

APPENDIX 4E - Harris Technology Group Limited (ASX: HT8)

ABN 93 085 545 973

Current reporting period: 1 July 2019 to 30 June 2020

Previous corresponding period: 1 July 2018 to 30 June 2019

Results for Announcement to the Market

| | | % Change from previous corresponding period | | Current reporting period \$A |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------------------------------------------|----|---------------------------------------|
| Revenues from ordinary activities | up | 51% | to | 13,638,567 |
| Profit from ordinary activities after tax attributable to members | up | *N/A | to | 1,009,522 |
| <p><i>*The percentage increase from the prior corresponding period has not been included as the movement from loss to profit cannot be expressed as a percentage movement. The dollar movement from the prior corresponding period is an increase of \$1,741,559, from \$732,037 loss in the last financial year to \$1,009,522 profit in the current financial year.</i></p> | | | | |
| Profit for the period attributable to members | up | *N/A | to | 1,009,522 |

| Dividends (distributions) | Amount per share | Franked amount per share |
|--------------------------------------------------------------|------------------|--------------------------|
| Final dividend | | |
| Interim dividend | Nil ¢ | Nil ¢ |
| Previous corresponding period | Nil ¢ | Nil ¢ |
| Record date for determining entitlements to the dividends | N/A | |

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Revenue from continuing operations for the year ended 30 June 2020 was \$13,638,567, an increase of 51% over the previous corresponding period (2019: \$9,003,268).

Net profit from operations was \$1,009,522, a significant turnaround from the previous corresponding period (2019: Operating net loss \$732,037).

The Company does not propose to pay a dividend. No dividend or distribution plans are in operation.

| Net tangible assets | June 2020 | June 2019 |
|-------------------------------------------|------------------|------------------|
| Net tangible assets per ordinary security | (2.02) cents | (2.89) cents |

CHAIRMAN'S NOTE

THE YEAR IN REVIEW

Harris Technology Group Limited is pleased to report a substantial turnaround in performance. We believe the foundations are in place for continued growth and success. With the fast-changing retail world and recent reports from the Australian Bureau of Statistics quoting that online sales in Australia increased by 134% for the quarter ending in June 2020, HT8 is well placed to take advantage of the retail spending realignment.

The Group sharpened its focus for the 2019/20 year and used its expertise and knowledge to further develop its online IT and consumer electronics operations as well as reviewing new opportunities. HT8's years of experience in global product sourcing was key in establishing the "Pro-Hygiene" division in April 2020, which has proved extremely successful in a very short period of time.

The sale of subsidiary Anyware Corporation in the previous year allowed the rationalisation of staff, warehousing and other overheads. This allowed management to focus heavily on developing the B2C sales channels for IT and consumer electronic products. Strong sales were experienced across the entire range of products, together with product diversification to include mobile phone accessories and consumables such as inks and toners plus gaming products. Sales of antivirus software also increased.

Sourcing the best-in-class products has been crucial as was establishing and managing the best online distribution systems. HT8's strong relationships with Amazon, Kogan, Catch, Ebay and others have played a key role in developing a very efficient distribution system. Efficiencies in all sectors of the business supply chain have been achieved, margins have been maintained and/or increased. The Company has recruited additional, highly experienced staff who have been integral in facilitating the business expansion.

In April 2020, HT8 established a new line of protective hygiene products known as "Pro-Hygiene". The range includes facemasks, hand sanitiser gels and wipes. HT8's broad knowledge and skills in product sourcing has facilitated secure relationships and appointment as a distributor from Jointown Pharmaceutical in April 2020. The company extended its Hygiene product range with its "Tender Kiss" brand of Alcohol tissues in May 2020.

Sales have exceeded expectations with more than \$1 million in revenue recorded in the quarter ended June 2020.

