

Harris Technology Group Limited
ABN 93 085 545 973

Appendix 4D and Financial Report
For the half year ended 31 December 2022

Lodged with ASX under Listing Rule 4.2A

Harris Technology Group Limited

ABN 93 085 545 973

Current reporting period: 1 July 2022 to 31 December 2022
 Previous corresponding period: 1 July 2021 to 31 December 2021

Results for Announcement to the Market

		% Change from previous corresponding period		Current reporting period \$A
Revenues from ordinary activities	Down	-46.23	to	15,355,113
Profit from ordinary activities after tax attributable to members	Down	-631.77	to	(2,000,097)
Profit for the period attributable to members	Down	-631.77	To	(2,000,097)

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

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

Revenue from continuing operations for the half year ended 31 December 2021 was \$15,355,113 a decrease of 46% from the previous corresponding period (2021: \$28,557,444).

Net Loss from continuing operations was \$2,000,097 a decrease in profit of 632% from the previous corresponding period (2021: Profit of \$376,120).

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

Net tangible assets	Dec 2022	June 2022
Net tangible assets per ordinary security	1.46 cents	2.8 cents

Review opinion

This report is based on accounts which have been independently reviewed by the Company's external auditors. A copy of the directors' report and financial statements, together with the auditor's review report, is attached.

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the accompanying half-yearly report for the period ended 31 December 2022.

This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the Company.



Alan Sparks

Non-Executive Chairman
28 February 2023

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2022

The Directors present their report together with the interim financial report of the consolidated entity of Harris Technology Group Limited and the entities it controlled for the half-year ended 31 December 2022 and independent auditor's review report thereon. This financial report has been prepared in accordance with AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*.

Directors

The following persons were Directors during the half-year and until the date of this report.

Alan Sparks	Non-Executive Chairman
Garrison Huang	Managing Director & Chief Executive Officer
Guy Polak	Non-Executive Director
Brett Crowley	Company Secretary

Principal activities

The Group's principal activities during the course of the half-year was online retailing and distribution. There has been no significant change in the nature of these activities during the half-year.

Review and results of operations

Revenue from continuing operations for the half year ending 31 December 2022 was \$15,355,113 (2021: \$28,557,444). This revenue was attributable to group subsidiaries Harris Technology's operations and APCA's operations. The net loss for the half-year was (\$2,000,097) (2021: profit of \$376,120) after taking a write down of the deferred tax asset of \$783,392.

The reduction in net operating profit in comparison to the prior corresponding period is as a result of significantly lower overall sales due to the effects of the general decline in consumer demand as well as the decline experienced post the Pandemic highs. Additionally, as a result of high stock levels across the industry and aggressive discounting in the market, margins in tech products have declined.

The company took decisive action to reduce its level of stock holding as a result of the above with positive results in the maintenance of working capital.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Events Occurring After the Reporting Period

No other matters or circumstances have arisen since the end of the reporting period which significantly affects the operations of the consolidated group, results of these operations, or the state of affairs of the consolidated group in future financial periods.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporation Act 2001 is included on the following page and forms part of Harris Technology Group Limited's Directors' report for the period from 1 July 2022 to 31 December 2022.

This report is made in accordance with a resolution of directors pursuant to section 306(3)(a) of the Corporation Act 2001.

On behalf of the directors



Alan Sparks

Non-Executive Chairman
28 February 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF HARRIS TECHNOLOGY GROUP LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



