)</b>	<b>(13,640)</b>	<b>(53,994)</b>	<b>(8,213)</b>	<b>143,078</b>
– New Zealand (retail)	51,796	(2,067)	(4,463)	(5,625)	(108)	39,533
– Singapore & Malaysia (retail)	45,184	(3,588)	(4,772)	(17,779)	(31)	19,014
– Slovenia & Croatia (retail)	8,017	(1,382)	(1,699)	(1,752)	(88)	3,096
– Ireland & Northern Ireland (retail)	32,604	(5,395)	(4,279)	(8,179)	(211)	14,540
– Non-franchised retail	(5,457)	(1,734)	(1,204)	(874)	(86)	(9,355)
<b>Total retail</b>	<b>132,144</b>	<b>(14,166)</b>	<b>(16,417)</b>	<b>(34,209)</b>	<b>(524)</b>	<b>66,828</b>
– Retail property	93,772	(16,250)	(5,373)	-	-	72,149
– Retail property under construction	(817)	(796)	-	-	-	(1,613)
– Property developments for resale	(48)	(58)	-	-	-	(106)
<b>Total property</b>	<b>92,907</b>	<b>(17,104)</b>	<b>(5,373)</b>	<b>-</b>	<b>-</b>	<b>70,430</b>
<b>Equity investments</b>	<b>4,755</b>	<b>(179)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,576</b>
<b>Other</b>	<b>2,617</b>	<b>(1,251)</b>	<b>(2,694)</b>	<b>-</b>	<b>-</b>	<b>(1,328)</b>
<b>Intercompany eliminations</b>	<b>(154)</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total segment result before tax</b>	<b>473,016</b>	<b>(54,368)</b>	<b>(38,124)</b>	<b>(88,203)</b>	<b>(8,737)</b>	<b>283,584</b>

### 1H23 Segment Result

Operating segments 31 December 2022	CONSOLIDATED (\$'000)					Segment result before Tax
	Segment result before interest, tax, depreciation & amortisation	Interest expense	Depreciation expense (excl ROU Assets)	Depreciation & fair value remeasurement of ROU assets	Impairment & amortisation expense	
<b>Franchising operations</b>	<b>332,425</b>	<b>(18,318)</b>	<b>(13,623)</b>	<b>(54,311)</b>	<b>(8,525)</b>	<b>237,648</b>
– New Zealand (retail)	57,136	(2,209)	(3,781)	(5,755)	(113)	45,278
– Singapore & Malaysia (retail)	51,320	(2,998)	(3,892)	(17,444)	(19)	26,967
– Slovenia & Croatia (retail)	11,371	(556)	(1,279)	(1,422)	(61)	8,053
– Ireland & Northern Ireland (retail)	34,554	(3,779)	(3,710)	(7,619)	(145)	19,301
– Non-franchised retail	(2,375)	(1,130)	(1,186)	(858)	(75)	(5,624)
<b>Total retail</b>	<b>152,006</b>	<b>(10,672)</b>	<b>(13,848)</b>	<b>(33,098)</b>	<b>(413)</b>	<b>93,975</b>
– Retail property	199,378	(9,433)	(5,415)	-	-	184,530
– Retail property under construction	2,231	(386)	-	-	-	1,845
– Property developments for resale	(46)	(36)	-	-	-	(82)
<b>Total property</b>	<b>201,563</b>	<b>(9,855)</b>	<b>(5,415)</b>	<b>-</b>	<b>-</b>	<b>186,293</b>
<b>Equity investments</b>	<b>6,157</b>	<b>(101)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,056</b>
<b>Other</b>	<b>1,910</b>	<b>(804)</b>	<b>(2,407)</b>	<b>-</b>	<b>-</b>	<b>(1,301)</b>
<b>Intercompany eliminations</b>	<b>(48)</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total segment result before tax</b>	<b>694,013</b>	<b>(39,702)</b>	<b>(35,293)</b>	<b>(87,409)</b>	<b>(8,938)</b>	<b>522,671</b>

## 02 Operating Segments (continued)

The consolidated entity operates predominantly in eleven (11) operating segments:

Operating segment	Description of segment
<b>Franchising operations</b>	Consists of the franchisor operations of the consolidated entity, but does not include the results, assets, liabilities or operations of any Harvey Norman®, Domayne® and Joyce Mayne® franchisees. This segment includes any Brand Licence Fees charged by a subsidiary of Harvey Norman Holdings Limited for access to, and use of, the Harvey Norman®, Domayne® and Joyce Mayne® brand names.
<b>New Zealand (retail)</b>	Consists of the wholly-owned operations of the consolidated entity in the retail trading operations in New Zealand under the Harvey Norman® brand name.
<b>Singapore &amp; Malaysia (retail)</b>	Consists of the controlling interest of the consolidated entity in the retail trading operations in Singapore and Malaysia under the Harvey Norman® and Space Furniture® brand names.
<b>Slovenia &amp; Croatia (retail)</b>	Consists of the wholly-owned operations of the consolidated entity in the retail trading operations in Slovenia and Croatia under the Harvey Norman® brand name.
<b>Ireland &amp; Northern Ireland (retail)</b>	Consists of the wholly-owned operations of the consolidated entity in the retail trading operations in Ireland and Northern Ireland under the Harvey Norman® brand name.
<b>Other non-franchised retail</b>	Consists of the retail and wholesale trading operations in Australia which are wholly-owned or controlled by the consolidated entity, and does not include the operations of any Harvey Norman®, Domayne® and Joyce Mayne® franchisees.
<b>Retail property</b>	Consists of freehold land and buildings that are owned by the consolidated entity for each site that are fully operational or are ready for operations. The revenue and results of this segment consists of rental income, outgoings recovered and the net property revaluation increments and/or decrements recognised in the Income Statement. This segment includes the mining camp accommodation joint ventures.
<b>Retail property under construction</b>	Consists of freehold sites that are currently undergoing construction at balance date intended for retail leasing. It also includes vacant land that has been purchased for the purposes of generating future investment income.
<b>Property developments for resale</b>	Consists of freehold land and buildings acquired by the consolidated entity, to be developed, or currently under development, for the sole purpose of resale at a profit. This segment includes land and buildings held for sale, which were previously reported in the Retail Property segment.
<b>Equity investments</b>	This segment refers to the investment in, and trading of, equity investments.
<b>Other</b>	This segment primarily relates to credit facilities provided to related and unrelated parties and other unallocated income and expense items.

