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Investor Presentation

Building the leading ASX listed market-place e-commerce business



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Company Summary

Profile

- Harris Technology Group Limited (**ASX:HT8**) has the mission of becoming the leading online e-commerce destination in Australia.
- Harris Technology is a well-known brand with a 30+ year history in the IT/CE (Information technology and consumer electronics) retail market covering a wide range of IT products for small and medium businesses in Australia.
- Harris Technology has had a substantial turnaround in performance and has established solid foundations for continued operational growth and financial success.

Strategy

- Short Term Strategy: become the number one tech seller on all major e-commerce platforms including Amazon, Catch, Kogan and eBay etc.
- Medium Term Strategy: become the overall number one seller on all major e-commerce platforms.
- Long Term Strategy: to become a leading global e-commerce business by international expansion.

Company History

Timeline

Founded by Ron Harris in 1986.

Harris Technology and Officeworks sold to Wesfarmers in 2007.

ASX listed Shoply was acquired by Anyware Corporation in 2016 and renamed Harris Technology.

In 2019 Harris Technology was restructured and it's growth story commenced.

Coles Myer Group's acquisition in 1999.

In 2015, Anyware Corporation acquired Harris Technology.

Anyware Corporation was sold in 2018.

A turnaround in 2020 generating positive profits and raising \$4.9m.

Capital Structure & Share Price History

Summary Details

Ticker	ASX: HT8
Share Price	\$0.145
Current SOI (m)	254.995
Options on Issue (m)	8.100
Market Cap (m)	\$36.974
Debt (m)	\$3.819
Cash at Bank (m)	\$1.298
Enterprise Value (m)	\$39.495
Top 20 Shareholders	61%

(as at 10/11/20)

Share Price Growth



(as at 10/11/20)

Investment Highlights

- **Positioned as a leading e-commerce tech retailer**– Harris Technology owns and operates one of Australia’s leading online IT and consumer electronics businesses.
- **Record sales** – Q1FY21 revenue was a record \$9.8m, up 44.1% on the June quarter.
- **Return on advertising expense** – Harris Technology’s business model ensures that the company leverages the major platforms' marketing expenses. Therefore its advertising expense per dollar sales is almost zero.
- **Leveraging the major e-commerce platforms’ rapid growth has led to significant savings** - As the company continues to grow, 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.
- **Through well established business contacts and years of experience, Harris Technology can pivot to new growth areas of demand faster than its peers** – In addition, it’s superior sourcing and IT platform ensures the business is agile to profit from new emerging opportunities (e.g. the Pro-Hygiene division was highly profitable during the COVID lockdown period, whilst new gaming products capitalised on increased online demand).

Capital Raise

- In August 2020 HT8 successfully undertook a Private Placement and SPP to raise **\$4.9m** to fast track growth.

Q1 FY21 and FY20 Financial Highlights

**BUILDING ON STRONG
FY20 SALES MOMENTUM**

FY19 vs. FY20:

Metric	FY19	FY20	Change
Revenue	\$9.2m	\$14.3m	55.4%
EBITDA	(\$0.65m)	\$1.3m	300.0%
Net Profit	(\$0.73m)	\$1.0m	236.9%
EPS	(\$0.46)	\$0.54	217.4%

Previous 3 Quarters:

