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26 July 2021

Quarterly Activity Report – June 2021

Highlights:

- Record breaking Q4 sales of $12.56M compared to previous corresponding period of $6.59M – 90% YoY growth.
- Total YTD revenue to June 2021 has exceeded $42M (unaudited) compared to previous corresponding period of $13.6M – 209% YoY growth.
- Single month record set in June 2021 with $5.13M in total sales.
- Another Amazon Prime Day sale record claiming $429K over two days in June.
- A major milestone of over $1M monthly sales on eBay Australia in June.
- State-of-the-art Harris Technology website to be launched soon with upgraded functionality, improved aesthetics and rich product information.
- Harris Technology has maintained its number 1 seller ranking on Amazon AU and achieved 100% positive customer reviews in recent months.

Pure-Play IT and Consumer Electronics online retailer Harris Technology Group Limited (ASX: HT8) is pleased to provide its activity report for the June FY21 quarter.

Operations Update
Sales revenue for the quarter of $12.56M* represented a 90% increase on the previous corresponding quarter with Harris Technology well positioned to benefit from continued demand from online shopping.

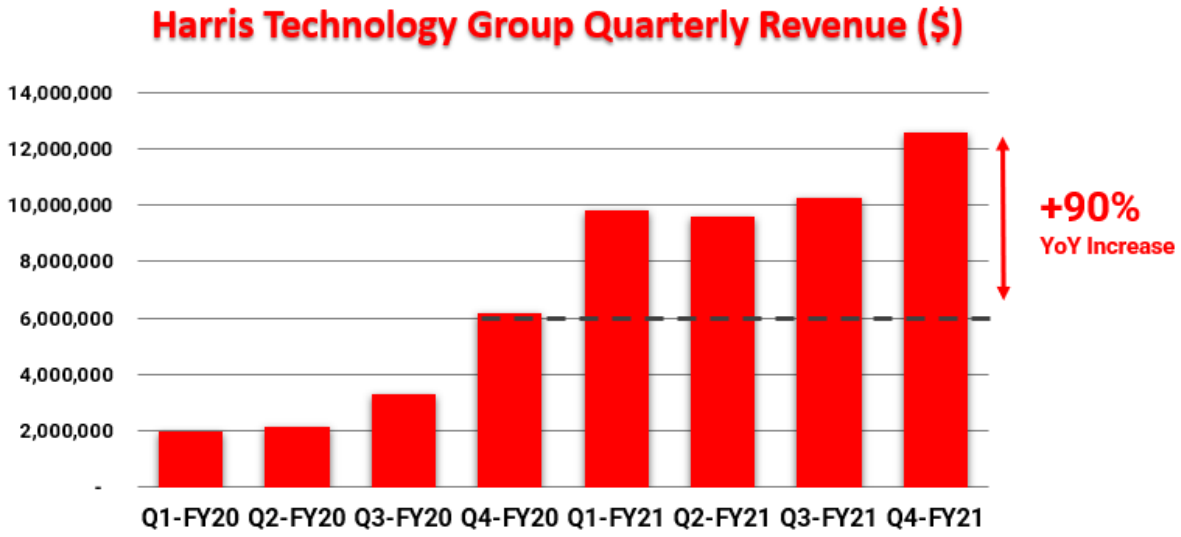
The End of Financial Year promotional period contributed to increased demand across Home Office and IT products with a 90% increase in quarterly sales compared to the June 2020 quarter. This is despite the absence of lockdown restrictions which positively affected the June 2020 quarter during the height of a lockdown in Victoria.

The strong Q4 sales have extended Harris Technology's Full Year 2021 revenue above $42M* representing 209% increase on 2020 ($13.6M). Pleasingly, sales momentum has continued through FY21 despite minimal sales of the high-margin Pro-Hygiene range of personal protective equipment compared to the height in Q4 FY20.