## 03 Revenues

	CONSOLIDATED	
	December 2023 \$000	December 2022 \$000
<b>Revenue from contracts with customers and franchisees:</b>		
– Sales of products to customers (a)	1,477,551	1,470,431
– Services to customers (c)	19,295	18,695
– Franchise fees in accordance with franchise agreements (b)	402,815	505,323
<b>Total revenue from contracts with customers and franchisees</b>	<b>1,899,661</b>	<b>1,994,449</b>
<b>Other revenue from franchisees:</b>		
– Rent and outgoings received from franchisees	147,342	138,389
– Interest to implement and administer the financial accommodation facilities	14,139	10,916
<b>Total other revenue received from franchisees (b)</b>	<b>161,481</b>	<b>149,305</b>
<b>Gross revenue from other unrelated parties:</b>		
– Rent and outgoings received from external tenants	62,129	59,749
– Interest received from financial institutions and other parties	9,506	6,679
– Dividends received	1,382	1,500
<b>Total other revenue received from unrelated parties (c)</b>	<b>73,017</b>	<b>67,928</b>
<b>Other income items:</b>		
– Net property revaluation increment on freehold investment properties	-	106,890
– Net revaluation increment of equity investments to fair value	3,434	4,713
– Net gain on sale of assets	-	60
– Other income	12,588	18,678
<b>Total other income items (c)</b>	<b>16,022</b>	<b>130,341</b>
<b>Disclosed in the income statement as follows:</b>		
<b>(a) Sales of products to customers</b>	<b>1,477,551</b>	<b>1,470,431</b>
<b>(b) Revenues received from franchisees</b>	<b>564,296</b>	<b>654,628</b>
<b>(c) Revenues and other income items</b>	<b>108,334</b>	<b>216,964</b>



## 04 Expenses and Losses

	CONSOLIDATED	
	December 2023 \$000	December 2022 \$000
<b>Employee benefits expense:</b>		
– Wages and salaries	205,945	191,355
– Workers compensation	1,552	1,546
– Superannuation contributions	10,665	9,553
– Payroll tax	8,685	7,959
– Share-based payments	1,038	2,606
– Other employee benefits	7,338	6,425
<b>Total employee benefits expense</b>	<b>235,223</b>	<b>219,444</b>
<b>Finance costs:</b>		
– Interest on lease liabilities	28,594	24,382
– Bank interest paid to financial institutions	25,110	14,824
– Other	664	496
<b>Total finance costs</b>	<b>54,368</b>	<b>39,702</b>
<b>Occupancy expenses:</b>		
– Variable lease payments (including short-term and low-value leases)	20,512	12,454
– Property, plant and equipment: Right-of-use assets - Depreciation expense	35,893	34,553
– Property, plant and equipment: Right-of-use assets - Impairment expense	1,198	-
– Investment properties (leasehold): Right-of-use assets - Fair value re-measurement	52,310	52,856
– Net property revaluation decrement on Australian freehold investment properties	4,558	-
– Property revaluation decrement for overseas controlled entity	559	-
– Other occupancy expenses	51,413	43,352
<b>Total occupancy expenses</b>	<b>166,443</b>	<b>143,215</b>
<b>Depreciation, amortisation and impairment:</b>		
<b>Depreciation of (excluding AASB16 depreciation in occupancy expenses above):</b>		
– Buildings	5,398	5,133
– Plant and equipment	32,726	30,160
<b>Amortisation of:</b>		
– Computer software	8,210	8,419
– Net licence property and other intangible assets	527	519
<b>Total depreciation, amortisation and impairment</b>	<b>46,861</b>	<b>44,231</b>

## 05 Income Tax

Income tax recognised in the Income Statement:

	CONSOLIDATED	
	December 2023 \$000	December 2022 \$000
<b>Current income tax:</b>		
– Current income tax charge	84,181	111,464
– Adjustments in respect of current income tax of previous years	(1,657)	(102)
<b>Deferred income tax:</b>		
– Relating to the origination and reversal of temporary differences	(1,725)	41,558
<b>Total income tax expense reported in the income statement</b>	<b>80,799</b>	<b>152,920</b>

## 06 Earnings Per Share

	CONSOLIDATED	
	December 2023 \$000	December 2022 \$000
<b>Basic earnings per share</b> (cents per share)	<b>16.05c</b>	<b>29.37c</b>
<b>Diluted earnings per share</b> (cents per share)	<b>16.02c</b>	<b>29.32c</b>
<b>The following reflects the income and number of HVN shares used in the calculation of basic and diluted earnings per share:</b>		
Profit after tax	202,785	369,751
Less: Profit after tax attributable to non-controlling interests	(2,774)	(3,851)
<b>Profit after tax attributable to owners of the parent</b>	<b>200,011</b>	<b>365,900</b>

	NUMBER OF SHARES	
	December 2023	December 2022
Weighted average number of ordinary shares used in calculating basic earnings per share	1,246,006,654	1,246,006,654
Effect of dilutive securities	2,656,807	2,103,979
<b>Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share</b>	<b>1,248,663,461</b>	<b>1,248,110,633</b>

## 07 Trade and Other Receivables

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Current</b>			
<b>Receivables from franchisees (a)</b>	<b>697,972</b>	<b>840,996</b>	<b>927,875</b>
– Trade receivables	139,360	107,211	148,390
– Consumer finance loans	3,118	2,567	2,471
– Allowance for expected credit loss	(3,843)	(4,206)	(4,010)
<b>Trade receivables, net</b>	<b>138,635</b>	<b>105,572</b>	<b>146,851</b>
<b>Amounts receivable in respect of finance leases</b>	<b>3,294</b>	<b>3,125</b>	<b>3,228</b>
<b>Non-trade debts receivable from:</b>			
– Related parties (including joint ventures and joint venture partners)	634	368	797
– Unrelated parties	30,995	43,195	36,196
– Allowance for expected credit loss	-	(126)	(126)
<b>Non-trade debts receivable, net</b>	<b>31,629</b>	<b>43,437</b>	<b>36,867</b>
<b>Total trade and other receivables (current)</b>	<b>871,530</b>	<b>993,130</b>	<b>1,114,821</b>

### (a) Receivables from franchisees

Derni Pty Limited (**Derni**), a wholly-owned subsidiary of Harvey Norman Holdings Limited (**HNHL**), may, at the request of a franchisee, provide financial accommodation in the form of a revolving line of credit, to that franchisee. The repayment of the indebtedness of that franchisee to Derni is secured by a security interest over all present and after-acquired property of that franchisee, pursuant to a General Security Deed (**GSD**).