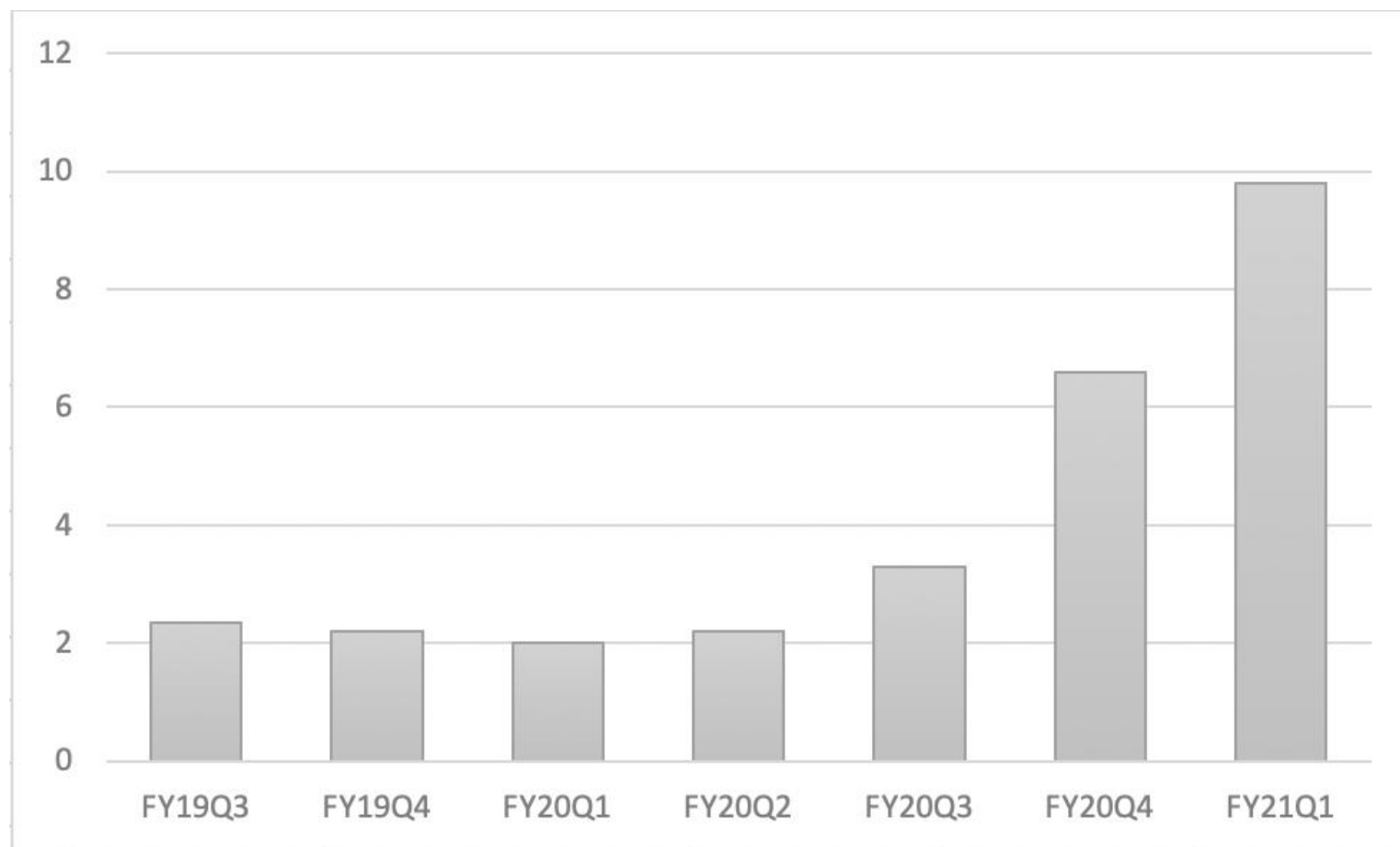
Metric	Q3FY20	Q4FY20	Q1FY21
Revenue	\$3.3m	\$6.8m	\$9.8m
Net Profit	\$343,480	\$703,171	\$835,425

*Q1FY21 Unaudited

Significant Growth Trends

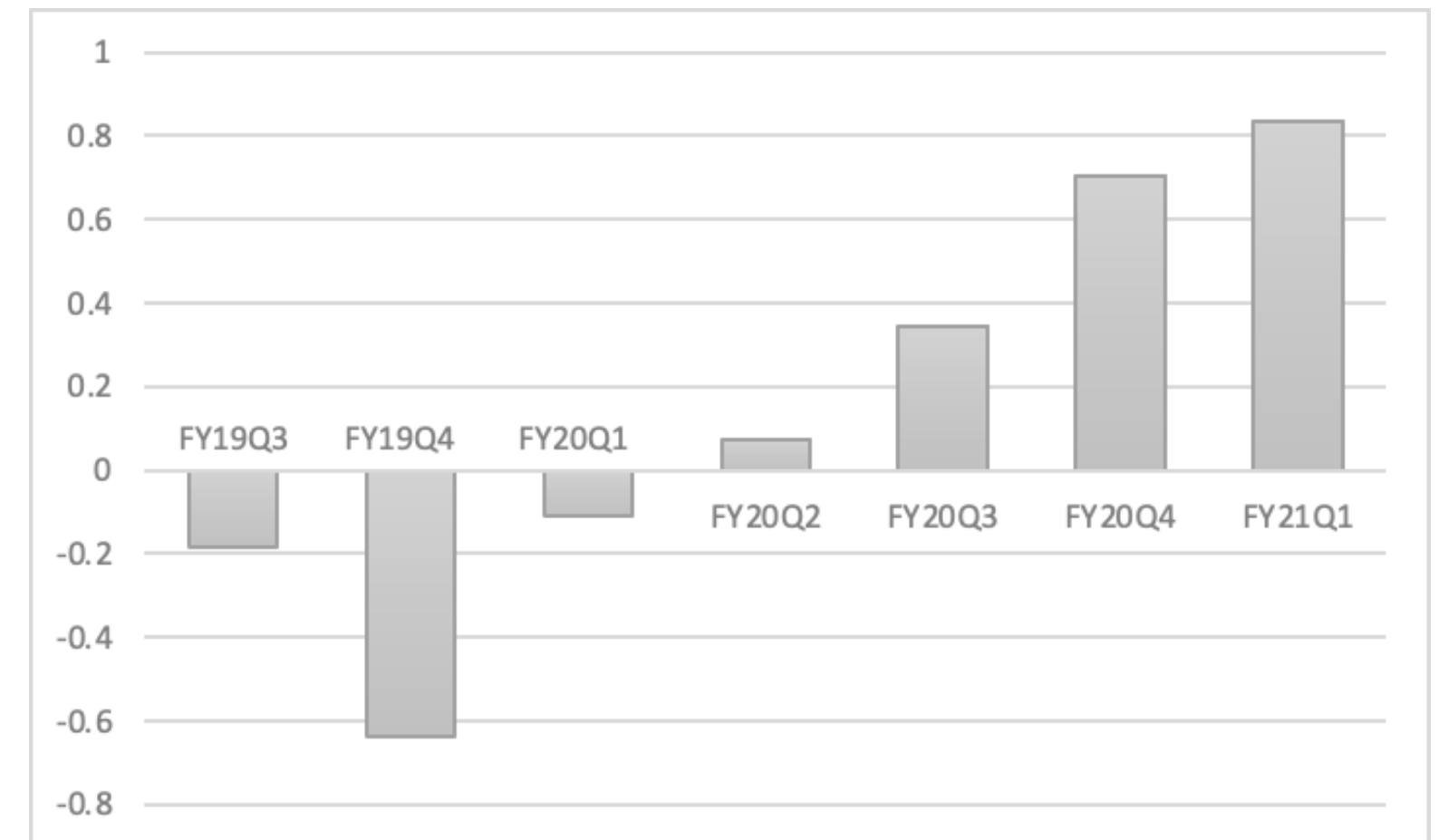
Consistent QoQ growth achieved in FY20 and FY21.

