Harris Technology Group Limited

ABN 93 085 545 973

Current reporting period: 1 July 2021 to 30 June 2022
Previous corresponding period: 1 July 2020 to 30 June 2021

Appendix 4E - Results for Announcement to the Market

		% Change from previous corresponding period		Current reporting period $A
Revenues from ordinary activities	up	20.32%	to	50,295,594
Profit from ordinary activities after tax attributable to members	down	183.5%	to	(1,464,738)
Profit for the period attributable to members	down	183.5%	to	(1,464,738)

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 for the year ended 30 June 2022 was $50,295,594, an increase of 20.32% over the previous corresponding period (2020: $41,800,861).

Net loss from continuing operations after tax for the year ended 30 June 2022 was $1,623,773, a decrease of 192.60% the previous corresponding period (2021: $1,753,416).

The Company does not propose to pay a dividend.

Further details about results and operations during the year can be found in the Harris Technology Group Limited 2021 Annual Report.

Net tangible assets	June 2022	June 2021
Net tangible assets per ordinary security	2.1 cents	2.8 cents

Control gained or lost over entities

Nil

Details of associates and joint venture entities

Nil

Attachments

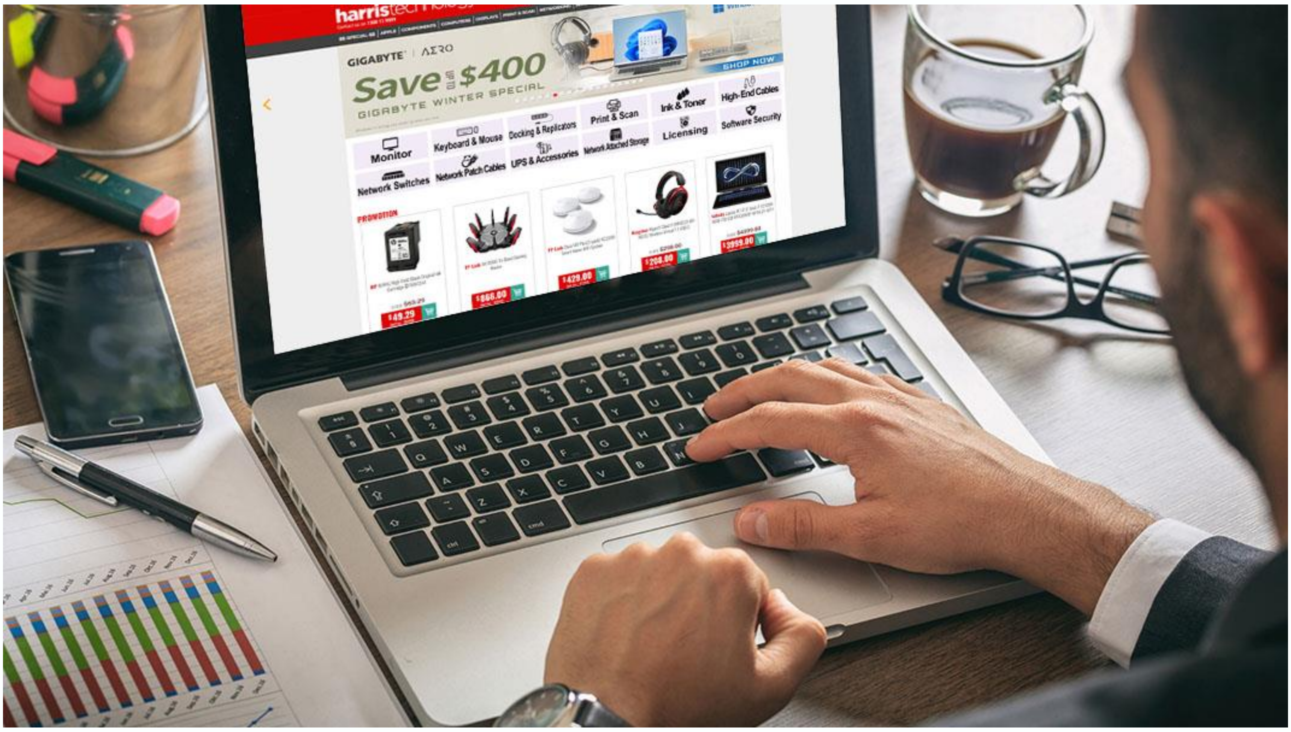
The unaudited draft 2022 annual report of Harris Technology Group Limited is attached.

Signed

As authorized by the Board of Directors

Alan Sparks
Chairman
31 August 2022

harristechnology
Let's talk technology



Harris Technology Group Limited Annual Report
Year Ended 30 June 2022
ABN: 93 085 545 973

Harris Technology Group Growth Strategy

Leverage rapid growth from major e-Commerce Platforms

Become the leading Tech Seller on all major e-Commerce marketplaces

Expand into other catagories and grow market share

Chairman and CEO Letter

Dear Shareholders,

We hereby present the review of operations and Annual Report for Harris Technology Group Limited for the financial year ended 30 June 2022.

We are disappointed with the result which has been exacerbated by the taking of provisions against inventory in the light of slowing demand and the uncertain economic climate.

Review and Results of Operations

Continuous growth

The company has continued to grow sales over the past year, posting a 21% increase in YoY sales to $50M after having posting a 206% increase in sales in FY21.

All marketplaces experienced similar growth trends and the company is expanding its presence on new and emerging platforms as well as enhancing its own website with the launch of HTHome.com.au.

Amazon remains a key channel for Harris Technology and our position and rating continue to be excellent, thus helping us to maintain a preferred status in claiming the "buy-box".

Whilst good sales results were experienced during Prime Day and other online events, the company focused more on maintaining margins than sales increases as well as exiting underperforming products and suppliers.

Challenging trading conditions

As the situation resulting from the pandemic stabilised and the economy entered into a period of uncertainty contributed to by inflationary trends, we experienced a slowdown in demand and traffic across most channels as can be seen in the revenue trend chart, particularly from January onwards when margins narrowed as a result of increased competition discounting. This trend has affected the general eCommerce sector worldwide.

Strengthening the balance sheet

The team have been focused on improving margins and managing inventory levels, which have been under pressure as a result of the prevailing trading conditions. This will remain a focus going forward with the company having executed a management review of all brands sold and reduced ongoing exposure to underperforming ones.

The trading loss for the year is disappointing given the trajectory the company is on, however we believe the challenges experienced have been contained by the progress made in moving to higher margin categories and the product review, with a turnaround in sight.

Inventory and working capital levels have been reduced year-on-year despite higher trading levels and we are confident that the company is able to meet its expected working capital requirements in the next financial year.