The receivables from franchisees balance of \$697.97 million as at 31 December 2023 comprises the aggregate of the balances due from each franchisee to Derni, and is net of any uncollectible amounts. The indebtedness of each franchisee to Derni is reduced on a daily basis by an electronic funds transfer process. Each franchisee directs the financial institution of that franchisee to transfer the net cash receipts in the bank account of the franchisee to Derni, in reduction of outstanding indebtedness.

Receivables from franchisees have been measured at amortised cost. The consolidated entity has performed an assessment of the franchisee receivables and has calculated the expected credit loss by applying the general approach for provisioning for expected credit losses prescribed by AASB 9. The expected credit loss assessment was conducted on the carrying value of franchisee receivables as at 31 December 2023 totalling \$697.97 million (December 2022: \$927.88 million). Based on the assessment, receivables from franchisees are current and neither past due nor impaired as at 31 December 2023.

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Non-current</b>			
– Trade receivables	6,942	7,080	7,634
– Consumer finance loans	666	549	528
– Allowance for expected credit loss	(6)	(5)	(5)
<b>Trade receivables, net</b>	<b>7,602</b>	<b>7,624</b>	<b>8,157</b>
<b>Amounts receivable in respect of finance leases</b>	<b>988</b>	<b>762</b>	<b>604</b>
<b>Non-trade debts receivable from:</b>			
– Related parties (including joint ventures and joint venture partners)	42,533	42,426	46,240
– Unrelated parties	48,840	53,793	45,961
– Allowance for expected credit loss	(17,078)	(17,078)	(17,078)
<b>Non-trade debts receivable, net</b>	<b>74,295</b>	<b>79,141</b>	<b>75,123</b>
<b>Total trade and other receivables (non-current)</b>	<b>82,885</b>	<b>87,527</b>	<b>83,884</b>

## 08 Other Financial Assets

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Current</b>			
Derivatives receivable	717	3,845	23
<b>Total other financial assets (current)</b>	<b>717</b>	<b>3,845</b>	<b>23</b>
<b>Non-current</b>			
Equity investments at fair value through profit or loss	37,919	34,485	35,508
Equity investments at fair value through other comprehensive income	21,794	19,827	22,546
Units in unit trusts	414	414	414
Other non-current financial assets	8,016	7,916	7,815
<b>Total other financial assets (non-current)</b>	<b>68,143</b>	<b>62,642</b>	<b>66,283</b>

## 09 Inventories

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Current</b>			
Finished goods at cost	625,162	557,254	611,352
Provision for obsolescence	(13,554)	(11,596)	(13,085)
<b>Total inventories (current)</b>	<b>611,608</b>	<b>545,658</b>	<b>598,267</b>

## 10 Other Assets

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Current</b>			
Prepayments	70,000	61,812	72,382
Other current assets	11,974	6,842	8,028
<b>Total other assets (current)</b>	<b>81,974</b>	<b>68,654</b>	<b>80,410</b>



## 11 Intangible Assets

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Current</b>			
Net licence property (current)	601	600	588
<b>Non-current</b>			
Net licence property	923	1,237	1,550
Other intangible assets	56	69	73
<b>Computer software:</b>			
– At cost	238,482	226,485	254,123
– Accumulated amortisation and impairment	(180,653)	(170,404)	(202,437)
<b>Net computer software</b>	<b>57,829</b>	<b>56,081</b>	<b>51,686</b>
<b>Total net intangible assets (non-current)</b>	<b>58,808</b>	<b>57,387</b>	<b>53,309</b>

## 12 Property, Plant and Equipment

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
Land at fair value	267,823	264,814	235,405
Buildings at fair value	313,304	304,633	281,444
<b>Land and buildings at fair value</b>	<b>581,127</b>	<b>569,447</b>	<b>516,849</b>
<b>Plant and equipment:</b>			
– At cost	953,300	918,494	887,523
– Accumulated depreciation	(607,669)	(595,936)	(577,478)
<b>Net plant and equipment</b>	<b>345,631</b>	<b>322,558</b>	<b>310,045</b>
<b>Total property, plant and equipment:</b>			
– Land and buildings at fair value	581,127	569,447	516,849
– Plant and equipment at cost	953,300	918,494	887,523
<b>Total property, plant and equipment</b>	<b>1,534,427</b>	<b>1,487,941</b>	<b>1,404,372</b>
Accumulated depreciation	(607,669)	(595,936)	(577,478)
<b>Total written down amount of property, plant and equipment</b>	<b>926,758</b>	<b>892,005</b>	<b>826,894</b>

## 13 Property, Plant and Equipment: Right-Of-Use Assets (ROUA)

	CONSOLIDATED		
	Leasehold properties: ROUA \$000	Plant & equipment: ROUA \$000	Total ROUA \$000
<b>As at 1 July 2023</b>	<b>541,578</b>	<b>4,441</b>	<b>546,019</b>
New, modified and re-measured leases	17,697	(426)	17,271
Impairment expense	(1,198)	-	(1,198)
Depreciation	(34,824)	(1,069)	(35,893)
Foreign currency	(1,565)	(20)	(1,585)
<b>As at 31 December 2023</b>	<b>521,688</b>	<b>2,926</b>	<b>524,614</b>

### Property, Plant and Equipment: Right-of-Use Assets

The consolidated entity recognises right-of-use assets in respect of leases of property, plant and equipment at the commencement date of the lease (i.e. the date the underlying asset is available for use). The initial measurement of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to an impairment assessment under AASB 136 *Impairment of Assets* at each reporting date.

