

30 August 2024

Harris Technology FY24 Results Commentary

Highlights:

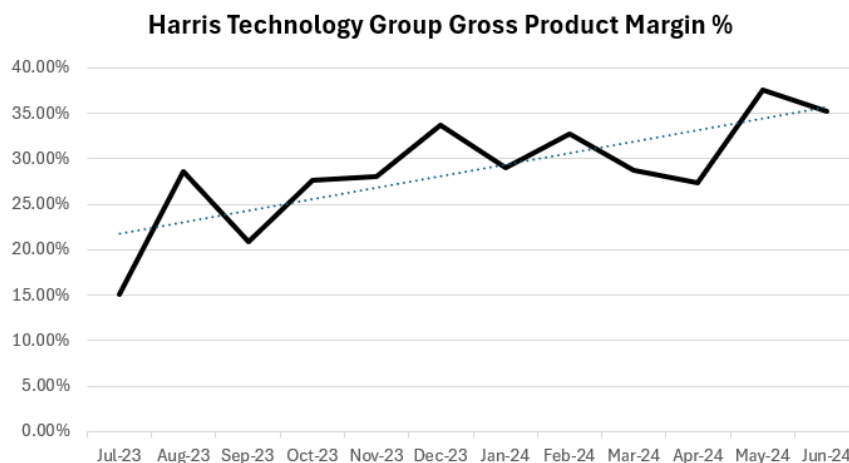
- **\$16.7M revenue (-31% YoY, FY23: \$24.2M)**
- **\$4.8M gross profit (+29% YoY, FY23: \$3.7M)**
- **Successful entry into the refurbished tech product category which surpassed \$1M in total sales within 7 months of launch**
- **Sustained margin contribution from household category**
- **Reduction of inventory with \$3.3M on hand at end of FY24, down from \$4.7M YoY**
- **Growth opportunity for refurbished tech products in FY25 to be a focus**

Pure-Play online retailer Harris Technology Group Limited (ASX: HT8) has released its Annual Report for the year ended 30 June 2024.

Sales revenue of \$16.7 million was a 31% decrease on the previous year (FY23: \$24.2M) but in line with Harris Technology's strategy to downscale its IT products business in the face of macroeconomic headwinds that have adversely impacted discretionary spending over the past 18 months.

By reducing exposure in the flagship IT products category, Harris Technology made a strategic move in FY24 to increase its presence in the household products category and refurbished products category. These initiatives were driven by a focus on higher-margin products and inventory turnover that could leverage the existing supply chain infrastructure Harris Technology had established.

Gross Profit of \$4.8 million was a 29% increase on the previous year (FY23: \$3.7M) to reflect progressive success in the strategy to combat the broader retail downturn, particularly on premium and bulky IT products. Through this strategic shift in product portfolio management, Harris Technology witnessed 11 consecutive months of gross margins above 20%, averaging 29% across FY24 (FY23: 15.5%).



Demand for refurbished tech products was sustained in H2 FY24, seeing an increase in warehouse floor space utilised by the refurbishment team. Previously owned products being sourced now include laptops, monitors, routers, servers and docking stations with gross margins outperforming new IT products.

Sales from the refurbished tech category exceed \$1 million since the business was established at the end of 2023 and is a space that Harris Technology sees growth opportunities in FY25. Continued demand for refurbished tech products is reflective of the current retail environment where refurbished products provide a low-cost alternative to new IT products and where customers can buy from Harris Technology with confidence as an authorised seller of refurbished products on all major online marketplaces.

A net loss after tax of (\$1.4M) was recorded and a substantial improvement on the (\$3.3M) in FY23 with the improvement of margins sustained through FY24.

To maximise the sales potential of the refurbished and household categories, Harris Technology has reduced activity within the Manufacturer-to-Consumer (M2C) business. Working relationships with manufacturer partners remain in place and can be reactivated on short notice when discretionary retail trading conditions improve.

Harris Technology ended FY24 with \$3.3M of inventory on hand, down from \$4.7M at the end of FY23 to be at targeted levels as part of management's prudent cash preservation strategy, with \$1.0M of cash on hand and \$6.2M undrawn on a finance facility.

Harris Technology CEO, Garrison Huang said: "We successfully navigated the challenging post-COVID downturn and stabilized Harris Technology. Despite the difficulties in retail trading throughout FY24, we achieved a substantial improvement in gross margins by reducing inventory and shifting to higher-margin products. Our lean operating model and agility to respond swiftly to market demands position us well for a strong recovery."

Harris Technology welcomes investors to join the HT8 investor mailing list for Company updates, industry research and investor discounts by subscribing at: <http://ht8.com.au/subscribe>.

For more information, contact:
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This announcement has been authorised for ASX release by HT8 Chairman, Alan Sparks.

About Harris Technology Group Limited

Harris Technology Group Limited is a publicly listed company on the Australia Securities Exchange (ASX code: HT8). The Company's main business is the eCommerce business of Harris Technology (HT) – www.ht.com.au. Harris Technology is a well-known brand with a 30+ year history in IT/CE retail market covering a very wide range of IT products for small and medium businesses in Australia. Harris Technology was previously owned by Officeworks under Wesfarmers and prior to this, it was owned by Coles Myer Group. Harris Technology no longer operates any physical shopfronts – all businesses of Harris Technology are conducted online both on www.ht.com.au and via the major online platforms such as Amazon, Kogan, Catch and eBay etc.