



Announcement to ASX  
ASX Code: HTG

April 28, 2023

## ACTIVITY REPORT – MARCH QUARTER 2023

### KEY HIGHLIGHTS DURING THE QUARTER

- Despite project delays experienced in the last quarter, revenue generated in the last twelve months ended March 31, 2023, has exceeded \$3.0M, an increase of 44.9% on the prior corresponding period.
- Quarterly revenue of \$653K was achieved in the March quarter. This represents a -8.6% decline year-on-year and a -32.3% decline from the record growth recorded in the December quarter.
- Strong opportunity pipeline continues to build and ongoing negotiations with multiple global offshore providers gives the Company confidence of further revenue growth in the coming quarter.
- The Group continues its disciplined approach to spending to help narrow the gap between revenue and costs. Net operating cash outflow for the quarter was reduced from \$1.1M in the December quarter to \$0.2M in the current quarter.
- Net cash inflow of \$917K recorded for the March quarter (December Qtr: \$714K outflow) included receipt of \$1.6M R&D Claim and \$1.25M raised from the issue of equity securities during the period.
- \$2.4M cash at bank on March 31, 2023, provides the Group with funding to continue to scale the business. Ongoing focus on cost saving initiatives across the remainder of the financial year as the Group continues to expand and diversify its customer base.

**April 28, 2023:** Harvest Technology Group Limited (ASX:HTG) (**Company, Harvest, Group**) a global leader in network optimised remote operations, is pleased to provide its quarterly Activity Report and Appendix 4C for the March 2023 quarter.

### CORPORATE AND FINANCIAL SUMMARY

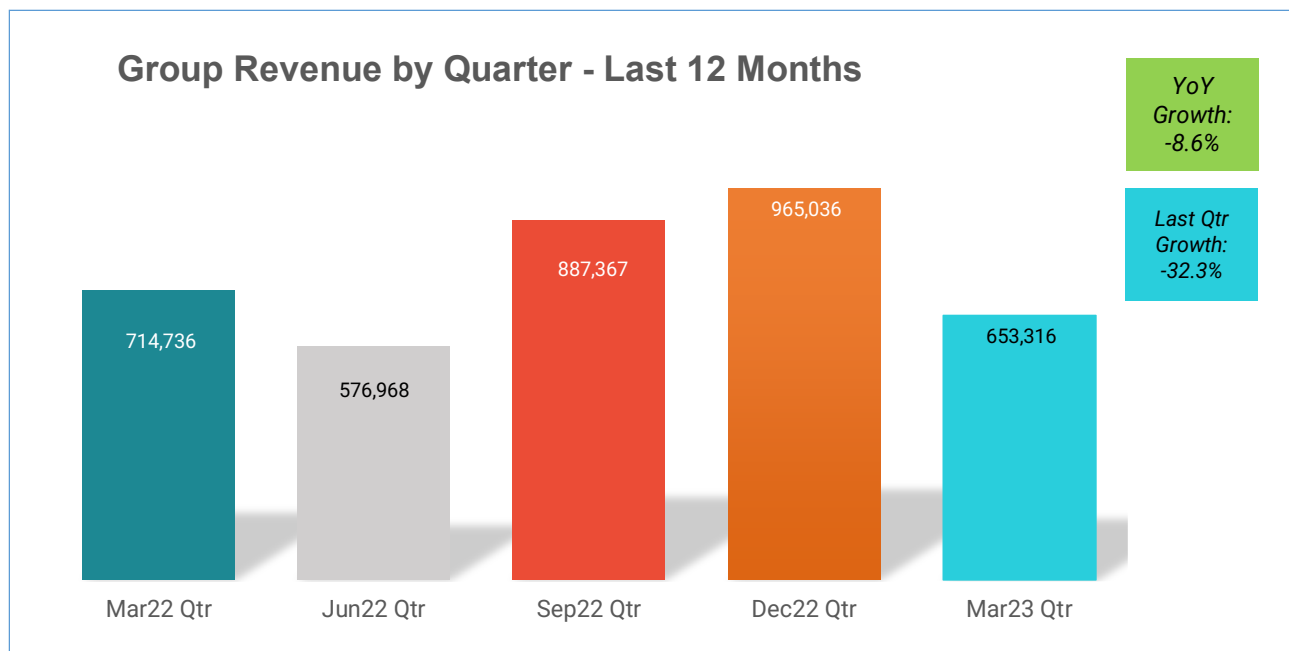
Harvest has been actively marketing and selling its solutions to the offshore, energy and maritime sectors since 2022. In the last twelve-months (12), all these sectors have faced rising cost inflation and margin pressure. Some operators are now subject to higher overheads since returning to normal operations, particularly those companies that tendered and won work prior to or during the downturn/pandemic, and who are now impacted by significant reductions to profit margins and resulting capital expenditure constraints. Whilst Harvest's technology directly assists companies reduce their operating costs and greatly improve



Announcement to ASX  
ASX Code: HTG

efficiencies, the flow on effect to Harvest in the short-term is the potential for an extended sales cycle for some new customers in these sectors.

Despite extended timelines, the Company continues to experience month-on-month growth in its sales pipeline. Harvest continues to work with new customers on their remote operations journey, offer a compelling value-proposition and the ability for customers to adopt a phased approach to implementing our technology solutions to ensure continued traction during this period of temporary market realignment.



