

**harris**technology  
Let's talk technology

# FY21 Investor Presentation

7 September 2021



# Company Summary

**Harris Technology Group** Limited (ASX:HT8) is the only pure-play IT and Consumer Electronics online retailer on the ASX.

Business transformation in 2019 capitalised on the retail “online boom”, hitting profitability in FY20 and growth accelerated in FY21.

Global vendor networks established from **30+ years of experience** in sourcing, wholesaling and distribution for market-leading agility to pre-empt retail trends.

## Mission

Become Australia’s number one tech seller on all major eCommerce marketplaces.

### Ticker

ASX: HT8

Current SOI

297.79m

Options of Issue

7.5m

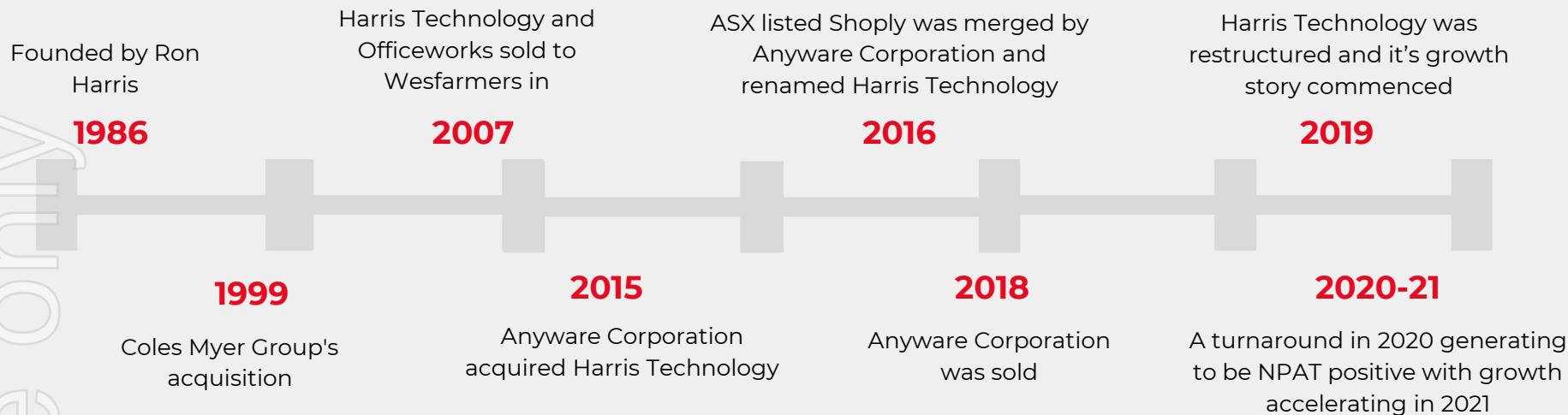
Market Cap

\$35.7m

Cash at Bank

\$3.26m

# Timeline



# Financial Summary

FY21 Revenue

**\$41.8m**

206% growth vs pcg

FY20 Revenue

**\$13.6m**

FY21 NPAT

**\$1.75m**

73.7% growth vs pcg

FY20 NPAT

**\$1.01m**

FY21 Total Equity

**\$7.66m**

FY20 Total Equity

**\$(3.89m)**

A leading eCommerce tech retailer

Harris Technology is uniquely positioned to accelerate growth having completed a 3-year turnaround to become a pure-play online tech retailer.



# Business Status

## Positioned as a leading eCommerce tech retailer

Harris Technology is demonstrating exponential growth as customer preferences transition to online retail channels.

## Record Sales

\$42.1M revenue for FY21, up 209% on FY20.  
18.3% sales margin on turnover maintained.

## Leveraging the major eCommerce platforms to accelerate growth

Operating on all major online eCommerce platforms such as Amazon, eBay, Kogan and Catch etc. Harris benefits from the substantial marketing spending by these platforms that drive traffic to their shipping sites. Harris also utilises major logistic infrastructure of FBA (Fulfilled By Amazon).

## Product sourcing agility

Harris Technology actively monitors retail trends to identify commercial opportunities highlighted by its two recent business manoeuvres in which it secured high-end graphics cards when Bitcoin prices were accelerating and PPE products at the height of the pandemic.





