

1 July 2022

Harris Technology Business Update

Harris Technology Group Limited (ASX: HT8) would like to update the market on its trading position for the full year ending 30 June 2022 (FY22).

Harris Technology's sales have been negatively impacted over the past nine months with declining revenue progression as follows: Q1 - \$ 15.1M, Q2 - \$ 13.4M and Q3 - \$12.6M.

The company's sales of technology products have stagnated since the easing of pandemic restrictions and higher cost-of-living expenses have also impacted consumer discretionary spending on technology products. In prior years, the month of June traditionally saw increased sales but in June 2022 to date, there has been no marked pickup from End of Financial Year promotions.

The downturn in sales of technology products have meant that Harris Technology has had to reduce margins on certain product ranges such as high-end graphic cards and gaming monitors over the last 6 months or so in order to remain competitive.

Based on unaudited results for Q3 and trading to date in Q4, Harris Technology is expecting full year FY22 revenue of approximately \$50M. This would represent around a 20% revenue increase on the \$41.8 million reported in FY21. Higher freight expenses and lower demand on tech products have contributed to a decline in gross margins with the Board of Directors anticipating FY22 NPAT to be a loss of approximately \$0.5M - \$0.65M (FY21: \$1.8M profit)

Although Harris Technology's NPAT has been impacted by industry headwinds currently being faced by the eCommerce sector, the Board is satisfied with the quality and level of the inventory.

Whilst the company is pleased to see revenues in FY22 grow on the previous year, the Board acknowledges that the high demand on technology products witnessed during the pandemic will not be sustained in the current economic environment. To address this, Harris Technology has been diversifying its product mix into new higher margin categories and selling on various marketplaces such as Amazon, eBay, Catch and Kogan, etc. A new dedicated household e-commerce site is undergoing beta test and will be launched shortly.

The board is comfortable with the company's balance sheet at FY end and there is no intention to raise capital in the coming months.

For more information, contact:

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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>.

This announcement has been authorised for ASX release by HT8 Chairman, Alan Sparks.

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.