## 14 Investment Properties: Freehold

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
Opening balance at beginning of the period, at fair value	3,483,593	3,230,213	3,230,213
Net additions, disposals and transfers	75,550	134,630	68,458
Net (decrease) / increase from fair value adjustments	(5,117)	118,750	106,890
<b>Closing balance at end of the period, at fair value</b>	<b>3,554,026</b>	<b>3,483,593</b>	<b>3,405,561</b>

### Valuation Approach

The directors make an assessment of the fair value of each freehold investment property as at balance date.

This assessment is informed by:

- the information and advice contained in the last independent external valuation report for that property prepared by an external, professionally qualified valuer who holds a recognised relevant professional qualification and has specialised expertise in the property being valued (Independent Valuer);
- the information and advice contained in the last internal valuation report for that property (which was informed by the immediately preceding independent external valuation report for that property);
- the last management review for that property; and
- other information and professional or expert advice given or prepared by reliable and competent persons in relation to that property.

### Independent External Valuations

The freehold investment property portfolio is valued by an Independent Valuer at least once every two (2) years on a rotational basis.

For the current period, thirty-three (33) independent valuations of freehold investment properties were performed by an Independent Valuer. This represents a total of 23.4% of the number of freehold investment properties independently externally valued this half, and approximately 25.0% in terms of the fair value of the freehold investment property portfolio in Australia subject to independent external valuation.

## 14 Investment Properties: Freehold

### Internal Valuations and Reviews

Freehold investment properties not independently externally valued as at balance date are subject to an internal valuation or a management review, performed by persons qualified by relevant education, training or experience. Each internal valuation and management review is informed by the last independent external valuation and reliable market evidence. For the current period, four (4) freehold investment properties had been affected by the same factors as the properties which had been independently externally valued. As a consequence, internal valuations for these four (4) properties were undertaken to determine the effect of these factors.

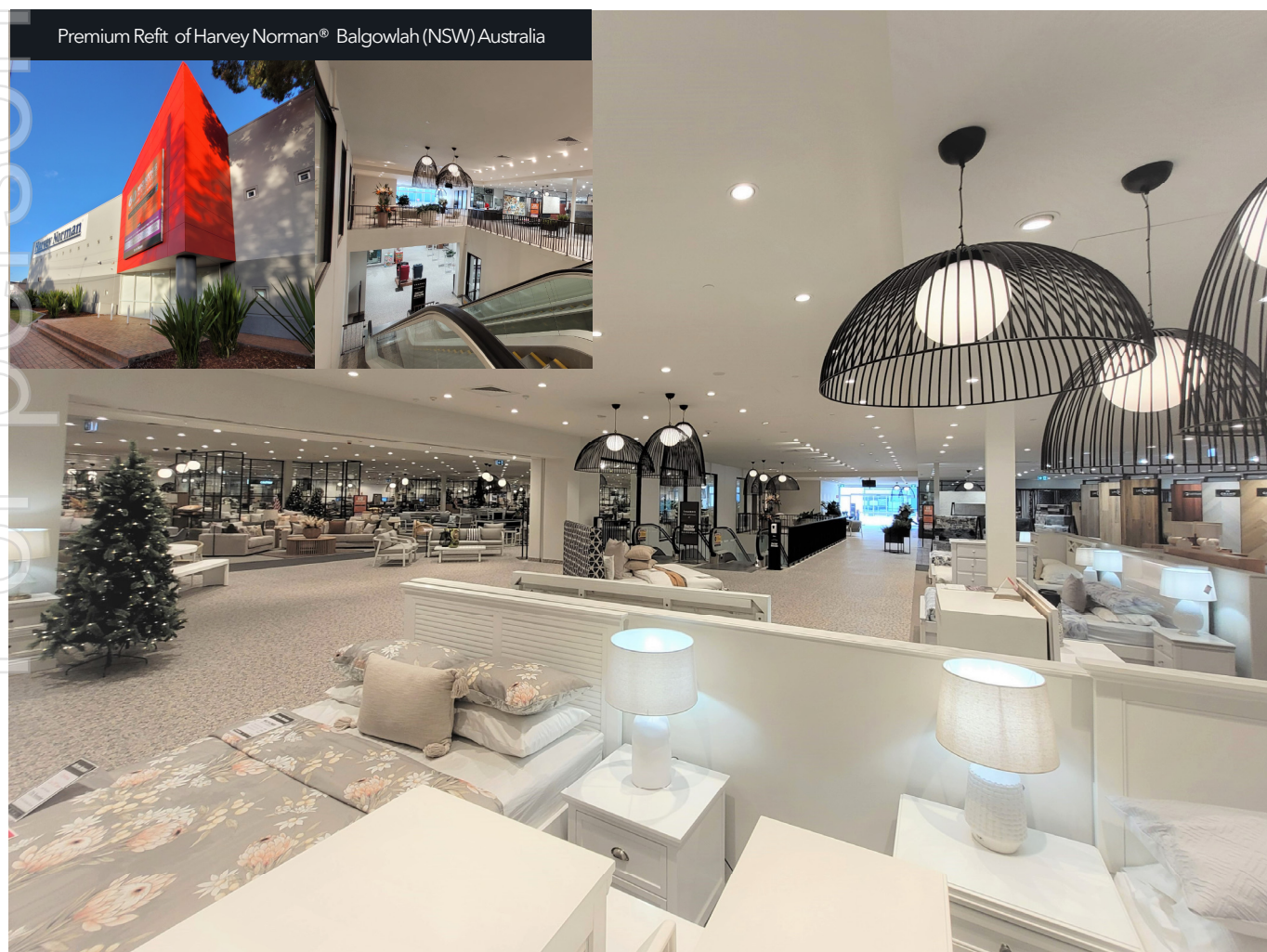
### Valuation Methodologies

The fair value in respect of each freehold investment property has been calculated primarily using the income capitalisation method of valuation, based on the current market rental value, and having regard to, in respect of each property:

- the highest and best use of the property
- the quality of construction
- the age and condition of improvements
- recent market sales data in respect of comparable properties
- current market rental value, being the amount that could be exchanged between knowledgeable, willing parties in an arm's length transaction
- the tenure of franchisees and external tenants
- adaptive reuse of buildings
- non-reliance on turnover rent
- other specific circumstances of the property

As a secondary method, a discounted cash flow valuation or a direct sale comparison valuation is undertaken as a check method.