KEY POINTS FOR THE CURRENT YEAR

The increase in sales during the 2020 year required additional cash to fund inventory to support the business growth. A large part of that funding was met by loans from HT8's CEO. These loans were unsecured and interest-free. On behalf of all shareholders, I thank our CEO for his financial support to the company and the leadership in turning around the HT8 business.

In August 2020, the board undertook a private placement to raise \$3.5 million at 8c per share. In addition, in order to provide existing shareholders with opportunity to participate on identical terms, Share Purchase Plan was offered at 8c per share to raise a maximum of \$1.4 million. The offer which will close on 4 September 2020 is oversubscribed.

OUTLOOK

With strong funding support, coupled with the structural shift in consumer behaviour towards increasingly shopping online, HT8 is well positioned to take advantage of the retail "revolution" in the coming months and years. The company has a proven strategy as well as experienced professional management team to drive further growth. The board of the company is confident that HT8 will continue to deliver strong revenue and improved profitability in FY2020-2021.

Andrew Plympton
Non-Executive Chairman
31 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(FOR THE YEAR ENDED 30 JUNE 2020)

| (\$) | 2020 | 2019 |
|--------------------------------------------------------------|------------------|--------------------|
| Revenue | | |
| Sales revenue | 13,638,567 | 9,003,268 |
| Direct costs | (10,968,591) | (8,007,879) |
| Gross profit | 2,669,976 | 995,389 |
| Other income | 676,097 | 169,346 |
| Distribution expenses | (184,124) | (120,808) |
| Marketing expenses | (173,997) | (106,217) |
| Transaction expenses | (48,201) | (87,798) |
| Employee contractor and director expenses | (925,104) | (858,094) |
| Occupancy costs | (18,404) | (163,790) |
| Technology expenses | (61,903) | (113,505) |
| Holding company expenses | (291,525) | (194,384) |
| Depreciation and amortisation expenses | (58,056) | (20,588) |
| Impairment expense | (291,866) | (64,961) |
| Other expenses | (25,258) | (149,823) |
| Finance costs | (262,771) | (14,741) |
| Exchange gain / (loss) | 4,659 | (2,062) |
| (Loss) / Profit before income tax | 1,009,522 | (732,036) |
| Income tax benefit / (expense) | - | - |
| (Loss) / Profit from continuing operations | 1,009,522 | (732,036) |
| Discontinued operations | - | (1,470,613) |
| Total comprehensive (loss) / profit for the period | 1,009,522 | (2,202,649) |
| Earnings per share from continuing operations (cents) | | |
| - Basic earnings / (loss) per share | 0.54 | (0.46) |
| - Diluted earnings / (loss) per share | 0.54 | (0.46) |

Earnings per share from discontinued operations (cents)

| | | |
|---------------------------------------|---|--------|
| - Basic earnings / (loss) per share | - | (0.93) |
| - Diluted earnings / (loss) per share | - | (0.93) |

Earnings per share from profit / (loss)

| | | |
|---------------------------------------|------|--------|
| - Basic earnings / (loss) per share | 0.54 | (1.40) |
| - Diluted earnings / (loss) per share | 0.54 | (1.40) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(AS AT 30 JUNE 2020)

| (\$) | 2020 | 2019 |
|----------------------------------|------------------|------------------|
| Current Assets | | |
| Cash and cash equivalents | 1,171,184 | 1,008,416 |
| Trade and other receivables | 736,549 | 347,965 |
| Inventories | 3,322,985 | 405,123 |
| Prepayments and deposits | 36,800 | 34,727 |
| Total Current Assets | 5,267,518 | 1,796,231 |
| Non-current Assets | | |
| Property, plant and equipment | - | 109,744 |
| Right of use asset | 198,524 | - |
| Intangible assets | - | 291,867 |
| Total Non-current Assets | 198,524 | 401,611 |
| Total Assets | 5,466,041 | 2,197,842 |
| Current Liabilities | | |
| Trade and other payables | 3,124,641 | 2,068,926 |
| Financial liability | 867,727 | 1,408,472 |
| Unearned Income | 318,369 | - |
| Lease Liability | 50,594 | - |
| Employee benefit liabilities | 66,022 | 53,578 |
| Total Current Liabilities | 4,427,354 | 3,530,976 |