SW Audit (formerly ShineWing Australia)
Chartered Accountants



Nick Michael
Partner

Melbourne, 28 February 2023

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HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	Half Year to 31-Dec-22 \$	Half Year to 31-Dec-21 \$
Revenue			
Sales revenue		15,355,113	28,557,444
Direct costs		(13,234,149)	(23,605,477)
Gross profit		2,120,964	4,951,967
Other income		3,098	316
Distribution expenses		(274,025)	(612,090)
Marketing expenses		(7,328)	(23,528)
Transaction expenses		(1,615,363)	(2,237,789)
Employee contractor and director expenses		(1,009,329)	(1,377,233)
Occupancy costs		(7,344)	(46,209)
Technology expenses		(50,361)	(33,026)
Holding company expenses		(85,608)	(114,165)
Depreciation and amortisation expenses		(87,374)	(51,129)
Bad debt expense		(96,133)	(460)
Other expenses		(12,509)	(27,524)
Finance costs		(95,393)	(53,010)
Net (Loss)/profit before income tax		(1,216,705)	376,120
Income tax benefit/(expense)	5	(783,392)	-
(Loss)/profit from continuing operations		(2,000,097)	376,120
Discontinued operation			
(Loss)/profit after tax from discontinued operation		-	-
(Loss)/profit for the period		(2,000,097)	376,120
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive (loss)/income for the period		(2,000,097)	376,120
Earnings per share from continuing operations			
- Basic (loss)/earnings per share	3	(0.67)	0.001
- Diluted (loss)/earnings per share	3	(0.67)	0.001

The accompanying notes form part of these financial statements.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	31-Dec-22 \$	30-Jun-22 \$
Current assets			
Cash and cash equivalents		3,061,604	2,385,803
Trade and other receivables		2,249,421	2,392,703
Inventories		6,047,118	9,788,196
Prepayments and deposits		228,569	284,429
Total current assets		11,586,712	14,851,131
Non-current assets			
Property, plant and equipment		112,519	126,963
Intangible assets - Trade mark		9,320	-
Right-of-use assets	4	1,484,731	1,557,662
Deferred tax assets	5	-	783,392
Total non-current assets		1,606,570	2,468,017
Total assets		13,193,282	17,319,148
Current liabilities			
Trade and other payables		4,611,712	5,966,987
Borrowings		2,517,672	3,076,122
Contract liabilities		-	156,026
Lease liabilities		110,820	117,738
Employee benefit liabilities		128,364	154,196
Total current liabilities		7,368,568	9,471,069
Non-current liabilities			
Lease liabilities		1,460,885	1,496,883
Employee benefit liabilities		77,648	64,918
Total non-current Liabilities		1,538,533	1,561,801
Total liabilities		8,907,101	11,032,870
Net assets		4,286,181	6,286,278
Equity			
Share capital		17,590,784	17,590,784
Accumulated losses		(13,304,603)	(11,304,506)
Total equity		4,286,181	6,286,278

The accompanying notes form part of these financial statements.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Share capital \$	Reserve	Accumulated losses \$	Total equity \$
At 1 July 2022	17,590,784	-	(11,304,506)	6,286,278
Loss for the period	-	-	(2,000,0097)	(2,000,097)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income for the period	-	-	(2,000,097)	(2,000,097)
Issues of shares	-	-	-	-
At 31 December 2022	17,590,784	0	(13,304,603)	4,286,181

	Share capital \$	Reserve	Accumulated losses \$	Total equity \$
At 1 July 2021	17,556,284	59,364	(9,954,533)	7,661,115
Profit for the period	-	-	376,120	376,120
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	376,120	376,120
Issues of shares	-	-	-	-
At 31 December 2021	17,556,284	59,364	(9,578,413)	8,037,235

The accompanying notes form part of these financial statements.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Half Year to 31-Dec-22	Half Year to 31-Dec-21
	\$	\$
Cash flows from operating activities		
Receipts from customers	15,404,502	29,482,199
Payments to suppliers and employees	(14,119,046)	(31,274,000)
Net cash flows provided by (used in) /operating activities	1,285,456	(1,791,801)
Cash flows from investing activities		
Payments for property, plant and equipment	(9,320)	(99,450)
Net cash flows used in investing activities	(9,320)	(99,450)
Cash flows from financing activities		
Proceeds from borrowings/ share issues	-	1,070,162
Repayment of borrowings	(600,000)	(352,026)
Net cash flows (used in) / provided by financing activities	(600,000)	718,137
Net increase/(decrease) in cash and cash equivalents	676,136	(1,173,116)
Cash and cash equivalents at the beginning of the financial year	2,385,468	3,262,185
Cash and cash equivalents at the end of the financial year	3,061,604	2,089,069