To support the rising sales volumes and increase the range of products offered, Harris Technology has extended its warehousing facilities, securing its third warehouse in Hallam, Victoria, close to the existing facilities. With continued horizontal growth in product ranges and categories expected in the future, the Company plans to consolidate its warehousing and operations with the aim of improving efficiency early in 2022.

Increases in sales revenue were further facilitated by our marketplace partners investing heavily in advertising during the period to drive traffic to their platforms and by default to Harris' listings. This included Amazon's Prime Day run on June 21 and 22 which generated $429K* and eBay's EoFY promotion with monthly eBay sales surpassing $1M (compare Jan 21 - $137K) for the first time, contributing to a single-month sales record for the company in June of $5.13M*

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Harris Technology continues grow strongly by being able to remain highly price competitive due to a very lean cost structure of no overheads associated with physical shop fronts. Harris Technology achieved 100% customer positive review in recent months on Amazon AU – demonstrating an exemplary customer service level.

Development is well advanced for the relaunch shortly of the Harris Technology retail website. The upgrades have been specifically made to drive sales, handle new mass product listings, be mobile friendly and attract organic search engine traffic. The modernisation of the site and the ERP integration will also enable Harris Technology to scale its online operations much more efficiently.

“Wide scale adoption of online shopping has continued to accelerate which has fueled Harris Technology’s rapid growth as a pure online player during the peak of the pandemic and beyond,” said Harris Technology CEO, Garrison Huang.

“It is encouraging to see that our core IT/CE business is maintaining strong momentum despite increased competition in the tech retail space having an impact on margins across the sector as we strive to become the largest marketplace tech seller in Australia.”

“I would like to thank our staff, vendors, distributors, and eCommerce platform partners for their continued support while we drive Harris Technology’s market share in this new eCommerce era. Our teams have again worked tirelessly to deliver an exceptional result over the past 12 months.”

Increased Inventory

To support the rapid growth in sales, Harris Technology has increased its inventory levels from $3.3M at June 2020, to $6.6M at March 2021 and $10.4M at June 2021. This increase was foreseen by the board and was one of the reasons for the April 2021 capital raising. The increase in inventory used cash of $3.3M in Q3 FY21 and a further $3.8M in Q4 FY21. At the end of the June 2021 quarter, Harris had cash on hand of $3.262M and the board is confident that the larger inventory will be required to meet the expected FY22 demand.

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Expenditure incurred during the quarter

Expenditure Category	Amount $
Purchase of Inventory	14,682,000
Advertising	5,000
Staff Administrative and Corporate Costs	655,000
Total	15,342,000

Capital Raising

On 23 April 2021, Harris Technology completed a private placement, successfully raising $5M (before costs) through the issue of 40 million ordinary fully paid shares. The funds were raised to fund an increase in inventory levels to meet the demand for its products and to reduce debt. No shareholder approval was required for the placement, as the Company utilised its existing placement capacity under ASX Listing Rule 7.1 and part of its capacity under listing rule 7.1A.2.

Evolution Capital Advisors Pty Ltd (**Evolution**) acted as the Lead Manager for the Placement. Evolution was entitled to a fee of 6% of the amount raised from the Placement, paid through the issue of 2.4 million ordinary fully paid shares.

Related Party Payment

Payment of directors' fees were $35k during the quarter (refer line 6.1 of appendix 4C).

Harris Technology welcomes investors to join the HT8 investor mailing list for Company updates, industry research and investor discounts by subscribing at: http://ht8.com.au/subscribe.

For more information, contact:
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This announcement has been authorised for ASX release by HT8 Chairman, Alan Sparks.

*All FY2021 financial data quoted is unaudited.

About Harris Technology Group Limited

Harris Technology Group Limited is a publicly listed company on the Australia Securities Exchange (ASX code: HT8). The Company's main business is the eCommerce business of Harris Technology (HT) – 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 Wesfarmers and prior to this, it was owned by Coles Myer Group. Harris Technology no longer operates any physical shopfronts – all businesses of Harris Technology are conducted online both on www.ht.com.au and via the major online platforms such as Amazon, Kogan, Catch and eBay etc.