Quarterly Revenue Growth (\$m)



*Q1FY21 Unaudited

Quarterly Net Profit Growth (\$m)



*Q1FY21 Unaudited

Peer Valuations

Harris Technology is trading at a significant discount compared to other listed peers.

Comp. Analysis (10/10)	Tempel & Webster (TPW)	Mydeal (MYD)	Harris Tech (HT8)
FY19 Revenue (\$m)	101.61	4.96	9.00
Revenue FY20 (\$m)	176.34	15.34	14.26
YoY Growth Rate	74%	209%	58%
EBITDA FY20 (\$m)	8.50	0.67	1.33
Share Price (\$)	9.93	1.20	0.145
Market Cap (\$m)	1196.10	310.59	40.80
MC/FY20 Rev Multiple	6.78	20.25	2.86
MC/FY20 EBITDA Multiple	140.72	463.57	30.68

*Data has been sourced accurately and faithfully from publicly announced annual reports.

- **Justification for peer companies** – MYD and TPW operate retail e-commerce marketplace businesses selling consumer goods. MYD has similar revenue in FY20 comparable to HT8, whilst TPW has substantial larger revenue base than HT8. There are clear commonalities with Harris Technology's in terms of online business model and addressable market.

Traditional Harris Website

www.ht.com.au

Home Computers Laptops Servers Displays Networking Storage Print & Scan Accessories Software Communication Security Point of Sales
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Booc
 5x Packs BOOC Mask for Kids (4-8yr Kid)+ Hand Sanitiser 80ml
 new **\$34.95**
 Add to cart
 Tech Code: BY808

GOTDYA
 GOTDYA Rinse free hand sanitizer with 75% Alcohol content for general ho...
\$47.58
 Add to cart
 Tech Code: BV910

Ink & TONER

Featured Gaming Systems

- **Effective e-commerce platform** - Accessible on www.ht.com.au
- **A recognisable brand** - 30+ year history in the IT/CE retail market covering a diverse range of tech products for small and medium businesses in Australia.
- **Rationalisation** - Staff, warehousing and other overheads were streamlined, which allowed management to focus on developing the B2C sales channels and consumer electronic products.
- **Diversification – product range & platform partners** - Continued growth in product range, specifically mobile phone accessories, gaming and software products have boosted sales. Increased diversification of platform partners (Mydeal & Groupon) has also fueled further growth and Harris Technology exposure.

Diverse Platform Partnerships

Established supplier on all major online e-commerce platforms.

- **An evolving retail market** - The COVID-19 pandemic has structurally and permanently changed the public's shopping behaviour and Harris Technology continues to benefit from this move to online shopping.



- **Cost saving synergies** - Working with the major platforms such as Amazon, Kogan, Catch and eBay has yielded marketing and logistic savings.