The fair value of a freehold investment property under construction is determined using the income capitalisation method by estimating the fair value of the property as at the relevant completion date less the remaining costs to complete and allowances for associated risk. As a secondary method, a discounted cash flow valuation is undertaken. An internal valuation or management review is performed for any property less than 75% complete where there is an indication of a substantial change in the risks or benefits to warrant an earlier assessment. Normally, the direct sale comparison method of valuation is used for properties held for future development.



## 15 Investment Properties (Leasehold): Right-Of-Use Assets

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
Opening balance at beginning of the period, at fair value	705,034	675,600	675,600
New and modified leases	72,250	133,086	79,433
Leases exited	-	(1,539)	-
Net decrease from fair value re-measurements	(52,310)	(102,113)	(52,856)
<b>Closing balance at end of the period, at fair value</b>	<b>724,974</b>	<b>705,034</b>	<b>702,177</b>

### Valuation of Investment Properties (Leasehold): Right-Of-Use Assets

The directors make an assessment of the fair value of each Investment Property (Leasehold): Right of Use Asset (**IP (Leasehold) ROU Asset**) as at balance date. Each IP (Leasehold) ROU Asset is reviewed at least every 6 months. This review is undertaken by persons qualified by relevant education, training or experience, with the assistance of qualified management. As part of the review, an independent, professionally qualified valuer who holds a recognised relevant professional qualification and has relevant specialised expertise (**Leasehold Independent Valuer**) is engaged to provide independent verification of key observable inputs.

The re-measurement of an IP Leasehold ROU Asset to fair value comprises the following:

- 1) A reduction in the IP Leasehold ROU Asset to reflect the decrease in its future value due to the usage of the asset during the period, reflecting the passage of time and a reduction in remaining lease tenure. This is recognised as a fair value decrement in the Income Statement.
- 2) Re-measurement of the IP Leasehold ROU Asset at the prevailing discount rate as at the reporting date. If the discount rate at the end of the period is higher than the discount rate at the beginning of the period, there will be a decrease in the value of the IP Leasehold ROU Asset and a corresponding fair value decrement is recognised in the Income Statement. If the discount rate at the end of the period is lower than the discount rate at the beginning of the period, there will be an increase in the value of the IP Leasehold ROU Asset and a corresponding fair value increment is recognised in the Income Statement. The discount rate used is determined based on market data, information on margins available to the consolidated entity, and other adjustments appropriate as at the reporting date.
- 3) The Leasehold Independent Valuer provides independent verification of key observable inputs including the current market rent ranges, being the amount that could be exchanged between knowledgeable, willing parties in an arm's length transaction, at each reporting date. If the current market rent range increases, there may be an increase in the value of the IP Leasehold ROU Asset and a corresponding fair value increment may be recognised in the Income Statement. If the current market rent range decreases, there may be a decrease in the value of the IP Leasehold ROU Asset and a corresponding fair value decrement may be recognised in the Income Statement. The results and recommendations of the review and the information and professional advice provided by the Leasehold Independent Valuer are used to inform the assessment of the fair value of each IP Leasehold ROU Asset at balance date.

### Discount Rate

IP Leasehold ROU Assets are re-measured to fair value by using the prevailing discount rate as at the reporting date which is determined by taking into account the following:

- External market based rates for a range of maturities as at the reporting date;
- The lending margins available to the consolidated entity; and
- Other adjustments that may be made by market participants over the lease term.

### Market Rent Ranges

As at each balance date, the Leasehold Independent Valuer provides market rent ranges for each leasehold investment property, being the amount that could be exchanged between knowledgeable, willing parties in an arm's length transaction at each reporting date. The market rent ranges are used to assess whether future lease payments are representative of what market participants would pay for a particular asset over a similar term.

## 16 Trade and Other Payables

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
Trade and other creditors	347,536	262,503	342,804
Accruals	109,036	90,213	121,266
<b>Total trade and other payables (current)</b>	<b>456,572</b>	<b>352,716</b>	<b>464,070</b>



## 17 Interest-Bearing Loans and Borrowings

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Current secured:</b>			
Bank overdraft	17,591	16,694	14,223
Commercial bills payable	5,400	5,400	5,400
Other short-term borrowings (b)	44,018	40,538	34,931
<b>Current unsecured:</b>			
Derivatives payable	238	62	2,405
<b>Non-trade amounts owing to:</b>			
– Related parties	4,238	4,238	4,237
– Unrelated parties	153	171	166
<b>Total interest-bearing loans and borrowings (current)</b>	<b>71,638</b>	<b>67,103</b>	<b>61,362</b>
<b>Non-current secured:</b>			
Syndicated facility agreement (a)	750,000	760,000	790,000
Other borrowings (b)	19,119	23,258	27,742
<b>Total interest-bearing loans and borrowings (non-current)</b>	<b>769,119</b>	<b>783,258</b>	<b>817,742</b>

### (a) Syndicated Facility Agreement

On 2 December 2009, the Company, a subsidiary of the Company (**Borrower**) and certain other subsidiaries of the Company (**Guarantors**) entered into a Syndicated Facility Agreement (the **Facility** or **SFA**) with certain banks (**Financiers** and each a **Financier**). This facility has been amended from time to time. As at 31 December 2023, the SFA comprised of five (5) Tranches totalling \$1,010 million. The Amending Deed (No. 8) to the Facility, dated 30 November 2021, was executed with the effect of extending the repayment date of Tranche A1 of the Facility totalling \$170 million to 4 December 2026 and Tranche B of the Facility totalling \$240 million to 4 December 2025. On 30 November 2022, the Amending Deed (No. 9) to the Facility was executed with the effect of extending the repayment date of Tranche A2 of the Facility totalling \$200 million to 30 November 2026 and the establishment of Tranche C of the Facility totalling \$200 million with a repayment date of 30 November 2025. On 10 November 2023, the Amending Deed (No. 10) to the Facility was executed with the effect of establishing a new Tranche D of the Facility totalling \$200 million with a repayment date of 10 November 2027. The utilised amount of the Facility as at 31 December 2023 was \$750 million, repayable as set out below, and was classified as non-current interest-bearing loans and borrowings.

