

27 February 2024

Harris Technology announces H1 FY24 results

H1 FY24 Highlights:

- **\$8.8M Revenue**
- **\$2.4M Gross Profit, up 14.2% PoP**
- **27.1% Gross Profit Margin, up from 13.8% in H1 FY23**
- **\$0.46M positive operating cash flow**
- **Increase in margins due to initiatives removing low return products from the range**
- **Positive development of refurbished IT product sales**
- **\$4.0M inventory on hand at 31 December 2023, down \$700K from 30 June 2023**
- **\$1.7M cash on hand with \$6.2M undrawn facility and no capital raise expected in the foreseeable future**

Pure-Play online retailer Harris Technology Group Limited (ASX: HT8) ("Harris Technology" or "the Company") has released its financial results for the Half Year ended 31 December 2023 (H1 FY24).

Sales revenue of \$8.8 million represented a decline from the previous corresponding period (\$15.3m) but achieved the inventory strategy and margin improvement undertaken by Harris Technology despite continued difficult retail trading conditions. The reduction of bulky and low-margin tech products from Harris Technology's range coincided with a pullback in discretionary spending in Australia, prompted by macroeconomic headwinds.

Gross profit of \$2.4 million was a 14.2% increase on the previous year (\$2.1M) despite the reduction in revenue. Gross margin achieved of 27.1% for H1 FY24 was a significant increase on the 13.8% reported the previous corresponding period.

The increase in gross profit margins were reflective of the product strategy focusing on higher margins and lower inventory hold times. Sales from the Refurbished and Household category contributed to the uplift in margins.

Positive cash flow of \$0.46M resulted in a cash balance of \$1.7M, with a further \$6.2M undrawn from the finance facility and no requirement for a capital raise in the foreseeable future with the product strategy underpinned preserving cash reserves while improving cash flow.

A \$0.7M net loss after tax was recorded for H1 FY24, representing a 64.3% YoY improvement (-\$2.0M) on the previous year, further reflecting the transition in Harris Technology's focus from revenue to profit margins.

In response to the slowdown in sales due to the continued economic headwinds, Harris Technology diversified into Refurbished IT products and increased its M2C (Manufacturer-to-Consumer) private-label product listing during the busy retail season.

Refurbished product sales exceeded management expectations with low inventory hold times courtesy of high demand low-cost alternatives to new products. Further opportunities are being explored to acquire aged tech products at greater scale with Harris Technology having capacity to renew more IT products as an authorised reseller of refurbished products on major online marketplaces.

Inventory on hand of \$4M, down 700K from 30 June 2023, fulfils the inventory reduction initiative set out in FY22. The Company now carries an efficient level of inventory and continues to focus on maintaining a healthy position through a period where market demand for new tech products is subdued.

Harris Technology CEO, Garrison Huang said: “It is pleasing to see a substantial improvement in our gross margins comparing against the previous years despite difficult retail trading conditions. The M2C division has performed well through the busy retail season meeting our margin targets. Adjusting to the changing economic condition, we have seen a positive result from our entry into the Refurbished Tech product category where products are being sourced, renewed, and listed at attractive price points against their new equivalents. This is a vertical with strong momentum and we will look forward to growing this part of the business further.”

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>.

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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.