# Platform Partnership Reach

**Established retailer on all major Australian eCommerce platforms**

## **An evolving retail market**

The COVID-19 pandemic has permanently shaped shopping behavior. 10 years' worth of eCommerce growth occurred in just 90 days through the pandemic.

## **Cost saving synergies**

Working within the major marketplaces such as Amazon, eBay, Kogan and Catch has yielded marketing and logistic savings and reach.

## **Relationship expansion**

Harris Technology actively monitors emerging trends for access to new audiences for 'basket mixing' opportunities and in-demand category sales.

## **Existing infrastructure**

Minimal operational expenses are required to list or drive traffic for new products and categories on existing and new channels.



# Growth Alongside Amazon

**Number 1 Marketplace Seller** on Amazon Australia since July 2020.

## Major investment in Australia

Morningstar Equity Research forecast Amazon Australia to account for about 25% of online retail sales, or 5% of the total retail market by 2030.

## Prime Day

Highest ever daily sales on Amazon in June 2021.

## Customer satisfaction

99-100% positive reviews from 6,500+ customers – an extremely difficult score to achieve due to high number of items sold, enabling Harris to win the “Buy Box” more frequently than its competitors.



**\$325,558**

Prime Day  
October 2020

**\$429,963**

Prime Day  
June 2021

**harristechnology**

**Harris Technology**

Harris Technology storefront

★★★★★ | 100% positive in the last 12 months (4532 ratings)

Harris Technology is committed to providing each customer with the highest standard of customer service.

# Flagship Harris Website Relaunch

## Effective eCommerce platform

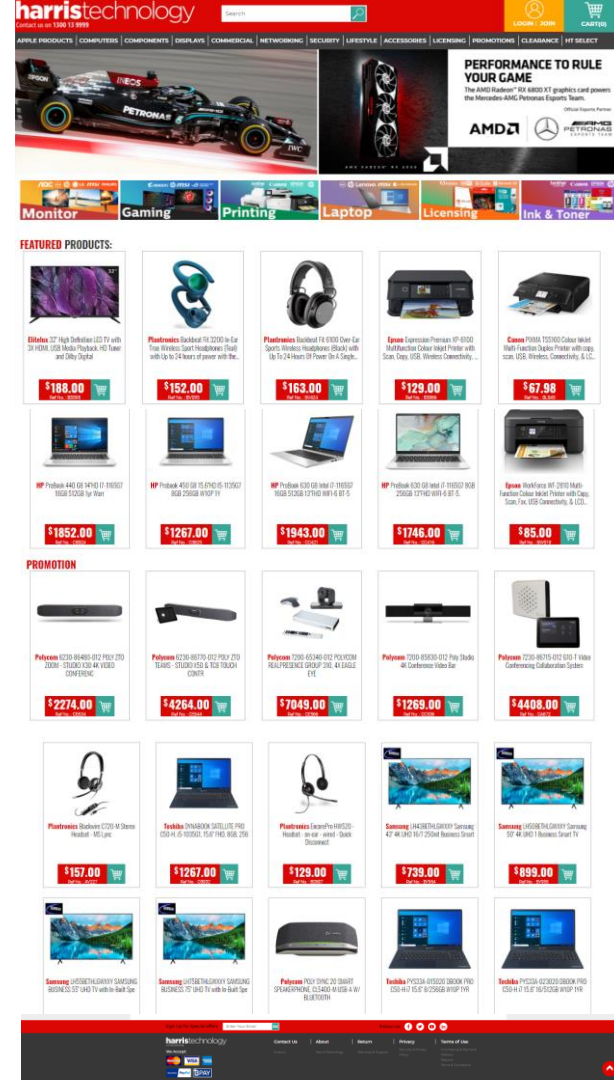
www.ht.com.au driving SME sales and product promotions via customer mailing list.

## Major Upgrade Rollout

Modernisation of the HT website with focus on attracting increased organic traffic and direct integration to the ERP to reduce admin.

## Diversification – product range & platform partners

Continued growth in product categories - gaming, kitchen appliances, mobile phone accessories, software products and refurbished products have and will boost sales.