#### This Facility is secured by:

- a fixed and floating charge granted by the Company and each of the Guarantors in favour of a security trustee for the Financiers; and
- real estate mortgages granted by certain Guarantors in favour of the security trustee for the Financiers over various real properties owned by those Guarantors.

#### Under the terms of the Syndicated Facility Agreement, the Facility is repayable:

- in respect of Tranche A1 totalling \$170 million, on 4 December 2026 (\$110 million utilised at 31 December 2023)
- in respect of Tranche A2 totalling \$200 million, on 30 November 2026 (\$200 million utilised at 31 December 2023)
- in respect of Tranche B totalling \$240 million, on 4 December 2025 (\$240 million utilised at 31 December 2023)
- in respect of Tranche C totalling \$200 million, on 30 November 2025 (\$200 million utilised at 31 December 2023)
- in respect of Tranche D totalling \$200 million, on 10 November 2027 (unutilised at 31 December 2023)
- otherwise on demand by or on behalf of the Financiers upon the occurrence of any one of a number of events (each a "Relevant Event"), including events which are not within the control of the Company, the Borrower or the Guarantors. Each of the following is a Relevant Event:
  - i) an event occurs which has or is reasonably likely to have a material adverse effect on the business, operation, property, condition (financial or otherwise) or prospects of the Borrower or the Company and the subsidiaries of the Company;
  - ii) if any change in law or other event makes it illegal or impractical for a Financier to perform its obligations under the Syndicated Facility Agreement or fund or maintain the amount committed by that Financier to the provision of the Facility, the Financier may by notice to the Borrower, require the Borrower to repay the secured moneys in respect of the commitment of that Financier, in full on the date which is forty (40) business days after the date of that notice.

The Company has not received notice of the occurrence of any Relevant Event from any Financier. During 1H24 and 1H23, there were no defaults or breaches on any of the interest-bearing loans and borrowings referred to in this note.

### (b) Other Short-Term Borrowings

#### The consolidated entity has the following short-term borrowings as at 31 December 2023:

- a short-term facility of \$18.57 million in New Zealand secured by the securities pursuant to the SFA – unutilised as at 31 December 2023.
- a short-term facility with a limit of \$11.09 million in Singapore secured by corporate guarantee (Dec-2022: \$10.99 million) – unutilised as at 31 December 2023 and 31 December 2022.
- a short term facility with a limit of \$0.96 million in Malaysia secured by the securities pursuant to the SFA (Dec-2022: \$1.00 million) – \$0.64 million utilised as at 31 December 2023 (Dec-2022: nil).
- a total facility with a limit of \$26.68 million in Ireland secured by fixed and floating charges over property (Dec-2022: \$34.84 million). This facility was fully utilised as at 31 December 2023, with \$7.56 million classified as current borrowings (Dec-2022: \$7.10 million) and \$19.12 million classified as non-current borrowings (Dec 2022: \$27.74 million).
- a total facility with a limit of \$76.04 million in Slovenia and Croatia (Dec-2022: \$51.89 million), with a maturity date of 4 December 2024, is secured by the securities pursuant to the SFA. \$31.72 million was utilised as at 31 December 2023 (Dec-2022: \$24.54 million).
- a total facility with a limit of \$5.55 million relates to a revolving credit facility in Singapore secured by the securities pursuant to the SFA (Dec-2022: \$5.49 million). \$4.10 million was utilised as at 31 December 2023 (Dec-2022: \$3.29 million).

## 18 Financing Facilities Available

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
At balance date, the following financing facilities had been negotiated and were available.			
<b>Total facilities:</b>			
– Bank overdraft	48,626	49,471	46,936
– Other borrowings	138,886	320,957	184,213
– Commercial bank bills	5,400	5,400	5,400
– Syndicated Facility	1,010,000	810,000	810,000
<b>Total Available Facilities</b>	<b>1,202,912</b>	<b>1,185,828</b>	<b>1,046,549</b>
<b>Facilities used at reporting date:</b>			
– Bank overdraft (current)	17,591	16,694	14,223
– Other borrowings (current)	44,018	40,538	34,931
– Other borrowings (non- current)	19,119	23,258	27,742
– Commercial bank bills (current)	5,400	5,400	5,400
– Syndicated Facility (non- current)	750,000	760,000	790,000
<b>Total Used Facilities</b>	<b>836,128</b>	<b>845,890</b>	<b>872,296</b>
<b>Facilities unused at reporting date:</b>			
– Bank overdraft	31,035	32,777	32,713
– Other borrowings	75,749	257,161	121,540
– Syndicated Facility	260,000	50,000	20,000
<b>Total Unused Facilities</b>	<b>366,784</b>	<b>339,938</b>	<b>174,253</b>

## 19 Lease Liabilities

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Lease liabilities at beginning of the period</b>	<b>1,328,808</b>	<b>1,204,628</b>	<b>1,204,628</b>
New, modified and exited leases	89,275	252,935	157,988
Interest on lease liabilities	28,594	50,294	24,382
Lease payments	(103,096)	(197,831)	(96,987)
Foreign currency	(1,836)	18,782	15,568
<b>Lease liabilities at the end of the period</b>	<b>1,341,745</b>	<b>1,328,808</b>	<b>1,305,579</b>
<b>Disclosed as:</b>			
– Lease liabilities (current)	147,835	151,043	146,132
– Lease liabilities (non-current)	1,193,910	1,177,765	1,159,447
<b>Total lease liabilities</b>	<b>1,341,745</b>	<b>1,328,808</b>	<b>1,305,579</b>

## 20 Other Liabilities

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Total unearned revenue (current)</b>	<b>146,852</b>	<b>121,000</b>	<b>151,132</b>
<b>Total unearned revenue (non-current)</b>	<b>1,543</b>	<b>1,025</b>	<b>829</b>

