



Announcement to ASX
ASX Code: HTG

July 12, 2022

HTG TRADING UPDATE

HIGHLIGHTS:

- **Continued momentum in demand for Infinity products with increasing monthly recurring revenue and high-volume sales pipeline for Infinity products**
- **Resilient balance sheet and reduced monthly cash burn rate**
- **Expansion of global presence into the United Kingdom, Europe, Middle East, and Africa (EMEA) during June quarter**
- **Signed a reseller agreement with RSM Australia, a 100-year-old professional services company promoting technology that improves efficiency and sustainability, and reduces costs, to its customers across a range of industries and government**
- **Harvest and Inmarsat Aviation delivered a new innovative solution for Beyond Visual Line of Sight (BVLOS) operations for small commercially deployed Unmanned Aerial Vehicles (UAVs) livestreaming high-quality video at less than 100kbps**
- **Harvest and Cisco in transition process from proof-of-concept to operational deployment**

July 12, 2022: Harvest Technology Group Limited (ASX:HTG) (**Company, Harvest, Group**), a global leader in network optimised remote operations, is pleased to provide this trading update to the market.

TRADING PERFORMANCE

For the June 2022 quarter, the Company recorded an increase of more than 16% in monthly recurring revenue (MRR) when compared to the March 2022 quarter. Invoiced sales for the June month exceeded \$319k. Infinity invoiced sales for June were \$292k. This followed an increase of over 49% delivered in the March quarter and demonstrates the continued momentum in demand for the Company's products and services consistent with the Group's Phase 2 strategy to diversify income streams and expand customer base globally.

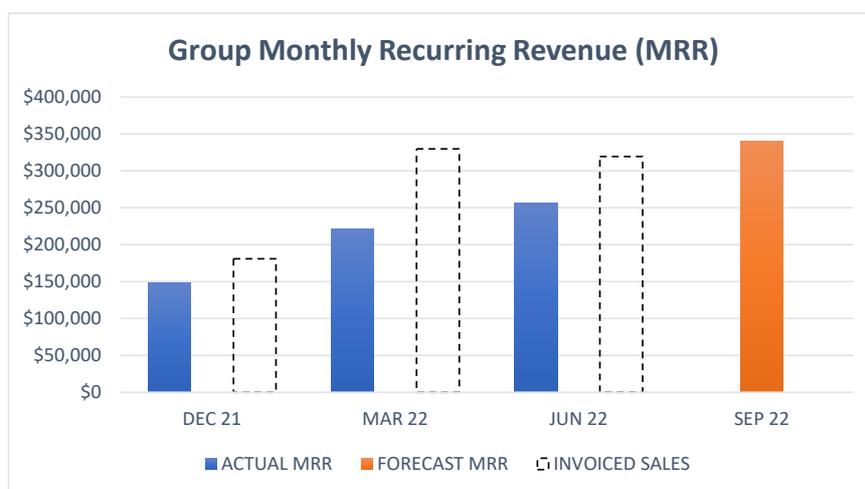
The Company reported a June Group MRR of \$257k. Infinity MRR for June was \$232k. The June MRR result was impacted by macro and geopolitical instability; client project delays; customers' choosing to delay purchases until commencement of their FY2023 budget; extended time in conversion of some maritime opportunities due to assets being located offshore for longer periods and made inaccessible for installation; and significant delays to supplies of hardware componentry and casings due to the continuing impact of the COVID pandemic on supply chains.



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Whilst economic conditions are expected to remain challenging, the Company is confident of continuing to grow its sales funnel and increase revenue in the coming quarter with new customers and generating growth in existing customer spend, bolstered by investment in regional sales expansion during the June quarter.

Going into FY2023, the Company has an opportunity pipeline at least three times its forecast MRR and total revenue targets and is forecasting a further increase of 32% in Group MRR to between \$340k and \$380k by the end of the September 2022 quarter.