Conclusion

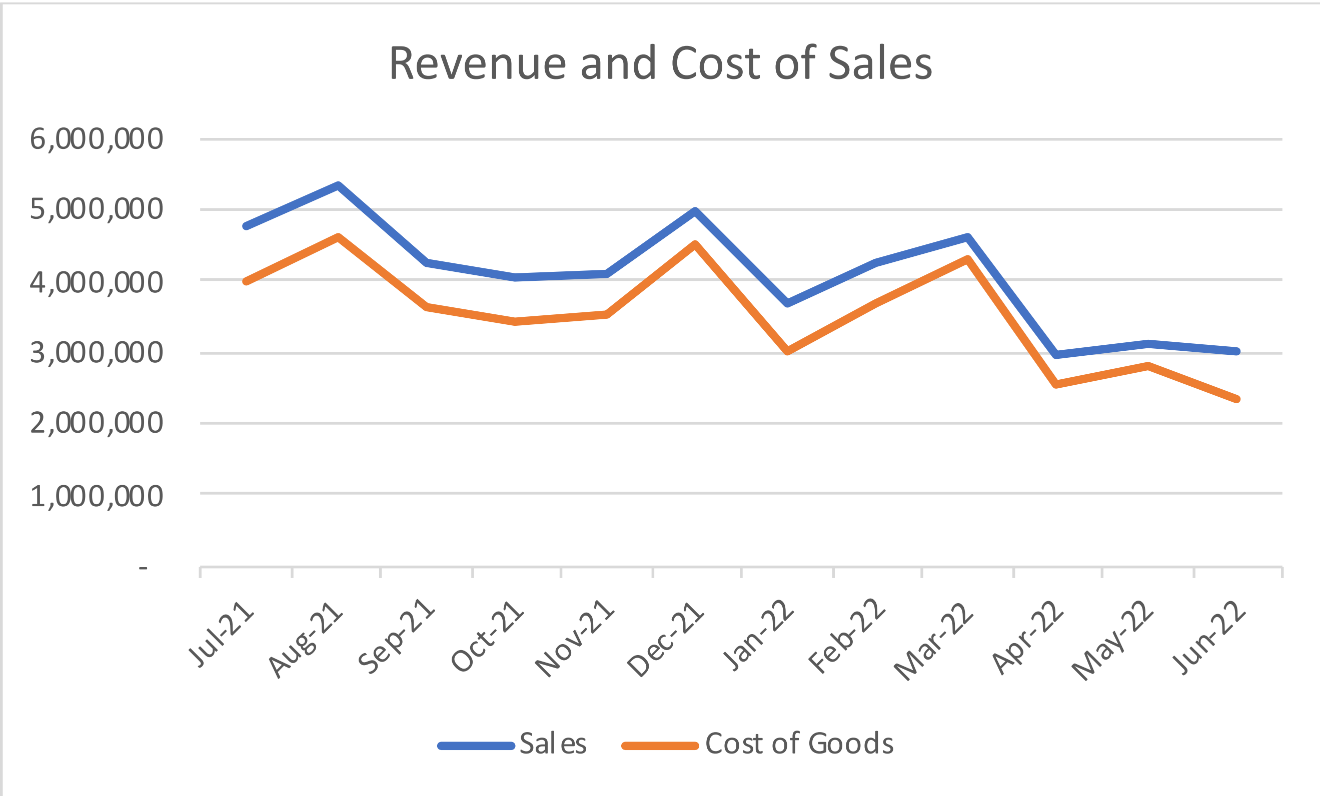
We believe the company remains strongly positioned to capitalise on the widespread adoption towards online shopping with our move into higher margin categories and with improvement in the economic sentiment, the company will again return to strong financial performance.

Sincerely,
Alan Sparks (Chairman)
Garrison Huang (CEO)

FY22 Summary

Full year profit and loss summary

Revenue from continuing operations	FY22 ($m)	FY21 ($m)	Change ($m)
Sales revenue	50.30	41.80	8.50
Other income	0.00	0.06	(0.06)
Total revenue and other income	**50.30**	**41.86**	**8.44**
Net Profit after Tax	**(1.46)**	**1.75**	**(3.37)**



Full year profit and loss summary - underlying

Financial results include:	FY22 ($m)	FY21 ($m)	Change ($m)
Gross profit	7.46	7.67	-0.21
Total operating expenses	8.9	6.53	2.55
Profit before income tax	-	-	-
Total comprehensive profit	**(1.46)**	**1.75**	**(3.37)**

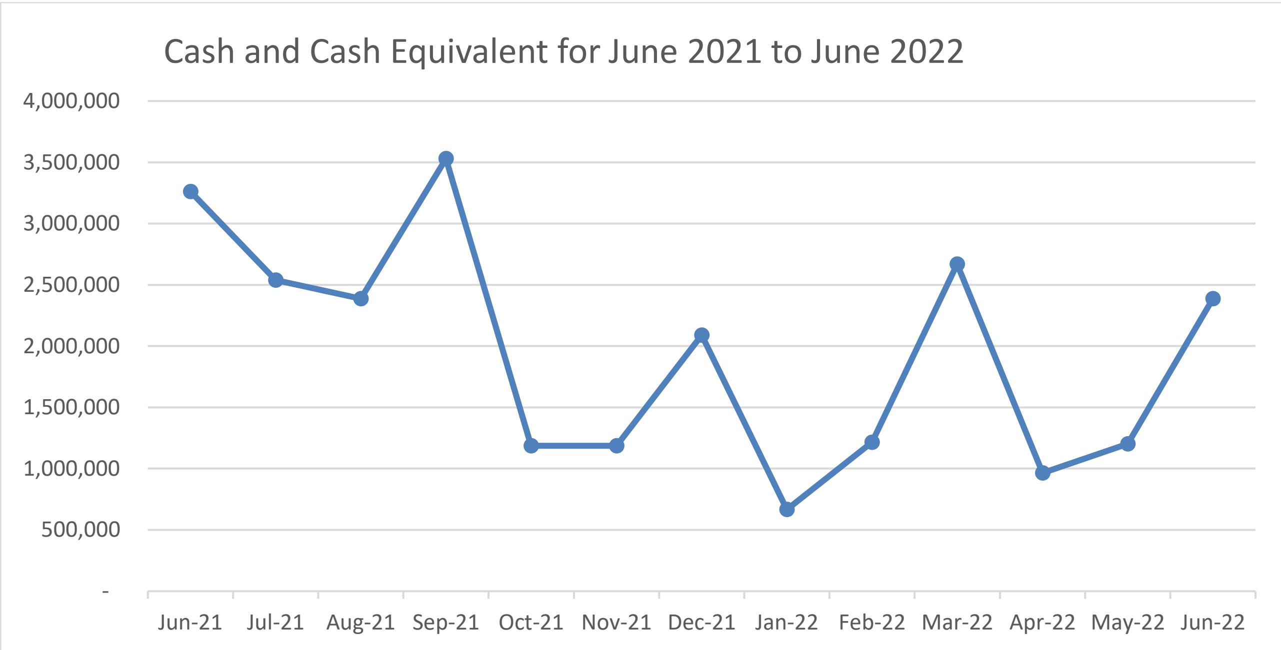
Balance Sheet

	30 Jun 22 ($m)	30 Jun 21 ($m)
Cash and cash equivalents	2.39	3.26
Inventories	9.79	10.77
Net assets	**6.29**	**7.66**

Cash position

Cash and cash equivalents of $2,385,803 on 30 June 2022.

Based on the cash position at end of FY22 and as a result of a stringent budgeting process as well as the review of underperforming products, the company believes it is in a position to meet its working capital requirements throughout FY23.



Management Team

Garrison Huang

Executive Director & Chief Executive Officer

- +20 years' experience in management in the IT Importing and Distribution industry
- Co-Founder of Anyware Corporation Pty Ltd – a leading IT accessory distributor with well-established importing & distribution channels
- Appointed Executive Director and Chief Executive Officer on 19 July 2016

Corporate Information

DIRECTORS

Mr Alan Sparks	Non-Executive Chairman
Mr Garrison Huang	Executive Director & CEO
Mr Guy Polak	Non-Executive Director

COMPANY SECRETARY

Mr Brett Crowley

REGISTERED OFFICE

124 Abbott Road Hallam
Hallam, Victoria 3803
Tel: 1300 13 99 99

AUDITORS

ShineWing Australia
Level 10, 530 Collins Street
Melbourne Victoria 3000

EXCHANGE LISTING

Harris Technology Group Limited's ordinary shares are quoted on the Australian Securities Exchange (ASX: HT8)

BANKER

CBA
Level 20, Tower 1 Collins Square
727 Collins Street Melbourne, VIC 3008

STATE OF INCORPORATION

Victoria

SHARE REGISTRY

Boardroom Pty Limited
Level 12, 225 George Street
Sydney New South Wales 2000
Tel: 1300 13 99 99

Directors’ Report

(FOR THE YEAR ENDED 30 JUNE 2022)

The Directors present their report together with the financial report of the consolidated entity consisting of Harris Technology Group Limited (the Company) and its controlled entities (the Group), for the financial year ended 30 June 2022 and independent auditor's report thereon.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a Director of Harris Technology Group Limited, together with details of the Company Secretary, during the financial year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

Names, qualifications, experience, and special responsibilities

Alan Sparks, Independent, Non-Executive Chairman

Mr Sparks was appointed to the Board on 1 December 2020 as an Independent Non-Executive Director. Mr Sparks assumed the role of Executive Chairman from 1 April 2021.