## 21 Provisions

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
Employee entitlements	36,785	35,722	37,363
Lease makegood	1,468	1,582	-
<b>Total provisions (current)</b>	<b>38,253</b>	<b>37,304</b>	<b>37,363</b>
Employee entitlements	2,727	2,700	2,364
Lease makegood	6,797	6,473	7,914
<b>Total provisions (non-current)</b>	<b>9,524</b>	<b>9,173</b>	<b>10,278</b>

## 22 Contributed Equity

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
Ordinary shares	717,925	717,925	717,925
<b>Total contributed equity</b>	<b>717,925</b>	<b>717,925</b>	<b>717,925</b>

	NUMBER OF SHARES		
	December 2023	June 2023	December 2022
<b>Number of ordinary shares issued and fully paid</b>	<b>1,246,006,654</b>	<b>1,246,006,654</b>	<b>1,246,006,654</b>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	December 2023 Number of shares	December 2023 \$000
<b>Movements in ordinary shares on issue:</b>		
– Balance at 1 July 2023	1,246,006,654	717,925
– Issue of shares	-	-
<b>Balance at end of the period</b>	<b>1,246,006,654</b>	<b>717,925</b>

## 23 Retained Profits and Dividends

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Movements in retained profits were as follows:</b>			
– Balance at beginning of the period	3,414,424	3,254,936	3,254,936
– Profit for the period	200,011	539,520	365,900
– Dividends paid	(149,521)	(380,032)	(218,050)
<b>Balance at end of the period</b>	<b>3,464,914</b>	<b>3,414,424</b>	<b>3,402,786</b>
<b>Dividends declared and paid on ordinary shares:</b>			
– Final fully-franked dividend for 2023: 12.0 cents (2022: 17.5 cents)	149,521	218,051	218,050
– Interim fully-franked dividend for 2023: 13.0 cents	-	161,981	-
<b>Total dividends paid</b>	<b>149,521</b>	<b>380,032</b>	<b>218,050</b>

The final dividend of \$149.52 million, fully franked, for the year ended 30 June 2023 was paid on 13 November 2023. The interim dividend of 10.0 cents per share, totalling \$124.60 million fully-franked, for the year ended 30 June 2024 will be paid on 1 May 2024 to the shareholders registered at the close of business on 3 April 2024.

<b>Franking account balance:</b>			
<b>The amount of franking credits available for subsequent financial periods are:</b>			
– Franking account balance as at the end of the financial period at 30%	566,173	579,814	595,481
– Franking credits that will arise from the payment of income tax payable as at the end of the financial period	5,279	2,440	5,000
– Franking credits that will be utilised in the payment of the proposed interim/final dividend	(53,400)	(64,080)	(69,420)
<b>Amount of franking credits available for future reporting periods</b>	<b>518,052</b>	<b>518,174</b>	<b>531,061</b>

## 24 Non-Controlling Interests

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Interest in:</b>			
– Ordinary shares	1,091	1,091	1,091
– Reserves	15,032	14,910	15,558
– Retained earnings	17,694	19,239	17,141
<b>Total non-controlling interests</b>	<b>33,817</b>	<b>35,240</b>	<b>33,790</b>

## 25 Reserves

CONSOLIDATED (\$000)	Asset revaluation reserve	Foreign currency translation reserve	FVOCI reserve	Cash flow hedge reserve	Employee equity benefits reserve	Acquisition reserve	Total
<b>At 1 July 2023</b>	<b>227,635</b>	<b>57,862</b>	<b>14,750</b>	<b>2,592</b>	<b>12,335</b>	<b>(16,274)</b>	<b>298,900</b>
Revaluation of land & buildings	(8,565)	-	-	-	-	-	<b>(8,565)</b>
Tax effect of revaluation of land and buildings	2,840	-	-	-	-	-	<b>2,840</b>
Currency translation differences	-	1,452	-	-	-	-	<b>1,452</b>
Unrealised gain on financial assets at fair value through other comprehensive income	-	-	1,755	-	-	-	<b>1,755</b>
Reverse expired or realised cash flow hedge reserves	-	-	-	53	-	-	<b>53</b>
Reverse tax effect of expired or realised cash flow hedge reserves	-	-	-	(16)	-	-	<b>(16)</b>
Net loss on forward foreign exchange contracts	-	-	-	(129)	-	-	<b>(129)</b>
Tax effect of net loss on forward foreign exchange contracts	-	-	-	39	-	-	<b>39</b>
Interest rate swap contracts	-	-	-	(3,038)	-	-	<b>(3,038)</b>
Tax effect of interest rate swap contracts	-	-	-	911	-	-	<b>911</b>
Cost of share based payments	-	-	-	-	1,213	-	<b>1,213</b>
Utilisation of employee equity benefits reserve	-	-	-	-	(2,348)	-	<b>(2,348)</b>
<b>At 31 December 2023</b>	<b>221,910</b>	<b>59,314</b>	<b>16,505</b>	<b>412</b>	<b>11,200</b>	<b>(16,274)</b>	<b>293,067</b>
<b>At 31 December 2022</b>	<b>235,211</b>	<b>62,184</b>	<b>17,059</b>	<b>(1,572)</b>	<b>11,306</b>	<b>(16,274)</b>	<b>307,914</b>



## 26 Cash and Cash Equivalents

### (a) Reconciliation to the Statement of Cash Flows

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Cash and cash equivalents comprise the following:</b>			
– Cash at bank and on hand	242,344	125,195	224,625
– Short-term money market deposits	102,047	93,555	101,133
	<b>344,391</b>	<b>218,750</b>	<b>325,758</b>
– Bank overdraft (refer to Note 17)	(17,591)	(16,694)	(14,223)
<b>Cash and cash equivalents</b>	<b>326,800</b>	<b>202,056</b>	<b>311,535</b>