*Monthly recurring revenue (MRR) represents a blended revenue figure across all products and services sold to customers. Any revenue received in advance is apportioned over the service period. Invoiced Sales represents the actual revenue billed to customers during the month.

In recent months the Company has taken proactive steps to focus on core areas of its strategy, exercise a disciplined focus on spending and develop an annual budget for the year ahead recognising that capital market conditions and sentiment across the listed technology sector will remain challenging and the expectation that economic conditions will remain volatile. At the end of June 2022, the Company held cash reserves of \$4.5m. It should be noted that this cash position excludes the additional director's placement proceeds of \$1.0m (committed by directors Mr. Marcus Machin and Mr. Paul Guilfoyle) which is anticipated to be paid to the Company post-shareholder approval at the Company AGM in November 2022. In addition, the Company has recently submitted its annual R&D Tax Claim¹ in the first half of FY2023, with the expectation of a conservative cash refund of approximately \$750k.

Ongoing gross operating overheads are estimated at approximately \$825k per month, excluding revenue contributions. This represents a reduction in current monthly cash burn.

¹ The quantum and timing of refund in respect of the Company's R&D Tax Claim is subject to review and approval by the Australian Tax Office and may be subject to processing delays due to COVID-19 and its impact on staffing availability.



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In terms of commercial and operational developments, the June quarter has seen significant progress with the achievement of several important milestones.

RSM AUSTRALIA JOINS HARVEST'S GROWING PARTNER NETWORK

Award-winning and leading professional services firm RSM Australia (RSM) has been named a partner and reseller of Harvest's Network Optimised Livestreaming solutions. With over 100 years' experience in Australia, RSM provides audit, tax, and consulting solutions to small, large, and international businesses across a range of industries as well as government agencies.

The entry of the Company and RSM into a non-exclusive resale agreement focuses on developing sales opportunities for the Infinity suite of products as part of RSM's value proposition, ensuring their clients are at the forefront of best practice, technology, and innovation in a rapidly changing world economy and helping them to improve efficiencies, reduce costs, and meet sustainability goals.

The binding and non-exclusive worldwide reseller agreement is for an initial term of twelve months and renewable annually and is predicated on discount by cumulative sales volume with all sales based on minimum 12-monthly plans for hire and licensing. All other terms are standard for an agreement of this nature.

The Company will continue to keep the market informed of any material updates.

UK/EMEA EXPANSION

To maximise its ability to meet an increasing pipeline of opportunity for sales of Infinity products and support its Phase 2 strategy of income and customer diversity, the Company expanded its global presence into the United Kingdom, Europe, Middle East, and Africa (EMEA) during the June quarter, welcoming two key personnel to the global customer experience team; Martyn Hopkins, Head of Sales EMEA, and Andy Freeman, Technical Sales Manager EMEA.

Demand is growing throughout the UK and EMEA as organisations across multiple industries look for solutions to securely and reliably deliver remote operations, drive efficiencies, reduce costs and lower their carbon footprint.

Changes to maritime regulations, particularly in terms of vessel operations visibility, and increasing pressures within the energy market, as well as continuing conflict in Eastern Europe, are fuelling some of this growth. Major corporations are looking to use technology to reduce the cost and time of needing to have specialists and technicians travel to site and onto vessels.

The Company's partnership with Inmarsat is already making strides with vessel owners, giving greater access to live HD video over lower bandwidth services, enabling instantaneous decision making. Considering the pressure of global fuel price increases and continuing impacts from the COVID pandemic on the maritime sector, this is an ideal way to minimise costs and reduce vessel downtime.



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These challenges are increasing the need to deploy assets quickly. Nodestream™ technology is easily implemented to enable commissioning and maintenance to be carried out remotely whilst eliminating the need to send subject experts to site. Similar issues apply to the renewable energy market, with fault finding and maintenance.