Experience and expertise	Alan is an accomplished senior executive with over 40 years’ experience in distribution, retail and technology with a proven track record of growing businesses and improving their efficiency. Alan is a member of the South African Institute of Chartered Accountants and a Graduate of the Australian Institute of Company Directors. Alan has 20 years of leadership experience in APAC, ANZ and Africa, leading growth of businesses across these markets for global brands. Alan’s career highlights include having served as CEO – Cellnet Group Ltd (ASX:CLT), Vice President – Belkin Asia Pacific based in Hong Kong, President APAC – Carrier Corporation AsiaPac, and Senior Vice President – Philips Consumer Electronics – APAC, based in Singapore.
Other directorships held by Director in the last 3 years	Alan is a director of Renewable Power Australia Ltd and Pacificomm Group Ltd.
Special responsibilities	Chair of the Board
Relevant interest in Harris Technology Group securities as at the date of this report	Mr Sparks has a relevant interest in 680,000 fully paid ordinary shares which are held by an entity Mr Sparks controls.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Garrison Huang, Executive Director

Mr Huang was appointed to the Board on 3 March 2016 as a Non-Executive Director. Mr Huang was appointed as Executive Director and CEO on 19 July 2016.

Experience and expertise	Mr. Huang came to Australia from Shanghai, where he was born, and became an Australian citizen in 1996. Mr. Huang holds a Bachelor of Engineering degree from Zhejiang University, in China, a Graduate Diploma in Computer Systems Engineering from Swinburne University and a Graduate Certificate in Marketing from Melbourne University. Mr. Huang is a co-founder of Anyware Corporation Pty Ltd – a leading IT accessory distributor in Australia. Anyware is a well-established importing and distribution business with offices and warehouses in Melbourne, Sydney, Brisbane, Perth and Adelaide. In 2015 Anyware Corporation Pty Ltd acquired Harris Technology (www.ht.com.au) from Office works, one of Australia's longest established and leading e-commerce businesses focusing on technology products.
Other directorships held by Director in the last 3 years	During the last three years, Mr Huang has not served as a director of any other listed companies.
Special responsibilities	CEO
Relevant interest in Harris Technology Group securities as at the date of this report	Mr Huang has a relevant interest in 90,643,708 fully paid ordinary shares which are held by an entity that Mr Huang controls.

Guy Polak, Non -Executive Director

Mr Polak was appointed to the Board on 1 April 2021 as a Non-Executive Director.

Experience and expertise	Mr Polak is a skilled retail professional with over 25 years of experience within the industry, specialising in sales, wholesale, distribution, buying, sourcing, merchandising and ownership. In 2014, Guy was promoted to Head of Buying at Catch Group where he reported directly to the CEO. Guy transformed and grew the buying department introducing structure and buying principles that made Catch.com.au the premium destination for all branded products across major consumer categories. The growth and success of the buying department ensured Catch.com.au had a unique advantage over its competitors which was a strong attraction for the Wesfarmers acquisition of Catch.com.au in 2019.

Other directorships held by Director in the last 3 years	During the last 3 years, Mr Polak has not served as a director of any other listed companies.
Special responsibilities	None.
Relevant interest in Harris Technology Group securities as at the date of this report	Mr Polak has a relevant interest in 195,000 fully paid ordinary shares in Harris Technology Group Limited which is held by an entity Mr Polak controls and by Mr Polak personally.

Howard Chen, Non-Executive Director

Mr Chen was appointed to the Board on 19 July 2016 as a Non-Executive Director and resigned on 8 November 2021.

Experience and expertise	Mr. Chen is currently the managing director of Ultra Imagination Technology Pty Ltd. The company owns mbeat, one of the most dynamic and fast-growing lifestyle tech brands in Australia. mbeat holds a heavyweight presence in the Australian and New Zealand national retailer and online sectors, being retailed through the likes of Harvey Norman, Officeworks, The Warehouse Group, Catchoftheday and Kogan, and is currently breaking into the US market.
Other directorships held by Director in the last 3 years	During the last three years, Mr Chen has not served as a director of any other listed companies.
Special responsibilities	None.
Relevant interest in Harris Technology Group securities as at the date of this report	Mr Chen has a relevant interest in 2,485,444 fully paid ordinary shares in Harris Technology Group Ltd which are held by an entity Mr Chen controls and by Mr Chen personally.

Brett Crowley, Company Secretary

Mr Crowley was appointed as Company Secretary on December 2018.

Experience and expertise	Mr Crowley is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong. Mr Crowley is an experienced chairman, finance director and company secretary of ASX-listed companies, and is a former Senior Legal Member of the NSW Civil and Administrative Tribunal. He has been HT8 Secretary since December 2018.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Directors' Meetings

The number of meetings of the Board of Directors held during the financial year and the numbers of meetings attended by each Director (while they were a Director) were as follows:

Director	Eligible to Attend	Number Attended
Mr. Alan Sparks	9	9
Mr. Garrison Huang	9	8
Mr. Guy Polak	9	9
Mr. Howard Chen	4	4

Board Committees

Functions previously being undertaken by the Nomination and Remuneration Committee and the Audit and Risk Management Committee are currently being performed by the Board as a whole. This will continue to be the case until the Board determines otherwise.

Directors' Interests in Shares and Options of the Group

As at the date of this report, the relevant interests of the Directors (and former Directors during the year) in the shares and options of the Group were:

Director	Number of ordinary shares	Number of options (unlisted)
	Shares	Share rights and Options
Mr. Alan Sparks [1]	680,000	nil
Mr. Garrison Huang [2]	90,643,708	1,000,000*
Guy Polak [3]	195,000	nil
Mr. Howard Chen [4]	2,485,444	nil

1. *The shares are held by Sparks Superannuation controlled by Mr. Alan Sparks*
2. *The shares are held by Australian PC Accessories Pty Ltd ATF GWH A/C and Double Eight Superfund; Mr. Huang controls these entities.*
3. *The shares are held by Mr. Gershon Polak controlled by Mr. Guy Polak*
4. *The shares are held by H & J Investment Pty Ltd which Mr. Chen controls, and by Mr. Chen personally.*

- *500,000 share rights (The Rights issued under Resolution 8 will automatically convert to 500,000 fully paid ordinary shares in the Company on the condition that the Managing Director continues to be employed by the Company on the date that is 18 months after the date of issue of the Rights.)*
- *500,000 options (The Options can be converted into a fully paid share in the Company upon the payment of 12c on the condition that the Mr Huang continues to be employed by the Company at the time of exercise of the Option.)*

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Earnings Per Share

	Cents
Basic and diluted earnings per share	(0.05)

Dividends Paid, Recommended and Declared

No dividends were paid, declared, or recommended since the start of the financial year ended 30 June 2022 (2021: nil).

