

28 July 2020

## ASX ANNOUNCEMENT

### JUNE 2020 QUARTERLY ACTIVITIES REPORT

#### Highlights:

**\*HT8 4<sup>th</sup> quarter revenue ending 30 June 2020 was \$6.594 million.**

Comparable June 2019 quarter revenue was \$2.238 million – 295% increase.

Previous March 2020 quarter revenue was \$3.318 million – 199% increase.

**\* HT8 total revenue for FY2020 is \$14.08 million (unaudited) compared to FY2019 revenue of \$9 million (audited) - 56% increase.**

**\* HT8 profit for FY2020 is \$1.089 million (unaudited preliminary management financial account) compared to FY2019 loss of \$732,000 – a \$1.82 million turn-around.**

**\* The newly established Pro-Hygiene division is contributing to the revenue and profit. Revenue in June 2020 quarter is \$1.4 million.**

**\* Inventory at end of June is at \$2.8 million - increased inventory to meet growth demand.**

**\* Harris Technology was rated Number 1 Amazon Australia Seller by independent US market research firm Marketplace Pulse (<https://www.marketplacepulse.com>).**

#### Operations Update

- HT8 now operates a pure online business, therefore minimal negative impact from the COVID-19 pandemic.
- HT8's newly established Pro-Hygiene division has been able to utilise the company's existing operation infrastructure without any additional overhead.
- The company has been able to secure in-demand IT products since work-from-home trend from March 2020. As the company keeps growing the business, management is confident that supplier relationships will not only be maintained, but also enhanced.
- Working with the major online e-commerce platforms such as Amazon, Kogan, Catch and eBay has yielded savings to the company in terms of marketing and logistic costs.
- In order to meet the increased demand, the company has added personnel during the June 2020 quarter.

#### Business Recognition Received

Harris Technology has been rated as the top ranked market place seller on Amazon Australia by independent US market research firm Marketplace Pulse (<https://www.marketplacepulse.com>).

The ranking is based on customer feedback following purchases on the Amazon Australia platform. For detailed information, visit <https://www.marketplacepulse.com/amazon/top-amazon-australia-sellers>.

#### **Pro-Hygiene Division**

HT8 launched a Pro-Hygiene division distributing PPE products in April 2020. Revenue for the June 2020 quarter was \$1.4million. The Division has expanded its product coverage by:

- co-developing a foot operated hand sanitiser dispenser which ensures non-contact dispensing and avoids using any batteries. The first trial order of 500 pcs is being shipped to Australia.
- Securing the supply of a non-touch infrared thermometer. The first 1000 units are in the process of being distributed in Australia.

#### **Outlook and Future Activities**

Harris Technology' business is continuing its recent growth for its IT/CE product sales. Meanwhile the company is experiencing high demand on PPE products especially for face mask sales in Victoria recently.

#### **Related Party Payment**

Section 6 of the appendix 4C released today discloses payments to related parties of \$9,000. These payments were non-executive director fees.

The release of this announcement was authorised by the Company's Chairman on behalf of the HT8 Board.

Andrew Plympton

Chairman

#### **\*About Harris Technology Group Limited**

*Harris Technology Group Limited is a publicly listed company on Australia Stocks Exchange (ASX code: HT8). The company's main business is the e-commerce business of Harris Technology (HT) – [www.ht.com.au](http://www.ht.com.au). Harris Technology is a well-known brand with a 30+ year history in IT/CE retail market covering a very wide range of IT products for small and medium businesses in Australia. Harris Technology was previously owned by Officeworks under Westfamers and prior to this, it was owned by Coles Myer Group. Harris Technology no longer operates any physical shopfronts – all businesses of Harris Technology is conducted online both on [www.ht.com.au](http://www.ht.com.au) and via the major online platforms such as Amazon, Kogan, Catch and eBay etc.*

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Harris Technology Group Ltd

**ABN**

93 085 545 973

**Quarter ended ("current quarter")**
30<sup>th</sup> June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,823	14,675
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(6,433)	(13,766)
(c) advertising and marketing	(21)	(128)
(d) leased assets		
(e) staff costs	(189)	(720)
(f) administration and corporate costs	(294)	(787)
1.3 Dividends received (see note 3)		
1.4 Interest received		2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	6	(131)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(108)</b>	<b>(855)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		31
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		50
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>		<b>81</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	2,025	2025
3.6	Repayment of borrowings	(917)	(1069)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,108</b>	<b>956</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	190	1008
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(108)	(855)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		81

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,108	956
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,190</b>	<b>1,190</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,190	190
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,190</b>	<b>190</b>

**6. Payments to related parties of the entity and their  
associates**

6.1 Aggregate amount of payments to related parties and their  
associates included in item 1

6.2 Aggregate amount of payments to related parties and their  
associates included in item 2

**Current quarter  
\$A'000**

(9)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of,  
and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	4,045	3,764
7.2 Credit standby arrangements	1,000	1,000
7.3 Other (please specify)	868	868
7.4 <b>Total financing facilities</b>	5,913	5,632

7.5 **Unused financing facilities available at quarter end** 281

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

1. Loan of \$3,545,056 from CEO. The loan is interest-free, unsecured and no specified maturity date.
2. Loan of \$500,000 from CEO. The loan is interest-free, unsecured and repayable in instalments of \$20,000 per fortnight. The amount currently drawn \$297,224.
3. A loan facility of up to \$1 million from CEO. The loan is interest-free, unsecured and is to be repaid on 31 December 2021. The amount currently drawn \$1,000,000.
4. Loan of \$868,000 from She –Mei Chang, unsecured, at the interest rate of 2.5% annually, repayable on 1 May 2022.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(108)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,190
8.3 Unused finance facilities available at quarter end (Item 7.5)	281
8.4 Total available funding (Item 8.2 + Item 8.3)	1,471
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	13.62

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2020

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.