The UK team intends to expand its reseller network in support of establishing the Company's UK/EMEA regional footprint. Further updates will be provided in due course.

MAJOR OFFSHORE SERVICES PROVIDER LIVESTREAMS REMOTE INSPECTIONS

Many companies that perform offshore remote operations need to work smarter to improve safety, cut costs and reduce environmental impact. As a leading provider of integrated subsea projects and marine services in all major offshore regions worldwide, Norway headquartered DOF Subsea is no different.

DOF needed a solution that would improve safety performance, increase efficiency, and reduce project risk for their customers. They chose Harvest's AVR2 solution to support their offshore inspection, repair, and maintenance activities. The self-contained industrial streaming solution allows onshore personnel to log in via the web and watch live video using any device to provide a secure, ultra-low bandwidth optimised video live streaming from their Remotely Operated Vehicles (ROVs) from anywhere in the world. Harvest intends to further expand its footprint across the DOF fleet with Nodestream™ and RiS™ technology.

ONGOING PRODUCT DEVELOPMENT

The Company continues to progress hardware and software developments in line with its product and technology roadmap.

UAV DIRECT-TO-SATELLITE DECISION-MAKING QUALITY VIDEO BELOW 100KBPS

The Company has been working closely with Inmarsat Aviation to deliver a new Unmanned Aerial Vehicle, i.e., Drone (UAV), facilitating complete proof-of-concept realisation of a satellite terminal with embedded Nodestream™ technology capabilities. At the end of May, the Company successfully enabled and demonstrated UAV direct-to-satellite video and control streaming functionality at less than 100kbps, setting the stage for simple and clean BVLOS (Beyond Visual Line of Sight) operations for small commercially deployed UAVs anywhere in the world. This capability was enabled and proven through live payload control, over ultra-low bandwidth with ultra-high point-to-point encryption, with streams near real-time (1-2 second latency) over the Inmarsat ELERA network via GEO constellation.



Complete with onboard satellite terminal and all associated hardware at less than 15kg weight, the UAV was locally controlled with no additional hardware or connectivity required at ground control station. This represents a significant opportunity in the global UAV market which is estimated



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to be worth approximately \$63b by 2025². Harvest and Inmarsat continue to work together to further develop this innovation and its future opportunities.

NODESTREAM™ / WEBEX INTEGRATION

The Company is exploring several operational trial opportunities for the Nodestream™ / Webex Integration. Both opportunities are in the civil infrastructure space and have communicative restrictions due to limited connectivity from a number of remote sites.

The Company has held further meetings with senior technical staff within Cisco's Webex team through the June quarter and will be meeting with them through the September 2022 quarter to explore further integration options of Harvest's protocols and services within the Webex ecosystem. This will form part of a wider discovery process in transition from proof-of-concept to operational deployment.

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This announcement was authorised for release by the Board of Directors.

Corporate & media enquiries, please contact:

Mr. Paul Guilfoyle
Group Chief Executive Officer, Harvest Technology Group Limited
Tel: +61 8 6370 6370
Email: investor@harvest-tech.com.au

Investor enquiries, please contact:

Mr. Jack Rosagro
Company Secretary
Tel: + 61 8 9482 0511
Email: investor@harvest-tech.com.au

About Harvest Technology Group

Harvest Technology Group Limited (ASX: HTG) is a global leader in network optimised remote operations that deliver real-time remote control, communication, automation, and monitoring capabilities. Headquartered in Perth, Australia, the group of companies is revolutionising remote field services with ultra-low bandwidth Network Optimised Livestreaming solutions that enable customers to stay connected to operations and personnel anywhere in the world while utilising just a fraction of existing bandwidth resources.

² MarketsandMarkets™ Report, UAV – (Unmanned Aerial Vehicle) 2021, Published Date: June 2021 | Report Code: AS 2802



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To learn more please visit: www.harvest.technology

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Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices, or potential growth of Harvest Technology Group Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.