OPERATING AND FINANCIAL REVIEW

Corporate Structure

Harris Technology Group Limited is a company limited by shares that is incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX). Harris Technology Group Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year ended 30 June 2022. The Company's subsidiary entities are set out in note 31 to the consolidated financial statements.

Nature of operations and principal activities

The Group's principal activities during the course of the financial year were in the areas of technology distribution and online retailing. There was a significant change to the Group's principal activities during the year, which are detailed below in 'significant changes in the state of affairs.

Employees

The Group has 27 employees, inclusive of casual and part-time staff as at 30 June 2022 (2020: 25). The Group does not have consulting agreements with any contractors as at 30 June 2021 (2020: Nil).

Group EPS Performance over the five-year period

	2022	2021	2020	2019	2018
Basic earnings/(loss) per share (cents)	(0.45)	0.71	0.54	(0.46)	(1.46)

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Financial position

The Group had net assets of $6,286,278 as at 30 June 2022 (2021: $7,661,113).

The Group had trade and other receivables of $2,392,703 as at 30 June 2022 (2021: $3,129,379).

The Group had trade and other payables of $6,123,014 as at 30 June 2022 (2021: $7,734,915).

Cash flows

The Group generated net cash operating outflows of $1,426,059 during the year ended 30 June 2022 (2020: net cash operating outflows $4,027,757). No proceeds from share issues and repayments of Borrowings $1,711,113 in the year ended 30 June 2022.

There was a cash balance at 30 June 2022 of $2,385,803 (2021: $3,262,107).

Risk Management

The Board takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. The Audit and Risk Management Committee functions are carried out by the Board as a whole.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

Appointments and resignations of office holders

Howard Chen resigned from the Board on 8 November 2021.

Significant events after the balance date

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors’ Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Environmental regulation

The Group’s operations are not subject to any significant Commonwealth or State environmental regulations or laws.

Shares issued during the year

There were 500,000 fully paid ordinary shares issued. The shares were issued in lieu of cash to a contractor to the company for services rendered.

Performance Rights issued during the year

There were 900,000 performance rights issued to a director and employees under the Company's Long-Term Incentive plan.

Share options (listed and unlisted)

There were 980,000 options issued to a director and employees under the Company's Long-Term Incentive plan.

Indemnity and insurance of officers

The company has indemnified the Directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company has not paid a premium in respect of a contract to insure the Directors and officers of the Company or any related entity.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, ShineWing Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify ShineWing Australia during or since the financial year.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2022 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

At the Company's 2021 Annual General Meeting, shareholders approved Harris Technology Group's Long-Term Incentive Plan (**LTIP**).

The remuneration report is presented under the following sections:

1. Key Management Personnel (**KMP**) disclosed in this report
2. Remuneration Governance
3. Executive remuneration arrangements
4. Non-executive director remuneration arrangements
5. Additional information
6. Details of Key Management Personnel Remuneration
7. Additional disclosures relating to options and shares

1. Key Management Personnel (KMP) disclosed in this report

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group, including any Director of the Group.

Key Management Personnel during the financial year are as follows:

(i) Executive directors	
Mr Garrison Huang*	Director (executive)
(ii) Non-executive directors (NEDs)	
Mr Alan Sparks***	Chairman (non-executive)
Mr Guy Polak**	Director (non-executive)

**Garrison Huang appointed Executive Director and CEO on 19 July 2016.*

****Alan Sparks temporarily appointed Executive Director on 01st of December 2020, assumed regular duties as Non-Executive Chairman on 01 April 2021.*

*****Howard Chen resigned from Non-Executive Director position effective on 08th November 2021.*

***Guy Polak appointed as Non-Executive Director on 01st of April 2021*

Remuneration Report (Cont.) (Audited)

2. Remuneration Governance

Remuneration Policy

The performance of the Group depends upon the quality of its Directors and executives. To be successful, the Group must attract, motivate, and retain highly skilled Directors and executives. To this end, the Group seeks to provide competitive rewards to attract high calibre executives. The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Non-Executive Directors, the Chief Executive Officer, and other Key Management Personnel on a periodic basis. In doing so, the Nomination and Remuneration Committee has reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. A recommendation of the Nomination and Remuneration Committee is presented to the Board of Directors for adoption and approval. The Nomination and Remuneration Committee functions are currently being performed by the entire Board.

Hedging of equity awards

The Group has a policy in place to prohibit Directors and executives from entering into equity hedging arrangements to protect the value of unvested options.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive and executive remuneration is separate and distinct.

3. Executive remuneration arrangements

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for the Group and individual performance;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Currently remuneration is paid in the form of salaries & fees, superannuation contributions and shares where applicable.

Remuneration Report (Cont.) (Audited)

4. Non-Executive Director remuneration arrangements

The Group's constitution provides that the total amount of remuneration provided to all non-executive Directors must not exceed $500,000.

5. Details of Key Management Personnel Remuneration

Details of remuneration received by key management personnel of the Group for the current financial year are set out in the following table:

		Short-term benefits		Post-employment	Security based payments		Total $	Performance related %
Executive Directors		**Salary & fees $**	**Cash bonus $**	**Superannuation $**	**Options $**	**Shares $**		
Mr Garrison Huang *1*	2022 2021	131,538 83,077	- -	13,154 7,892	- -	- -	144,692 90,969	- -
Non-Executive Directors								
Mr. Guy Polak	2022 2021	33,330 14,999	- -	- -	- -	- -	33,330 14,999	- -
Mr Alan Sparks	2022 2021	50,000 27,677	- -	- -	- -	- -	50,000 27,677	- -
Mr Howard Chen *4*	2022 2021	6,666 35,000	- -	- -	- -	- -	6,666 35,000	- -
Other Key Management Personnel								
Mr Brett Crowley *5*	2022 2021	36,000 36,000	- -	- -	- -	- -	36,000 36,000	- -
Total KMP	**2021** **2021**	**257,534** **196,753**	**-** **-**	**13,154** **7,892**	**-** **-**	**-** **-**	**270,688** **204,645**	 **-**

1. *Garrison Huang appointed Executive Director and CEO on 19 July 2016.*
2. *Alan Sparks assumed his role as Non-Executive Chairman on 01st April 2021, after acting as Executive Director from 1st December 2020 to 31st March 2021.*
3. *Howard Chen appointed Non-Executive Director on 19 July 2016 resigned from position on 08th November 2021*
4. *Guy Polak appointed Non-Executive Director on 01st of April 2021*
5. *Brett Crowley appointed Company Secretary in December 2018*

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Remuneration Report (Cont.) (Audited)

6. Additional disclosures relating to options and shares

a. Performance rights holdings of key management personnel

As at the end of FY22 there were zero options granted to KMP under the LTIP. No further options have been granted.

Shares issued on exercise of options.