- **Relationship expansion** - Harris Technology has recently started selling on two more online marketplace platforms - Groupon and Mydeal.

- **New product mix** - Harris Technology has also recently established a homeware and kitchenware category, focused on penetrating the Amazon marketplace.



- **Compounding active customer growth** - as Kogan, Mydeal and Amazon rapidly grow their customer base, Harris Technology's exposure is increased.

Amazon Platform Highlights



Amazon's growth is fueling record sales for Harris Technology.

- **#1 Marketplace seller** – On Amazon Australia in July.
- **Amazon virtual summit attendance** – CEO Garrison Huang participated as a panelist on October 15 to share the successful growth story of becoming the #1 Tech Seller on Amazon.
- **Prime Day, highest ever daily sales** – On Amazon throughout October:
 - This compares to average Amazon daily sales in September of \$56,000.
- **Customer satisfaction** – From 3300+ customer reviews, 99% have been positive over the previous 12 months.
- **Harris Technology's listings obtains more exposure as Amazon members grow** – Amazon reported 150m paying Prime members worldwide, up from 100m at the end of the first quarter of 2018.
- **Upcoming sales catalysts** - Black Friday event and Christmas shopping season.

\$118,679
13/10/20

\$206,879
14/10/20

Business Agility and Flexibility

Highlights the agile business model, where Harris Technology can exploit new trends.

- **Pro-Hygiene division**- Launched Pro-Hygiene division for PPE products in April 2020 utilising the company's existing infrastructure without any additional overheads.
- **Homeware & Kitchenware** – Harris Technology has entered the Homeware and Kitchenware category and will initially focus sales on the Amazon platform.
- **Immediate revenue impacts** - The Pro-Hygiene division was immediately both revenue and profit accretive. It delivered \$1.4m revenue in the June 2020 quarter.
- **Future growth areas** – Harris Technology remains agile and will continue to capitalise on future growth areas as they arise with limited to no additional cost.

Operational Highlights and COVID Effects

Advantageous structural shifts.

- **No negative COVID effects** – Harris Technology now operates a pure online business. As such, it has experienced minimal negative impact from the pandemic.
- **Rapid online sales growth** - Australian Bureau of Statistics quoted that online sales in Australia increased by 134% for the quarter ending June 20'.
- **Improved supplier relationships** - As the company keeps growing, management is confident that supplier relationships will not only be maintained, but also enhanced.
- **Increased staff numbers** - In order to meet increased demand, the company has added personnel during the June 2020 quarter.
- **Record sales** - Throughout the September quarter revenue for the traditional IT/CE business achieved monthly records. Sales in the Pro-Hygiene division also continued to increase.



A Real Growth Story

Capturing market share.

- **Capital availability** - With additional capital now available, Harris Technology is well positioned to take advantage of the retail “online revolution”. There has also been an increase in inventory to \$4.7m, from \$2.2m, in Q1FY21.
- **Products and distribution** - Sourcing the best-in-class products and establishing the best online distribution systems.
- **Competitive advantage** – Harris Technology competes in synergy with, not against, its platform partners thus the business effectively grows with these platforms to gain increased exposure, sales optimization and brand recognition.
- **Expansion of platforms and product lines** – Harris Technology has partnered with additional marketplace platforms due to its success on Amazon and its extensive range of IT/CE product coverage.
- **Operationally profitable** – Continual improvement of business processes have boosted HT8’s financials, enhanced by systemisation to reduce costs.



Board Members



Garrison Huang

Executive Director & CEO

- 20+ years' experience in the IT importing and distribution industry.
- Co-Founder of Anyware Corporation Pty Ltd – a leading IT accessory distributor.
- Appointed Executive Director and Chief Executive Officer on 19 July 2016.



Andrew Plympton

Non-Executive Director

- More than 35 Years in the financial services industry with several international insurance brokers and risk managers.
- Served as a non-executive chairman/director for more than 8 ASX listed companies.
- Previously, director of the listed company XPD Soccer Gear Limited (ASX: XPD) from 2015-2017.

Howard Chen

Non-Executive Director

- Possesses a strong background in and a deep understanding of electrical and IT products.
- Currently the managing director of Ultra Imagination Technology Pty Ltd.
- Masters in Microelectronics from Griffith university and is a member of the Institution of Engineers Australia.



Brett Crowley

Company Secretary

- Practicing solicitor and former Partner of EY in Hong Kong and Australia, and of KPMG in Hong Kong.
- Experienced chairman, finance director and company secretary in a number of ASX listed companies.
- Former Senior legal member of the NSW Civil and Administration Tribunal.



Investor Relations

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Garrison Huang - Company CEO authorised this document on behalf of HT8 board