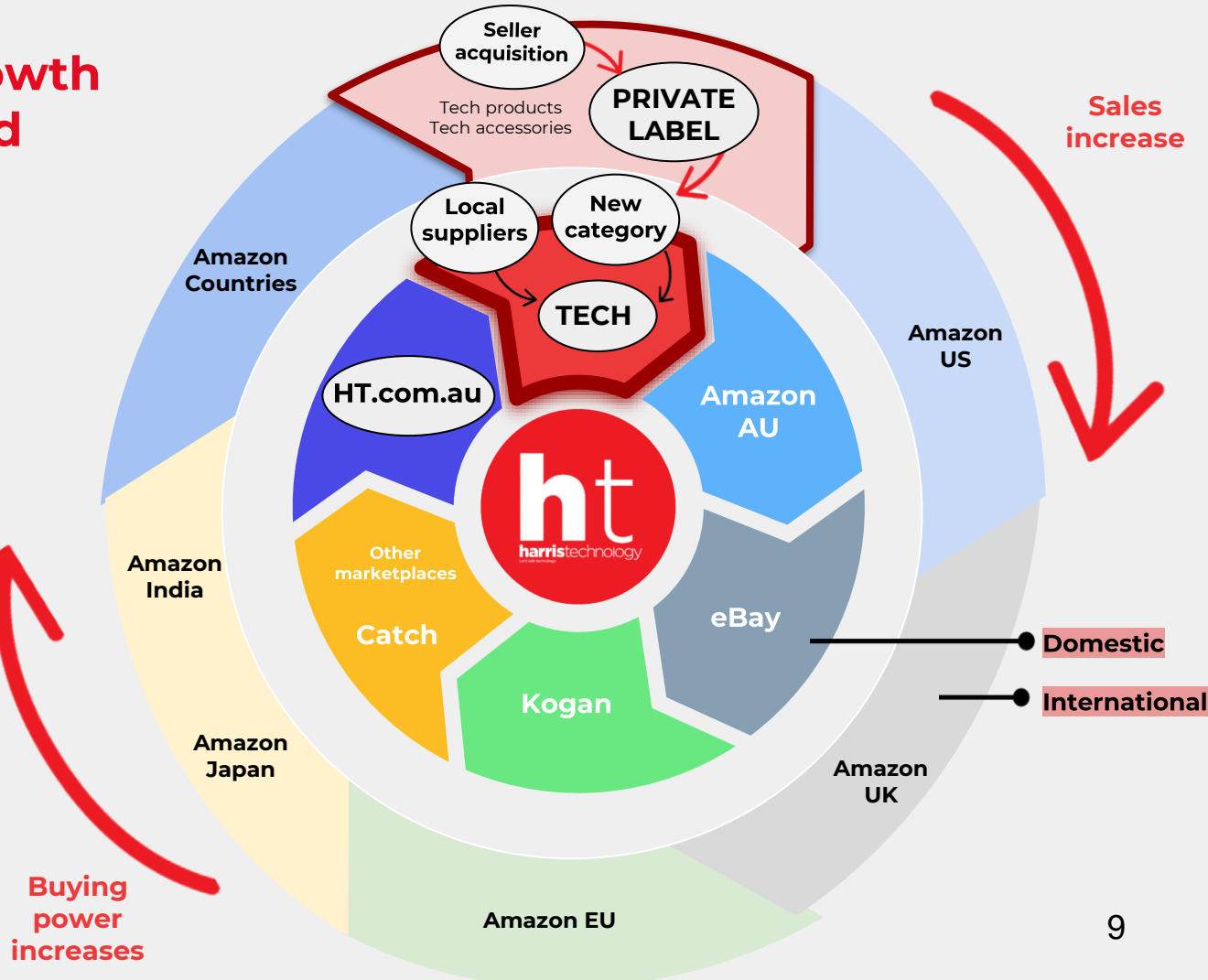


# Dual Flywheel Growth Strategy Explained

Two flywheels – One Domestic and one International.

The domestic flywheel illustrates the company's multi-platform growth strategy. The running of the flywheel feeds into more sales and results in better buying power. The "New category" further enhances the business' product expansion.

The International flywheel illustrates the company's long term global ambition by launching "Private Label" business division and take advantage its local knowledge and experiences. This plan leverages on Amazon's global reach and will drive long term growth internationally.



# Operational Highlights and COVID Effects

## No negative COVID effects

Harris Technology operates a pure online business. As such, it has experienced only positive impact from the pandemic.