There were no shares issued to KMP during the year upon the exercise of options.

b. Shareholdings of key management personnel

	Balance at 1 June 2021 No.	Acquired / (dis-posed) during the year No.	Other movements	Balance at 30 June 2022 No.
Executive Directors				
Mr Garrison Huang [1]	86,643,708	4,000,000	-	90,643,708
Non-Executive Directors				
Mr Alan Sparks [2]	680,000		-	680,000
Mr Howard Chen [3]	4,543,968	(2,058,524)	-	2,485,444
Mr Guy Polak [4]	195,000	-	-	195,000
Other Key Management Personal				
Mr. Brett Crowley	1,035,000	(1,035,000)	-	-

1. *The shares are held by Australian PC Accessories Pty Ltd ATF GWH A/C and Double Eight Super fund; Mr Huang controls these entities.*
2. *The shares are held by Sparks Superannuation controlled by Mr. Alan Sparks*
3. *The shares are held by Mr Chen personally and by H & J Investment Pty Ltd <H & J Super Fund A/C>; Mr Chen controls this entity resigned from his position on 08th November 2021*
4. *The shares are held by Mr. Polak Gershon control by Mr. Guy Polak*

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Remuneration Report (Cont.) (Audited)

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

As per ASX announcements, there were no unlisted options under the Company's Long-Term Incentive Plan (LTIP) on issue for key management personnel.

c. Loans from key management personnel and their related parties

Details of loans from Directors of Harris Technology Group Limited and other key management personnel of the Group , including their close family members and entities related to them, are set out below:

($)	2022	2021
Name of director		
Garrison Huang	3,071,712	1,806,425

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Remuneration Report (Cont.) (Audited)

d. Other transactions and balances with key management personnel and their related parties

All transactions were made on normal commercial terms and conditions and at market rates unless otherwise stated.

	2022 $	2021 $
Purchases from entities controlled by KMP and their related parties		
Rental of office and warehouse buildings [1]	98,768	60,000
Inventories [2]	(5,371)	51,138
Interest expense on directors' loans	84,919	39,913
Directors' Salaries	257,534	196,753
Total related party purchases	435,850	347,804

($)	2022	2021
Current payables to entities controlled by KMP		
Trade payables – Inventories	-	15,709
Current receivables from entities controlled by KMP		
Trade receivables – Inventories	-	9,583

1. *Rental to Garrison Huang and his controlling entity was $98,768 in FY22 (2021: $60,000);*
2. *Inventories purchased returned Howard Chen's controlling entity were ($5,371) in FY22 (2021: $51,138);*
3. *The Group accrued $84,919 interest expense in FY22 for loans from Garrison Huang and his controlling entities. (2021: $39,913)*

This concludes the remuneration report, which has been audited.

Directors' Report

(FOR THE YEAR ENDED 30 JUNE 2022)

Tax consolidation

Harris Technology Group and its 100% owned subsidiaries are part of an income tax consolidated group.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(FOR THE YEAR ENDED 30 JUNE 2022)

($)	Notes	2022	2021
Revenue			
Sales revenue	7	**50,295,594**	41,800,861
Direct costs		(42,837,482)	(34,128,418)
Gross profit		**7,458,112**	**7,672,443**
Other income	7	1,007	59,751
Distribution expenses		(1,106,520)	(561,658)
Marketing expenses		(33,367)	(62,571)
Sales transaction expenses		(4,312,364)	(3,326,514)
Employee, contractor and director expenses		(2,597,935)	(2,075,242)
Technology expenses		(91,804)	(70,350)
Legal, administration and registry expenses		(302,510)	(405,988)
Depreciation and amortisation expenses	8	(145,161)	(72,514)
Other expenses	8	(211,026)	46,698
Finance costs	8	(134,333)	(67,588)
Foreign exchange gain / (loss)		11,163	(10,923)
Profit /(loss) before income tax		**(1,464,738)**	**1,125,544**
Income tax benefit / (expense)	9	-	627,872
Profit / (loss) after income tax		**(1,464,738)**	**1,753,416**
Other comprehensive income for the year		-	
Total comprehensive Profit / (loss) for the year		**(1,464,738)**	**1,753,416**
Earnings per share from profit			
- Basic earnings per share	10	(0.45)	0.71
- Diluted earnings per share	10	(0.45)	0.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(AS AT 30 JUNE 2022)

($)	Notes	2022	2021
Current Assets			
Cash and cash equivalents	11	2,385,803	3,262,107
Trade and other receivables	12	2,392,703	3,129,379
Inventories	13	9,788,196	10,766,788
Prepayments and deposits	14	284,429	154,424
Total Current Assets		**14,851,131**	**17,312,698**
Non-current Assets			
Furniture & Fixtures		2,910	-
Property, plant, and equipment	15	124,053	14,274
Right of use assets	16	1,557,662	166,824
Deferred tax assets	9	783,392	783,392
Total Non-current Assets		**2,468,017**	**964,490**
Total Assets		**17,319,148**	**18,277,188**
Current Liabilities			
Trade and other payables	17	6,123,014	7,734,915
Borrowings	18	3,076,121	2,266,380
Contract liabilities	19	-	287,121
Lease Liabilities	20	117,738	83,801
Employee benefit liabilities	21	154,196	104,028
Total Current Liabilities		**9,471,069**	**10,476,245**
Non-current Liabilities			
Lease liabilities	20	1,496,883	96,790
Employee benefit liabilities	21	64,918	43,040
Total Non-current Liabilities		**1,561,801**	**139,830**
Total Liabilities		**11,032,870**	**10,616,075**
Net Assets / (Net Liabilities)		**6,286,278**	**7,661,113**
Equity			
Contributed equity	22	17,590,784	17,556,284
Accumulated losses	24	(11,304,506)	(9,954,535)
Reserves	23		59,364
Total Equity		**6,286,278**	**7,661,113**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEAR ENDED 30 JUNE 2022)

($)	Share Capital	Reserves	Accumulated Losses	Total Equity
At 1 July 2021	**17,556,284**	**59,364**	**(9,954,535)**	**7,661,113**
Profit for the year	-	-	**(1,464,738)**	**(1,464,738)**
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**(1,464,738)**	**(1,464,738)**
Contributions of equity (net of equity raising costs)	34,500	-	-	34,500
Share based payment transactions		(59,364)	114,767	55,403
At 30 June 2022	**17,590,784**	**-**	**(11,304,506)**	**6,286,278**
At 1 July 2020	**7,803,124**	**11,432**	**(11,707,951)**	**(3,893,395)**
Profit for the year	-		1,753,416	1,753,416
Other comprehensive income	-		-	-
Total comprehensive income	-	-	**1,753,416**	**1,753,416**
Contributions of equity (net of equity raising costs)	9,753,160	-	-	9,753,160
Share based payment	-	47,932	-	47,932
At 30 June 2021	**17,556,284**	**59,364**	**(9,954,535)**	**7,661,113**

CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE YEAR ENDED 30 JUNE 2022)

($)	2022	2021
Cash flows from operating activities		
Receipts from customers	51,499,665	41,898,865
Payments to suppliers and employees	(52,925,724)	(45,926,622)
Interest paid	-	-
Net cash flows (used in) / provided by operating activities	**(1,426,059)**	**(4,027,757)**
Cash flows from investing activities		
Payments for property, plant and equipment	(112,023)	(14,274)
Net cash flows (used in) / provided by investing activities	**(112,023)**	**(14,274)**
Cash flows from financing activities		
Proceeds from shares issued	-	10,245,640
Equity raising costs paid	-	(648,000)
Proceeds from borrowings	2,470,625	-
Repayment of borrowings	(1,711,113)	(3,432,986)
Repayment of lease liabilities	(97,734)	(31,700)
Net cash flows (used in) / provided by financing activities	**661,778**	**6,132,954**
Net increase / (decrease) in cash and cash equivalents	**(876,303)**	**2,090,923**
Cash and cash equivalents at the beginning of the financial year	3,262,107	1,171,184
Cash and cash equivalents at the end of the financial year	**2,385,803**	**3,262,107**

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2022)

1. CORPORATE INFORMATION

The consolidated financial report of Harris Technology Group Limited (the Company or Harris Technology Group) and controlled entities (the Group) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 29 August 2022.

Harris Technology Group is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standard Board ("AASB") that are mandatory for the current reporting period.

There were no standards adopted in the current period that had a material impact on the group

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group , are set out below.