| | | |
|------------------------------------------------|--------------------|--------------------|
| Non-current Liabilities | | |
| Financial liability | 4,764,212 | 3,726,553 |
| Lease liability | 155,279 | - |
| Employee benefit liabilities | 11,993 | 3,321 |
| Total Non-current Liabilities | 4,931,484 | 3,729,874 |
| Total Liabilities | 9,358,838 | 7,260,850 |
| Net Assets / (Net Deficiency of Assets) | (3,892,795) | (5,063,008) |
| Equity | | |
| Contributed equity | 7,803,724 | 7,654,915 |
| Accumulated losses | (11,707,951) | (12,717,472) |
| Reserves | 11,432 | - |
| Total Equity | (3,892,795) | (5,063,008) |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEAR ENDED 30 JUNE 2020)

| (\$) | Share Capital | Reserves | Accumulated Losses | Total Equity |
|------------------------------------------------------|------------------|---------------|---------------------|--------------------|
| At 1 July 2019 | 7,654,464 | - | (12,717,472) | (5,063,008) |
| Profit for the period | - | - | 1,009,522 | 1,009,522 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | 1,009,522 | 1,009,522 |
| Transactions with owners in their capacity as owners | | | | |
| Contributions of equity | 149,260 | - | - | 149,260 |
| Share based payment | - | 11,432 | - | 11,432 |
| At 30 June 2020 | 7,803,724 | 11,432 | (11,707,950) | (3,892,795) |

| (\$) | Share Capital | Accumulated Losses | Total Equity |
|------|---------------|--------------------|--------------|
|------|---------------|--------------------|--------------|

| | | | | |
|------------------------------------------------------|------------------|---|---------------------|--------------------|
| At 1 July 2018 | 7,594,915 | - | (10,514,823) | (2,919,808) |
| Loss for the period | - | - | (2,202,649) | (2,202,649) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | (2,202,649) | (2,202,649) |
| Transactions with owners in their capacity as owners | | | | |
| Share based payment | 59,549 | - | - | 59,549 |
| At 30 June 2019 | 7,654,464 | - | (12,717,472) | (5,063,008) |

CONSOLIDATED STATEMENT OF CASH FLOWS
(FOR THE YEAR ENDED 30 JUNE 2020)

| (\$) | 2020 | 2019 |
|--------------------------------------------------------------------|------------------|--------------------|
| Cash flows from operating activities | | |
| Receipts from customers | 15,100,485 | 24,034,412 |
| Payments to suppliers and employees | (15,849,021) | (24,923,562) |
| Interest paid | (13,525) | - |
| Net cash flows (used in) / provided by operating activities | (762,061) | (889,150) |
| Cash flows from investing activities | | |
| Disposal of business, net of cash consideration | - | 3,416,084 |
| Payments for property, plant and equipment | - | 17,000 |
| Net cash flows (used in) / provided by investing activities | - | 3,443,084 |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 2,043,490 | - |
| Repayment of borrowings | (1,071,866) | (3,319,024) |
| Repayment of lease liabilities | (46,795) | - |
| Net cash flows (used in) / provided by financing activities | 924,829 | (3,319,024) |
| Net increase / (decrease) in cash and cash equivalents | 162,768 | (775,090) |
| Cash and cash equivalents at the beginning of the financial year | 1,008,416 | 1,783,506 |
| Cash and cash equivalents at the end of the financial year | 1,171,184 | 1,008,416 |

The above report is based on accounts which are in the process of being audited. It is not expected the accounts will contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph.

HT8 does not have any associates or joint venture entities.

***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. 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 Wesfamers 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 and via the major online platforms such as Amazon, Kogan, Catch and eBay etc.