

**Harris Technology Group Limited**  
**ABN 93 085 545 973**

**Appendix 4D and Financial Report**  
**For the half year ended 31 December 2021**

**Lodged with ASX under Listing Rule 4.2A**

# Harris Technology Group Limited

## ABN 93 085 545 973

**Current reporting period:** 1 July 2021 to 31 December 2021  
**Previous corresponding period:** 1 July 2020 to 31 December 2020

### Results for Announcement to the Market

		% Change from previous corresponding period		Current reporting period \$A
Revenues from ordinary activities	Up	47.25	to	28,557,444
Profit from ordinary activities after tax attributable to members	Down	64.58	to	376,120
Profit for the period attributable to members	Down	64.58	To	376,120
<b>Dividends (distributions)</b>		Amount per share		Franked amount per share
Final dividend		Nil ¢		Nil ¢
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 \$28,557,444 an increase of 47.25% from the previous corresponding period (2020: \$19,394,305).

Net Profit from continuing operations was \$376,120 a decrease in profit of 64.58% from the previous corresponding period (2020: Profit of \$1,061,983).

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

<b>Net tangible assets</b>	Dec 2021	June 2021
Net tangible assets per ordinary security	2.4 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 2021.

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  
24 February 2022

## **HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES**

### **DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

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 2021 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 names of the Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Alan Sparks	Non-Executive Chairman
Garrison Huang	Managing Director & Chief Executive Officer
Guy Polak	Non-Executive Director
Company Secretary	Brett Crowley appointed on 6 December, 2018

#### **Principal activities**

The Group's principal activities during the course of the half-year were in the area of 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 2021 was \$28,557,444. This revenue was attributable to Harris Technology operations and APCA operation. The net profit for the period was \$376,120.

The reduction in net profit in comparison to the prior corresponding period is as a result of lower PPE product sales and a focus on inventory management during the second quarter to manage ageing inventory levels.

The company continued to invest in building its team and had additional one-off expenditure related to the consolidation of its warehouses into the new facility.



## **HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES**

### **DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

#### **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 2021 to 31 December 2021.

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  
24 February 2022

**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 2021 there have been:

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



**ShineWing Australia**  
Chartered Accountants



Nick Michael  
Partner

Melbourne, 24 February 2022

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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 2021

	Notes	31-Dec-21 \$	31-Dec-20 \$
<b>Revenue</b>			
Sales revenue		28,557,444	19,394,305
Direct costs		(23,605,477)	(15,568,649)
<b>Gross profit</b>		<b>4,951,967</b>	<b>3,825,656</b>
Other income		316	51,326
Distribution expenses		(612,090)	(218,016)
Marketing expenses		(23,528)	(19,082)
Transaction expenses		(2,237,789)	(1,522,283)
Employee contractor and director expenses		(1,377,233)	(813,237)
Occupancy costs		(46,209)	(11,433)
Technology expenses		(33,026)	(36,545)
Holding company expenses		(114,165)	(219,112)
Depreciation and amortisation expenses		(51,129)	(29,696)
Bad debt (expenses) / recovery		(460)	78,117
Other expenses		(27,524)	(9,414)
Finance costs		(53,010)	(14,298)
<b>Profit before income tax</b>		<b>376,120</b>	<b>1,061,983</b>
Income tax benefit / (expense)	5	-	-
<b>Total comprehensive income for the period</b>		<b>376,120</b>	<b>1,061,983</b>
<b>Earnings per share from continuing operations</b>			
		<b>Cents</b>	<b>Cents</b>
- Basic earnings per share	3	0.001	0.5
- Diluted earnings per share	3	0.001	0.5

The accompanying notes form part of these financial statements.

## HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	31-Dec-21 \$	30-Jun-21 \$
<b>Current assets</b>			
Cash and cash equivalents		2,089,069	3,262,107
Trade and other receivables		3,718,616	3,129,379
Inventories		12,908,673	10,766,788
Prepayments and deposits		557,192	154,424
<b>Total current assets</b>		<b>19,273,550</b>	<b>17,312,698</b>
<b>Non-current assets</b>			
Furniture and Fittings		3,873	-
Property, plant, and equipment		114,131	14,274
Right of use assets	4	1,471,330	166,824
Deferred tax assets	5	783,392	783,392
<b>Total non-current assets</b>		<b>2,372,726</b>	<b>964,490</b>
<b>Total assets</b>		<b>21,646,276</b>	<b>18,277,188</b>
<b>Current liabilities</b>			
Trade and other payables		8,901,551	7,734,915
Loans from Director		2,997,326	2,266,380
Contract liabilities		-	287,121
Lease Liabilities		84,005	83,801
Employee benefit liabilities		146,714	104,028
<b>Total current liabilities</b>		<b>12,129,596</b>	<b>10,476,245</b>
<b>Non-current liabilities</b>			
Lease Liabilities		1,424,867	96,790
Employee benefit liabilities		54,578	43,040
<b>Total non-current Liabilities</b>		<b>1,479,445</b>	<b>139,830</b>
<b>Total liabilities</b>		<b>13,609,041</b>	<b>10,616,079</b>
<b>Net assets</b>		<b>8,037,235</b>	<b>7,661,113</b>
<b>Equity</b>			
Share capital		17,556,284	17,556,284
Share based payment reserve		59,364	59,364
Accumulated losses		(9,578,413)	(9,954,535)
<b>Total equity</b>		<b>8,037,235</b>	<b>7,661,113</b>

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 2021

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

	Share capital \$	Reserve	Accumulated losses \$	Total equity \$
At 1 July 2020	7,803,124	11,432	(11,707,951)	(3,893,395)
Profit for the period	-		1,061,983	1,061,983
Other comprehensive income	-		-	-
Total comprehensive income	-	11,432	1,061,983	1,061,983
Issues of shares	4,713,640		-	4,713,640
At 31 December 2020	12,516,764	11,432	(10,645,968)	1,882,228

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 2021

	Half Year to 31-Dec-21	Half Year to 31-Dec-20
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	29,482,199	19,099,110
Payments to suppliers and employees	(31,274,000)	(20,940,773)
Government Grant Received	-	100,000
<b>Net cash flows (used in) / tailored by relevance activities</b>	<b>(1,791,801)</b>	<b>(1,741,663)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(99,450)	-
<b>Net cash flows (used in) / tailored by relevance activities</b>	<b>(99,450)</b>	<b>0</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings / share issues	1,070,162	4,724,840
Repayment of borrowings	(352,026)	(1,925,062)
<b>Net cash flows / tailored by relevance activities</b>	<b>718,137</b>	<b>2,799,778</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,173,116)</b>	<b>1,058,115</b>
Cash and cash equivalents at the beginning of the financial year	3,262,185	1,171,184
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2,089,069</b>	<b>2,229,299</b>

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 2021

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

##### (a) Basis of preparation

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with financial report of the company for the year ended 30 June 2021, and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

##### (b) New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

The consolidated entity 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. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### Note 2. 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.

## HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### Note 3. Earnings per share

	Half Year to 31-Dec-21 \$	Half Year to 31-Dec-20 \$
Weighted average number of ordinary shares used in calculating basic earnings per share	297,795,481	223,065,130
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	386,667
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>297,795,481</u>	<u>223,451,797</u>
	Cents	Cents
Earnings per share from continuing operations		
- Basic earnings per share	0.001	0.5
- Diluted earnings per share	0.001	0.5

#### Note 4. Right of use asset

The group consolidated its warehousing into one contiguous leased facility situated at 124 Abbott Rd Hallam Victoria 3803, during Dec 2021.

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 has been entered into on arm's length terms which have been independently verified.



## HARRIS TECHNOLOGY GROUP LIMITED & CONTROLLED ENTITIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

#### Note 5. Deferred Tax Asset

	6 months	Full Year
	2021	2020
Opening Balance at Beginning of the year	783,392	-
Tax on comprehensive income for the period	(112,836)	-
Recognition of Tax asset on assessed losses	<u>112,836</u>	<u>783,392</u>
Closing balance at end of period	<u>783,392</u>	<u>783,392</u>

#### Note 6. Events after the reporting period

No other matters or circumstance has arisen since 31 December 2021 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 company 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 2021**

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 2021 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

24 February 2022

## 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 2021, 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 the Group 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 2021 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 ASRE2410 *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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Responsibilities of the Directors' for the Financial Report

The directors of the Group 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 2021 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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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.



**ShineWing Australia**  
Chartered Accountants



Nick Michael  
Partner  
Melbourne, 24 February 2022