## Rapid online sales growth

ABS data shows total online sales averaged an annual rise of 64.8% between April 2020 and March 2021.

## Warehouse facilities expansion

Inventory capacity has increased 200% in FY21 to accommodate rising demand and product expansions with plans to consolidate and expand warehousing facilities.

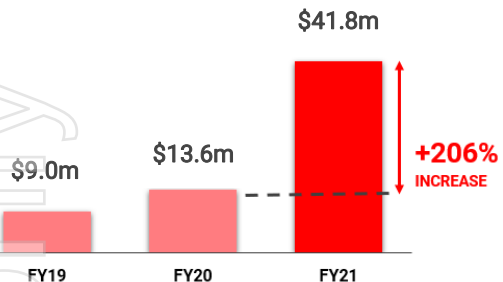
## Product listing growth on more marketplaces

Monthly sales on eBay surpassed \$1M in June 2021, six months after prioritising the platform having recorded \$137k in January 2021 with no adverse effect for sales on other marketplace platforms.

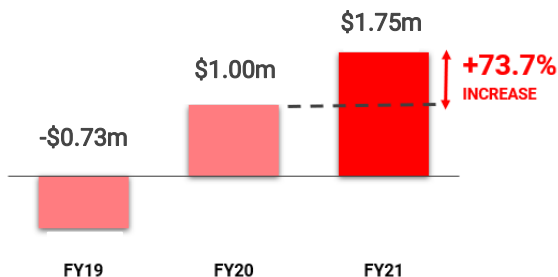


# FY 2021 Financial Highlights

## Revenue



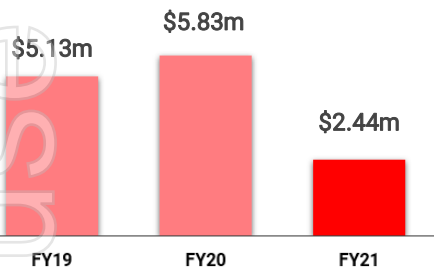
## NPAT



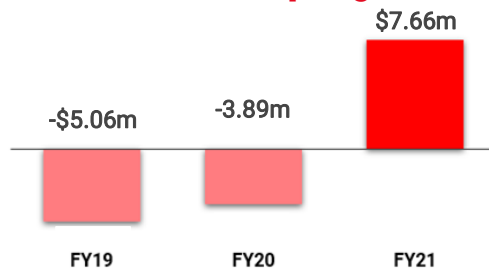
## EPS



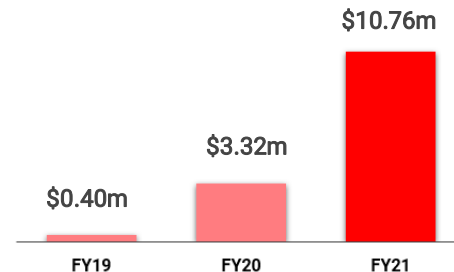
## Debt



## Total Equity



## Inventories



# FY 2021 Financial Highlights

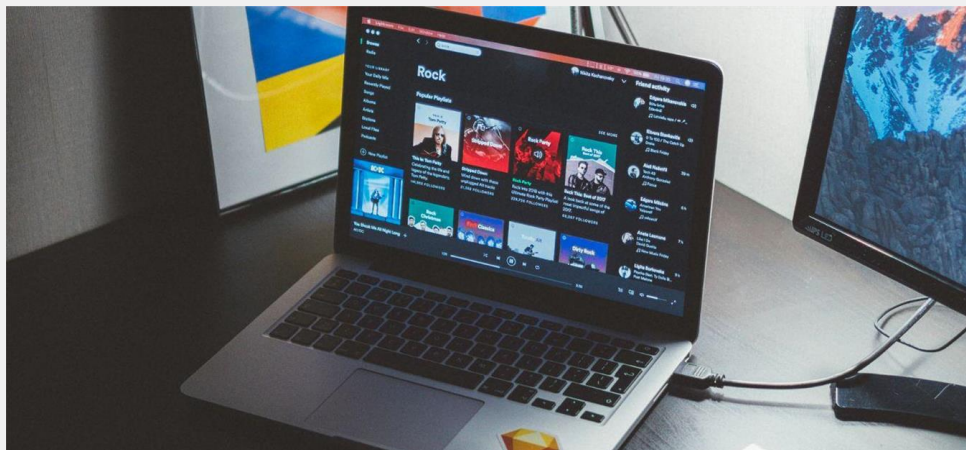
	FY21	FY20
<b>Revenue</b>		
Sales revenue	41,800,861	13,638,567
Direct Costs	(34,128,418)	(10,968,591)
<b>Gross Profit</b>	<b>7,672,443</b>	<b>2,669,976</b>
Other income	59,751	676,097
Distribution expenses	(561,658)	(184,124)
Marketing expenses	(62,571)	(173,997)
Sales transaction expenses	(3,326,514)	(48,202)
Employee, contractor and director expenses	(2,075,242)	(925,104)
Technology expenses	(70,350)	(61,903)
Legal, administration and registry expenses	(405,988)	(291,525)
Depreciation and amortisation expenses	(72,514)	(58,056)
Impairment expense	-	(298,813)
Other expenses	46,698	(36,715)
Finance costs	(67,588)	(262,771)
Foreign exchange gain / (loss)	(10,923)	4,659
<b>Profit / (loss) before income tax</b>	<b>1,125,544</b>	<b>1,009,522</b>
Income tax benefit / (expense)	627,872	-
<b>Profit / (loss) after income tax</b>	<b>1,753,416</b>	<b>1,009,522</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive Profit / (loss) for the year</b>	<b>1,753,416</b>	<b>1,009,522</b>

## Revenue

+206% revenue growth despite increased competition as traditional retailers increased marketing spend towards their online channels.

## Sales Transaction Expenses

Fees incurred from marketplace platform partners covering sale commissions, third party warehousing, logistics and dispatch.



# FY 2021 Financial Highlights

## Inventory Capacity

Continued investment in inventory level and breadth to grow market share and increase turnover, increasing buying power and supplier rebates.