AASB 2020-61: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (applicable to annual reporting periods beginning on or after 1 January 2022)

This Standard defers the mandatory effective date of amendments to AASB 101 that were originally made in AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

This Standard amends AASB 101 Presentation to Financial Statements to clarify the following:

The classification as a non-current liability should be based on the existence of a 'right' (as opposed to a 'discretion' as it was provided before this amendment) to defer the settlement of the liability for

at least twelve months after the reporting period;

The term 'settlement' includes issue of equity instruments in exchange of extinguishment of a financial liability and such a settlement does not impact the classification of the liability as current or non-current; and

Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period.

The application of these amendments when effective is retrospective by restatement of prior periods. Earlier application is permitted.

The Group has current and non-current liabilities that are classified based on the requirements of AASB101. Adoption of this amendment is not expected to change the Group's classification of its liabilities as current or non-current, however, it gives greater clarity to directors in making the assessment regarding what the appropriate classification is.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the group 's financial statements.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. As disclosed in the financial statements, the group made a loss of $1,623,773 (2021: Profit of $1,753,416) but had net cash outflows from operating activities of $1,426,059 (2021: $4,027,757) for the year ended 30 June 2022. The Group also has material borrowings expiring within 12 months of the date of signing the financial statements.

The Directors believe that there are reasonable grounds to believe that the group will be able to continue as a going concern, after consideration of the following factors:

- The group has prepared budgets and cash flow forecasts for the next 12 months from the date of this report which indicate the Group will have a positive cash balance during this year;
- A significant portion of the Group's borrowings ($3.1m) are due to related parties and have been extended post year end on 1 Feb 2022 to 31 December 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

*R*evenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods. Dependent on the terms of the specific contract the transfer of control occurs either upon despatch or upon delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

(g) Income tax and other taxes

Current income tax expense is the tax payable on the current year's taxable income. This is based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Harris Technology Group Limited and its wholly-owned subsidiaries have formed an income tax consolidated group under tax consolidation legislation.

The head entity, Harris Technology Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Harris Technology Group Limited also recognizes the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Income tax and other taxes (Cont.)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.
- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.
- Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Cash and cash equivalents also include amounts collected in respect of online sales during the year by agents on behalf of the Company where clear title of ownership exists.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(j) Business combinations

The Group accounts for its business combinations using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

(k) Intangibles assets other than goodwill

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is at its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected profit or loss in the year which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The estimated useful life of each class of intangible asset is as follows:

Software Development	2 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(k) Intangibles assets other than goodwill (Cont.)

Impairment of other intangible assets

Other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(l) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and / or any accumulated impairment losses, if any.

The carrying amount of plant and equipment is reviewed for impairment annually by the Directors for events or changes in circumstances that indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Depreciation

The depreciable amounts of fixed assets are depreciated on a straight-line basis over their estimated useful lives of the assets as follows:

Motor vehicles	5 - 6 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(m) Impairment of property, plant, equipment, goodwill and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell or value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income, unless the asset is carried at revalued amount in which case the impairment loss is treated as a revaluation decrease.

(n) Right-of-use-assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(o) Inventories

Inventories, consisting of products available for sale, are primarily accounted for using the latest purchase price method, and are valued at the lower of cost or net realisable value. This valuation requires the Group to make judgements, based on currently available information, about the likely method of disposition and expected recoverable values of each disposition category.

Volume rebates in relation to purchases are recognised in cost of sales when the corresponding inventories are sold.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

All inventories carried are finished goods, ready for sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(p) Financial instruments

Classification

The Group classifies its financial instruments in the following categories: loans and receivables and financial liabilities. The classification of investments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial liabilities

The Group's financial liabilities include trade payables, other payables and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

The Group's financial liabilities are recognised at fair value and carried at amortised cost, comprising original debt less principal payments and amortisation.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-60 days of recognition.

(r) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(s) Provisions

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required at settlement is determined by considering the class of obligations as a whole.

(t) Foreign Currencies

Functional and presentation currency

The financial statements of each Group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Group companies

The financial statements of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the year; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity in the reserve account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(u) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave that are expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(v) Contract liabilities

Contract liabilities represent the Group 's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred control the goods or services to the customer.

(w) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(x) Share based payments

Equity settled transactions

The Group provides benefits to the directors, senior executives and some third parties in the form of share options/performance rights under Harris Technology Group's Long Term Incentive Plan. These are equity settled transactions under Australian Accounting Standards.

The cost of these equity-settled transactions with directors and senior executives is measured by reference to the fair value of the equity instruments at the date when the grant is made using an appropriate valuation model and for third parties with reference to the fair value of the goods/services provided. The cost is recognised together with a corresponding increase in other capital reserve in equity over the period in which the performance and / or service conditions are fulfilled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(x) Share based payments (Cont.)

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Equity settled transactions

In valuing equity-settled transactions, no account is taken of any non-market vesting conditions.

The charge to the statement of comprehensive income for the year is the cumulative amount as calculated less the amounts already charged in previous periods. There is a corresponding entry to equity.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting are conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

(y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash, receivables and other receivables, payables and other payables.

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Derivative financial instruments are used by the Group to hedge exposure to exchange rate risk associated with foreign currency transactions. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for interest rate risk, hedging limits, credit allowances and future cash flow forecast projections.

Risk exposures and responses

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with the floating interest rate. At reporting date, the Group had the following financial instruments exposed to Australian variable interest rate risk.

	2022 $	2021 $
Financial assets		
Cash and cash equivalents (non-interest bearing)	2,385,803	3,262,107
Financial liabilities		
Interest bearing liabilities – fixed rate (current)	(3,071,706)	(2,266,380)
Interest bearing liabilities – fixed rate (non-current)	-	-
Net exposure	**(685,903)**	**995,727**

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The Group has no material interest rate risk exposure.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

It is the Group's policy that all customers who wish to trade on credit terms are assessed as to creditworthiness, including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for individual customers.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2022)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

Foreign currency risk

The groups exposure to currency risk is minimal at this stage of its operations.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of private equity facility and equity raisings.

As at 30 June 2022, 100% of the Group's financial liabilities will mature in less than one year (2021: 100%).

The table below reflects all contractually fixed payables and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. The respective undiscounted cash flows for the respective upcoming fiscal periods are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2021.

The remaining contractual maturities of the Group's financial assets and liabilities are:

Year ended 30 June 2022 ($)	**< 1 year**	**1-2 years**	**2-5 years**	**> 5 years**	**Total**
Financial assets					
Cash and cash equivalents	2,385,803	-	-	-	2,385,803
Trade and other receivables	2,392,703	-	-	-	2,392,703
Total	**4,778,506**	**-**	**-**	**-**	**4,778,506**
Financial liabilities					
Trade and other payables	6,123,014	-	-	-	6,123,014
Third party loans	-	-	-	-	-
Lease liabilities	117,738	300,491	541,287	655,105	1,614,621
Related party loans	3,076,121	-	-	-	3,076,121
Total	**(9,316,874)**	**(300,491)**	**(541,287)**	**(655,105)-**	**(10,813,757)**
Net maturity	**(4,538,368)**	**(300,491)**	**(541,287)**	**(655,105)-**	**(6,035,251)**

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The remaining contractual maturities of the Group's financial assets and liabilities are:

Year ended 30 June 2021 ($)	< 1 year	1-2 years	2-5 years	> 5 years	Total
Financial assets					
Cash and cash equivalents	3,262,107	-	-	-	3,262,107
Trade and other receivables	3,129,379	-	-	-	3,129,379
	6,391,486	**-**	**-**	**-**	**6,391,486**
Financial liabilities					
Trade and other payables	7,734,915	-	-	-	7,734,915
Third party loans	459,955	-	-	-	459,955
Lease liabilities	83,801	96,790	-		180,591
Related party loans	1,806,425	-	-	-	1,806,425
	(10,085,096)	**-**	**-**	**-**	**(10,181,886)**
Net maturity	**(3,693,610)**	**(96,790)**	**-**	**-**	**(3,790,400)**

Maturity analysis of financial assets and liabilities based on management's expectation

Management's expectation reflects a balanced view of cash inflows and outflows. The Group's assets mainly consist of cash and trade receivables with the liabilities consisting of trade payables from the ongoing operations of the business. To monitor existing financial assets and liabilities as well as to enable an effective controlling of funding for the business, the Group has established risk that reflects expectations of management in terms of expected settlement of financial assets and liabilities.