The accompanying notes form part of these financial statements.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note 1. Basis of preparation of the half-year financial report

(a) Summary of significant accounting policies

Corporate Information

The consolidated financial statements and notes represent those of the consolidated entity ('the Group') consisting of Harris Technology Group Limited, APCA Trading Company Pty Ltd, Harris Technology Pty Ltd, Lincd HQ Pty Ltd.

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

Statement of compliance

The general purpose interim financial report for the half year ended 31 December 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The interim financial report has, except for the cash flow information, been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian Dollars.

Basis of preparation

The condensed financial report complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board.

The half year financial report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the most recent annual financial report of the Group.

The significant accounting policies adopted in the preparation of the half year financial report are consistent with those followed in the preparation of the Group's financial report for the year ended 30 June 2022.

(b) 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 Standards Board ('AASB') that are mandatory for the current reporting period, where applicable.

(c) Basis of consolidation

In accordance with AASB 10 Consolidated Financial Statements, the Group consists of Harris Technology Group Limited, APCA Trading Company Pty Ltd, Harris Technology Pty Ltd, Lincd HQ Pty Ltd.

Harris Technology Group Limited has been identified as the parent for preparing consolidated financial reports.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

(d) Going concern

The consolidated 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 consolidated financial statements, the Group made a loss of (\$2,000,097) (31 December 2021: profit of \$376,120).

The Group also has material borrowings expiring within 10 months of the date of signing the consolidated 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 10 months from the date of this report which indicate the Group will have a positive cash balance during this period;
- A significant portion of the Group's borrowings (\$2.5m) are due to related parties and have been extended post June 2022 year end on 27 September 2022 to 31 December 2023. The directors have reasonable grounds to expect that the borrowings will be extended for a further term after this date.

(e) Operating 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 consolidated group and determining investment requirements. The operating segments are based on the manner in which services are provided to the market.

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

Note 2. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The significant accounting policies have been consistently applied in the current financial period and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note 3. Earnings per share

	Half Year to 31-Dec-22 \$	Half Year to 31-Dec-21 \$
Total comprehensive (loss)/profit for the period	(2,000,097)	376,120
Number of ordinary shares used in calculating diluted earnings per share	298,295,481	297,795,481
	Cents	Cents
Earnings per share from continuing operations		
- Basic (loss)/earnings per share	(0.67)	0.001
- Diluted (loss)/earnings per share	(0.67)	0.001

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

Note 4. Right of use asset

The Group leases land and buildings for its office and warehouse under an agreement of 10 years.

The Right of use asset represents the capitalisation of the value of the remaining term of the lease as required by AASB 117.

The lease holder is an entity controlled by the Managing Director and the Lease has been entered into on arm's length terms which have been independently verified.

Note 5. Deferred Tax Asset

	31-Dec-22 \$	30-Jun-22 \$
Opening Balance		
	783,392	783,392
Tax on comprehensive income for the period	-	-
De-recognition of Tax asset on assessed carried-forward losses	(783,392)	-
Closing balance	-	783,392

The availability and utilisation of carried forward revenue losses will be assessed at each future period end by the Group.

Note 6. Events after the reporting period

No other matters or circumstance has arisen since 31 December 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.

Note 7. Contingent liabilities and contingent asset

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

HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half -year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Alan Sparks

Non-Executive Chairman

28 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF HARRIS TECHNOLOGY GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Harris Technology Group Limited (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Harris Technology Group Limited does not comply with the Corporations Act 2001, including:

- a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors' for the Financial Report

The directors of Harris Technology Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date and

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complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SW Audit (formerly ShineWing Australia)
Chartered Accountants



Nick Michael
Partner

Melbourne, 28 February 2023