## Debt Elimination

58% reduction in debt to provide greater financial flexibility to explore new revenue streams.

## Total Equity

3-year transformation complete, retiring legacy businesses giving Harris Technology a strong foundation to accelerate growth as the only ASX-listed pure play online tech retailer.



A\$m	FY21	FY20
<b>Current Assets</b>		
Cash and cash equivalents	3,262,107	1,171,184
Trade and other receivables	3,129,379	736,549
Inventories	10,766,788	3,322,985
Prepayments and deposits	154,424	36,800
<b>Total Current Assets</b>	<b>17,312,698</b>	<b>5,267,518</b>
<b>Non-current Assets</b>		
Property, plant and equipment	14,274	-
Right of use assets	166,824	198,524
Intangible assets	-	-
Deferred tax assets	783,392	-
<b>Total Non-current Assets</b>	<b>964,490</b>	<b>198,524</b>
<b>Total Assets</b>	<b>18,277,188</b>	<b>5,466,042</b>
<b>Current Liabilities</b>		
Trade and other payables	7,734,915	3,125,241
Borrowings	2,266,380	867,727
Contract liabilities	287,121	318,369
Lease liabilities	83,801	50,594
Employee benefit liabilities	104,028	66,022
<b>Total Current Liabilities</b>	<b>10,476,245</b>	<b>4,427,953</b>
<b>Non-current Liabilities</b>		
Borrowings	-	4,764,212
Lease liabilities	96,790	155,279
Employee benefit liabilities	43,040	11,993
<b>Total Non-current Liabilities</b>	<b>139,830</b>	<b>4,931,484</b>
<b>Total Liabilities</b>	<b>10,616,075</b>	<b>9,359,438</b>
<b>Net Assets / (Net Liabilities)</b>	<b>7,661,113</b>	<b>(3,893,395)</b>



# Why Invest in Harris Technology?

Uniquely positioned in an exponentially growing eCommerce sector.

A proven business strategy leveraging on major marketplace operators by its Number 1 seller position on Amazon AU. HT8 benefits from the rapid growth of all major eCommerce platforms.

Profitable for two years since pivoting the business to be a pure-play online retailer.

Continued growth by entering into new marketplaces (e.g. Myer/Bunnings/Woolworth etc.) and expanding product categories such as home appliance, kitchenware and refurbished tech products etc.

Short term plan of launching private label/branding products to drive better margin and future brand recognition.

A long-term international expansion plan.



# Q&A



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