All financial assets and most liabilities are payable within 12 months of reporting date. Accordingly, the book value of each liability is equivalent to its fair value.

The liabilities due after 12 months are loans with fixed interest rate. The carrying values of these loans are equivalent to their fair value.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont.)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition

The Directors have utilised judgement in determining the point of transfer of control to customers under each revenue contact. Judgment is required as there are multiple criteria to be assessed when determining the point of transfer of control of goods to customers.

Deferred tax assets

The Directors have utilised judgement in determining whether sufficient future taxable profits are probable against which to offset unutilised tax losses and temporary differences.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for obsolescence of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue,. Assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses is disclosed in note 12.

Volume rebates

Volume rebates in relation to purchases are recognised in cost of sales when the corresponding inventory is sold. Estimation is required with respect to which inventory items volume rebates are allocated to in determining the cost of sales.

5. PARENT ENTITY INFORMATION

Information relating to Harris Technology Group Ltd – Parent ($)	2022	2021
Current assets	35,006	1,422,437
Non-Current Asset	11,929,566	16,530,560
Total Assets	11,964,572	17,952,997
Current liabilities	(956,474)	(1,202,630)
Non-Current Liabilities	(1,569,044)	(135,508)
Total liabilities	(2,525,518)	(1,338,138)
Net Assets	**9,439,054**	**16,614,859**
Issued capital	18,835,613	18,801,113
Accumulated losses	(9,396,559)	(2,245,618)
Share based payments reserve	-	59,364
Total shareholders' equity	**9,439,054**	**16,614,859**
Total comprehensive Profit / (loss) of the parent entity	**(2,822,375)**	**(1,869,705)**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

6. CONTINGENCIES OF THE PARENT ENTITY

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

7. REVENUE

($)	2022	2021
Sale of goods	50,295,594	41,800,861
Total revenue	**50,295,594**	**41,800,861**

($)	2022	2021
Other income		
Interest received	-	275
Sundry Income	1,007	9,476
Government grants	-	50,000
Total other income	**1,007**	**59,751**

8. EXPENSES

($)	2022	2021
Depreciation		
Property, plant and equipment	17,506	-
Right of use assets	127,655	72,514
Total depreciation	**145,161**	**72,514**

9. INCOME TAX

	2022	2021
	$	$
Current tax	-	-
Deferred tax	-	627,872
Income tax (expense) / benefit		**627,872**
A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:		
Profit before income tax expense	(1,334,569)	1,125,544
At the Group's statutory income tax rate of 26% (2020: 27.5%)	-	292,641
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:	-	-
Impairment expense	-	-
Prior year over/under	-	(155,622)
Losses utilised	-	(137,019)
Deferred tax assets brought into account (unutilised losses)	-	627,872
Income tax (expense) / benefit	**-**	**627,872**

Deferred Tax Asset recognition

The Directors have determined that the availability of sufficient future taxable profits against which to offset unutilised tax losses and temporary differences is probable as at 30 June 2022 and consequently have recognised an asset in this regard. The assessment of the probability of sufficient future taxable profits will be re-assessed at each reporting date.

The total deferred tax asset ($783,392) recognised on the balance sheet comprises the $627,872 recognised in profit or loss (2021) and the $155,520 recognised directly in equity (see below).

The deferred tax asset recognised is in respect of unutilised losses ($474,136) and temporary differences ($309,256).

Deferred Tax recognised in equity

$155,520 of deferred tax in relation to equity raising costs has been recognised directly in equity.

9. INCOME TAX (Cont.)

Reconciliation of unutilised losses

	2022 $	2021 $
Brought forward	1,823,600	4,023,825
Adjustment due to reassessment of available losses	-	(1,673,229)
Utilised in year	-	(526,996)
Carried forward	**1,823,600**	**1,823,600**

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2022	2021
Basic and diluted earnings per share (cents)		
Basic and diluted earnings per share	(0.45)	0.71
Basic and diluted earnings per share from total comprehensive income	**(0.45)**	**0.71**
Total comprehensive profit for the year ($)	(1,334,569)	1,753,416
Weighted average number of ordinary shares used in calculating basic earnings per share	297,795,481	245,395,481
Weighted average number of ordinary shares used in calculating diluted earnings per share	297,795,481	245,395,481

As at 30 June 2022 and 30 June 2021 the issue of potential ordinary shares was assessed to be non-dilutive and consequently diluted earnings per share is equal to basic earnings per share.

11. CASH AND CASH EQUIVALENTS

	Consolidated	
($)	**2022**	**2021**
Cash at bank and on hand	2,385,803	3,262,107
	2,385,803	**3,262,107**

Reconciliation of net (loss) / profit after tax to net operating cash flows	**2022** **$**
Net Profit / (loss) after tax	(1,464,738)
Non-cash items	
Depreciation	148,743
Changes in operating assets and liabilities	
Capital expenditure	(126,285)
(Increase) / decrease in trade and other receivables	736,626
(Increase) / decrease in prepayments and deposits	(130,006)
(Increase) / decrease in inventories	978,592
Increase/(decrease) in borrowings	809,741
Increase / (decrease) in contract liabilities	(287,121)
Increase / (decrease) in trade and other payables	(1,611,901)
Increase / (decrease) in employee benefit liabilities	70,046
Net increase / (decrease) in cash and cash equivalents	**(876,303)**

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2022)

12. TRADE AND OTHER RECEIVABLES

	Consolidated	
$	**2022**	**2021**
Trade and other receivables	2,441,026	3,177,702
Allowance for expected credit losses	(48,323)	(48,323)
	2,392,703	**3,129,379**

13. INVENTORIES

	Consolidated	
($)	**2022**	**2021**
Inventories	10,299,988	10,904,732
Provision for stock obsolescence	(511,792)	(137,944)
	9,788,196	**10,766,788**

14. PREPAYMENTS AND DEPOSITS

	Consolidated	
($)	**2022**	**2021**
Prepayments	249,758	97,577
Deposits	34,671	56,847
	284,429	**154,424**

15. PROPERTY, PLANT AND EQUIPMENT

	Office and warehouse equipment $	Furniture & Fixures $	Total $
Gross carrying amount			
At 1 July 2021	14,274	-	14,274
Additions	126,285	3,909	130,194
At 30 June 2022	**140,559**	**-**	**144,468**
Depreciation and impairment			
At 1 July 2021	-	-	**-**
Depreciation for the year	16,507	999	17,506
At 30 June 2020	**16,507**	**999**	**17,506**
Net carrying amount			
At 30 June 2022	**124,053**	**2,910**	**126,963**
At 30 June 2021	14,274	-	**14,274**

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2022)

16. RIGHT-OF-USE ASSETS

	Consolidated	
($)	**2022**	**2021**
Buildings right of use assets cost	1,685,317	293,481
Less: Accumulated depreciation	(127,665)	(126,657)
Carrying value	**1,557,662**	**166,824**

The Group leases land and buildings for its office and warehouse under an agreement of 5 years.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

($)	**Buildings right-of-use**
Opening carrying value 30 June 2021	166,824
Deductions : terminated leases	(166,824)
Additions: new warehouse	1,685,317
Depreciation expense	(127,655)
At 30 June 2022	**1,557,662**

17. TRADE AND OTHER PAYABLES

($)	Consolidated 2022	Consolidated 2021
Trade payables	**6,123,014**	**7,734,915**

Terms and conditions of the above trade and other payables:

(i) Trade payables are non-interest bearing and are normally settled on 30 days EOM terms.