### (b) Reconciliation of profit after income tax to net operating cash flows

	CONSOLIDATED		
	December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Profit after tax</b>	<b>202,785</b>	<b>546,843</b>	<b>369,751</b>
<b>Adjustments for non-cash items:</b>			
Net foreign exchange (gain) / loss	(78)	(147)	204
Allowance for expected credit loss	(486)	(2,205)	(3,074)
Share of net profit from joint venture entities	(6,132)	(9,849)	(4,698)
Depreciation of property, plant and equipment	38,124	72,023	35,293
Depreciation of right-of-use assets	35,893	69,551	34,553
Fair value re-measurement of investment properties (leasehold): right-of-use assets	52,310	102,113	52,856
Amortisation	8,737	19,284	8,938
Impairment of right-of-use assets	1,198	-	-
Loss / (Gain) on disposal of leasehold right-of-use assets and lease liabilities	9	(1,568)	-
Revaluation decrement / (increment) on freehold investment properties	5,117	(118,750)	(106,890)
Executive remuneration expenses	2,025	7,592	4,735
Profit on disposal and sale of property, plant and equipment and the revaluation of listed securities	(3,112)	(3,216)	(4,773)
<b>Changes in assets and liabilities:</b>			
<b>(Increase) / decrease in assets:</b>			
– Receivables	111,331	60,638	(64,715)
– Inventories	(67,908)	(22,868)	(76,966)
– Other assets	(12,129)	(7,787)	(16,643)
<b>Increase / (decrease) in liabilities:</b>			
– Payables and other current liabilities	122,010	27,305	161,224
– Income tax payable	4,572	(58,330)	(51,816)
– Provisions	3,048	(372)	3,095
<b>Net cash flows from operating activities</b>	<b>497,314</b>	<b>680,257</b>	<b>341,074</b>

## 27 Investments Accounted for Using the Equity Method

		CONSOLIDATED		
		December 2023 \$000	June 2023 \$000	December 2022 \$000
<b>Total investments accounted for using the equity method</b>		<b>2,705</b>	<b>1,904</b>	<b>2,427</b>

		Ownership Interest		Contribution to Profit/Loss before tax	
		December 2023 %	December 2022 %	December 2023 \$000	December 2022 \$000
Noarlunga	Shopping complex	50%	50%	941	886
Perth City West	Shopping complex	50%	50%	1,277	1,269
Warrawong King St	Shopping complex (a)	62.5%	62.5%	571	577
Dubbo	Shopping complex	50%	50%	194	292
Gepps Cross	Shopping complex	50%	50%	1,793	1,662
Bundaberg	Land held for investment	50%	50%	-	5
QCV	Miners residential complex	50%	50%	-	7
Westgate	Shopping complex in New Zealand	50%	-	1,356	-
				<b>6,132</b>	<b>4,698</b>

- (a) This joint venture has not been consolidated as the consolidated entity does not have control over operating and financing decisions and all joint venture parties participate equally in decision making.

## 28 Assets Held for Sale

The assets held for sale balance of \$12.74 million as at 31 December 2022 represented the carrying amount of a warehouse in Singapore that was held for sale. This asset has been reclassified to property, plant and equipment during the year ended 30 June 2023.

## 29 Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- The fair value of current trade receivables and payables is assessed to equal carrying value due to the short-term nature of the assets. The fair value of interest-bearing loans and borrowings approximates their carrying amounts.
- The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-option derivatives and option pricing models for option derivatives.

All financial instruments for which fair value is recognised or disclosed are categories within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- **Level 2** – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- **Level 3** – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the consolidated entity determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 31 December 2023, the consolidated entity held the following classes of financial instruments measured at fair value:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Financial Assets:</b>				
– Listed investments	59,713	-	-	59,713
– Other investments	-	-	8,430	8,430
– Interest rate swap contracts	-	717	-	717
<b>Total Financial Assets</b>	<b>59,713</b>	<b>717</b>	<b>8,430</b>	<b>68,860</b>
<b>Financial Liabilities:</b>				
– Foreign exchange contracts	-	238	-	238
<b>Total Financial Liabilities</b>	<b>-</b>	<b>238</b>	<b>-</b>	<b>238</b>

**Non-Cash Financing and Investing Activities**

Details of financing and investing transactions which have had a material effect on the consolidated assets and liabilities but did not involve cash flows are:  
 NIL

	CONSOLIDATED	
	December 2023	December 2022
<b>Net Tangible Assets Per Security</b>		
Net tangible asset backing per ordinary security	\$3.94	\$3.90
The NTA as at 31 December 2023 includes the right-of-use assets in respect of property, plant and equipment leases of \$524.61 million and investment properties (leasehold) of \$724.97 million, and the lease liabilities recognised under AASB 16 <i>Leases</i> of \$1,341.75 million. If the right-of-use assets were excluded as at 31 December 2023, the NTA calculation would have been \$2.94 per ordinary security (31 December 2022: \$2.90).		
<b>Business Combination Having Material Effect</b>		
Name of business combination	N/A	N/A
Consolidated profit / (loss) after tax of the business combination since the date in the current period on which control was acquired	N/A	N/A
Date from which such profit has been calculated	N/A	N/A
Profit / (loss) after tax of the controlled business combination for the whole of the previous corresponding period	N/A	N/A
<b>Loss Of Control Of Entities Having Material Effect</b>		
Name of entity (or group of entities)	N/A	N/A
Consolidated profit/(loss) from discontinued operations after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A	N/A
Date from which such profit/(loss) has been calculated	N/A	N/A
Profit / (loss) from discontinued operations after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A	N/A

## Directors' Declaration

In accordance with a resolution of the directors of Harvey Norman Holdings Limited, we state that:

In the opinion of the directors:

- (a) the financial statements, notes and the additional disclosures included in the Directors' Report of the consolidated entity for the half-year ended 31 December 2023 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2023.

On behalf of the Board.



**G. HARVEY**  
Chairman  
Sydney  
29 February 2024



**K.L. PAGE**  
Chief Executive Officer  
Sydney  
29 February 2024



## Independent auditor's review report to the members of Harvey Norman Holdings Limited

### Conclusion

We have reviewed the accompanying half-year financial report of Harvey Norman Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2023, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Ernst & Young*

Ernst & Young

James Karekinian  
Partner  
Sydney  
29 February 2024