(ii) Other creditors are non-interest bearing and are normally payable within 30 and 90 days

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3.

18. BORROWINGS

($)	**Consolidated 2022**	**Consolidated 2021**
Unsecured		
Related party Loans (Note 25)	3,071,705	1,806,425
Third party loans	4,417	459,955
Total current	**3,076,122**	**2,266,380**
Unsecured		
Related party Loans (Note 26)	-	-
Total non-current	**-**	**-**
Total Borrowings	**3,076,122**	**2,266,380**

19. CONTRACT LIABILITIES

	Consolidated	
($)	**2022**	**2021**
Deferred revenue and other contract liabilities	-	**287,121**

20. LEASE LIABILITIES

	Consolidated	
($)	**2022**	**2021**
Lease liabilities – current	117,738	83,803
Lease liabilities – non-current	1,496,883	96,790
Total Lease Liabilities	**1,614,621**	**180,591**

21. EMPLOYEE BENEFIT LIABILITIES

	Consolidated	
($)	**2022**	**2021**
Current		
Annual leave	105,188	85,068
Long service leave	49,009	18,960
Total current	**154,196**	**104,028**
Non-current		
Long service leave	64,918	43,040
Total non-current	**64,918**	**43,040**

22. CONTRIBUTED EQUITY

Issued and paid-up capital ($)	2022	2021
Ordinary shares		
Ordinary shares fully paid (net of equity raising costs)	17,590,784	17,556,284
Contributed equity	**17,590,784**	**17,556,284**

Movements in ordinary shares on issue	Number of Shares	$
Opening balance	297,795,481	17,556,284
Shares issued during the year:	500,000	34,500
Issue of shares to employees under Long Term Incentive plan	-	-
Equity raising costs (net of deferred tax)	-	-
Closing balance	**298,295,481**	**17,590,784**

Terms and conditions of ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise the shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

23. RESERVES

	Consolidated	
($)	**2022**	**2021**
Balance at beginning of financial year	59,364	59,364
Share based payments transfer	(59,364)	
Balance at end of financial year	**-**	**59,364**

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

24. ACCUMULATED LOSSES

	Consolidated	
($)	**2022**	**2021**
Balance at beginning of financial year	(9,954,535)	(11,707,951)
Net profit for the year	(1,464,738)	1,753,416
Share based payments transfer	59,364	
Share based payment adjustment	55,403	
Balance at end of financial year	**(11,304,506)**	**(9,954,535)**

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2022)

25. RELATED PARTY LOANS

The loan balances are set out as below:

($)	2022	2021
Name of director		
Garrison Huang	3,071,705	1,806,425
	3,071,705	**1,806,425**

The loans due to related parties and have been extended post year end on 23 August 2021 to 31 December 2022. The total facility limit is $3.5m.

27. COMMITMENTS

The Group has no material commitments (30 June 21: none) as at 30 June 2022 that are not recognised as liabilities.

28. CONTINGENT ASSETS AND LIABILITIES

The Group has no contingent assets and no contingent liabilities which require disclosure.

29. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group 's operations, the results of those operations, or the Group 's state of affairs in future financial years.

30. AUDITOR'S REMUNERATION

($)	2022	2021
Audit and review of the financial report of Group for the year	55,500	55,500
Other services	-	-
	55,500	**55,500**

31. RELATED PARTY TRANSACTIONS

(a) Subsidiary

The consolidated financial statements include the financial statements of Harris Technology Group Limited and the subsidiaries listed in the following table:

Name of entity	Country of Incorporation	% of Equity interest	
		2022	2021
APCA Trading Pty Ltd	Australia	100	100
Harris Technology Pty Ltd	Australia	100	100
Lincd HQ Pty Ltd	Australia	100	100

(b) Ultimate parent

The consolidated financial statements include the financial statements of Harris Technology Group Limited and its controlled entities. Harris Technology Group Limited is the ultimate parent company.

(c) Inter-group transactions

Loans

The inter-group entities have provided or received intercompany loans within the group for working capital. The intercompany loans are repayable to the inter-group entities at call and no interest is payable. At 30 June 2020, those loans have been eliminated in the consolidated balance sheet.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2022)

31. RELATED PARTY DISCLOSURE (Cont'd)

(d) Other related party transactions

During the financial year ended 30 June 2022, there were a total of $3,071,705 Directors' loans reported by the Group, refer to note 26 (2021: $1,806,425).

All Transactions were made on normal commercial terms and conditions and at market rates unless otherwise stated.

Refer to **7d.** Of Remuneration Report for more details relating to other related party transactions.

32. KEY MANAGEMENT PERSONNEL

The total remuneration paid to KMP of the Company and the Group during the year are as follows:

($)	2022	2021
Short-term employee benefits	257,534	196,753
Post-employment benefits	13,154	7,892
Share based payments	-	-
	270,688	**204,645**

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits
These amounts are superannuation contributions made during the year.

Share-based payments
These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors' Report.

Notes to the Consolidated Financial Statements

(for the Financial Year ended 30 June 2022)

33. SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Markers (CODM)) in assessing the performance of the Group and determining investment requirements. The operating segments are based on the manner in which services are provided to the market.

The Group consists of one business segment which operates in one geographical area, being Australia.

34. SHARE-BASED PAYMENTS

Performance Rights

Historically, options were issued to key management personnel as per the details below. Under the LTI plan, selected employees may be granted performance rights which will entitle them to receive ordinary shares in the Company, subject to the Company meeting performance objectives.

Grant date	Expiry date	Exercise Price	Balance at 30-06-21	Granted	Exercised	Expired	Balance at 30-06-22
09-02-21	09-02-22	$0.160	-	2,500,000	-	(2,500,000)-	-
09-02-21	17-08-21	$0.160	-	7,500,000	-	(7,500,000)-	-
09-02-21	09-02-22	$0.200	-	5,000,000	-	(5,000,000)-	-
			-	15,000,000	-	(15,000,000)	-

On 9 February 2021, Harris Technology Limited (HT8) issued 15,000,000 Unlisted options to a third-party service provider in three tranches. The exercise price of the options are as follows:

- Tranche 1 2,500,000 options to be exercised at 16c each – Expiry 09-02-2022.
- Tranche 2 7,500,000 options to be exercised at 16c each – Expiry 17-08-2021.
- Tranche 3 5,000,000 options to be exercised at 20c each – Expiry 09-02-2022.


Notebook
DELTA
ANYWARE
VIRTUAL
REALITY
Licensing
eset
BRAYECK
M2C
INFORMATION
DISTRIBUTION
Networking
LINKBASIC
ECOMMERCE
Huntkey
Lifestyle
Speakers
AUGMENTED
WOWBABY
DROBO
Printer
BOOGIEBOARD
MOBILE
LEDware
HARRISTECHNOLOGY
HT8
Display
Storage
AEROCOOL
AZIO
EDIMAX
DXRACER
PROMISE
ECOMMERCE
rapoo
ADESSO
Tablet