In its customer update on January 24, 2023, it was advised that Harvest was in active discussions with its European Defence Force customer. Harvest continues to actively collaborate with the customer to develop a scope of work and implementation schedule for the technology across the entirety of the customer's field assets and base of operations. Orders against this scope have the potential to generate significant incremental revenue for the Company. The developing scope for new orders represents a multiple of the initial contract. The Company will update investors on this project as further information becomes available.

Customer churn rate remains at zero demonstrating existing customers continue to view Harvest solutions as valuable to their operations and providing the Company with a solid foundation to upsell and grow their remote operation capabilities. During the period:

- TechnipFMC renewed its annual licensing contract for Nodestream™ and AVRLive™. Headquartered in the UK, TechnipFMC is a global leader in energy projects, technologies, systems, and services for subsea and surface projects, and has a fleet of seventeen (17) vessels.



Announcement to ASX  
ASX Code: HTG

- Inpex renewed its licensing contract for Nodestream™ for three (3) vessels for another eighteen (18) months. Inpex is also trialling Nodestream™ software applications. As Japan's largest petroleum and exploration company, Inpex is a global player in the production of clean, efficient, and reliable natural gas for the Asia-Oceanic region.
- Harvest received the next order for RiS™ units to be installed on the next two (2) 78-metre uncrewed surface vessels (USVs) in Ocean Infinity's Armada fleet - the world's largest oceangoing robotic fleet. From 2023, Ocean Infinity is planning to roll out a total of six (6) additional 78-metre USVs and place into production twenty-three (23) 12 to 18-metre USVs.
- The Company commenced close-out of the Beach Energy smart buoy project in the March quarter. Monthly recurring revenue from licensing fees is due to commence from May 2023. The unique solution developed by Harvest to meet Beach Energy's use case has created a great deal of interest and noise in the industry, with the main article being reproduced by multiple industry-based news platforms. Harvest is currently in technical discussions with another global energy major for a potential buoy development program. Project timeframe can take up to twelve (12) months depending on the scope complexity and required outcomes.
- Fugro Australia continued to expand its remote operations capabilities with adoption of twelve (12) more Nodecom™ audio conferencing systems and two (2) RiS™ 8-channel encoders into its network.

## CASH RESOURCES

The Company reported a cash balance of \$2.4M on March 31, 2023. As highlighted in Appendix 4C, the Group recorded a significantly reduced net operating cash outflow of \$0.2M in the March quarter (compared to \$1.1M in the December quarter), helped by the receipt of \$1.6M R&D Claim proceeds in March 2023. The overall net cash inflow for the quarter was \$0.9M, including \$1.25M raised from the issue of equity securities, including the exercise of unlisted share options and \$500K investment by newly appointed non-executive director – Ross McKinnon (refer below). The Group remains focused on cost discipline, reducing the cash burn rate and achieving a cash neutral position as soon as possible.

## OTHER KEY DEVELOPMENTS

- On February 7, the Company delivered its second webinar discussing using and enabling remote support and remote operations solutions in the maritime industry, generating over 100 leads into the company's pipeline. The webinar focussed on how digital technology can reduce the need to bring subject-matter experts onto vessels, ultimately reducing operating costs, emissions and reducing health and safety risks.
- Between February 14 and 16, Harvest exhibited at Oceanology International in San Diego with Digital Edge Subsea (DES). The partnership between the two companies was announced during the event. DES is one of the world leading providers of software and digital video inspection systems for the global oil and gas industry. Harvest will embed its video streaming protocols into DES' EdgeDVR technology, to provide offshore contractors, construction companies, drilling contractors, and diving and ROV service companies with an unrivalled ability to record video offshore as well as livestream



Announcement to ASX  
ASX Code: HTG

high-quality feeds using ultra-low bandwidth directly via the cloud, removing the need for additional hardware mobilisation. DES currently has over 800 units in operation globally and a 150-unit hire pool. Strategy for delivery and sales and marketing is underway.

- On February 21, the Company announced the signing of a partnership with Shamal Technologies of the Kingdom of Saudi Arabia, opening opportunities to enable the next evolution of remote operations in the Kingdom of Saudi Arabia and within the Middle Eastern region. Harvest will partner with Shamal to deliver real-time secure situational awareness and control to Shamal's clients, by enabling Shamal's assets with Harvest's Nodestream™ remote control and livestreaming technology. In May, Harvest will be in Saudi Arabia attending RobotoKAUST conference on robotics and autonomy with Shamal and will also undertake a formal signing ceremony for the agreement. Harvest has scheduled meetings and demonstrations with key target customers during the visit.
- On February 24, the Group released its half-year financial results which showed revenue had increased 118% and the net loss from ordinary activities after tax had reduced by 34% during the first half of the current financial year, compared to the same period of the prior year.
- On March 27, the Company announced Mr. Ross McKinnon, a seasoned director with extensive corporate and technology experience, would be joining the board from April 1, 2023, as non-executive director.
- Development and optimisation of the Group's cloud-based technology platform (referred to as "NS2") continued during the March quarter with the commercialisation strategy well underway. The Company is currently working on finalising an ever-growing list of trial partners in multiple sectors to participate in beta testing due to commence mid-year.

## OUTLOOK

The March quarter was a challenging one across most of the global technology sector and aspects of this have been felt by Harvest through customer spending constraints and project delays. The Company continues to build its opportunity pipeline while supporting engagements with significant new customers. A sample of some of the opportunities in the Company's pipeline that are actively being worked on to close are discussed below.

In December, Fugro approached the Company to provide a quotation for a two-year contract for implementation of RiS™ technology to its uncrewed surface vessel (USV) fleet. Harvest has been working together with Fugro to implement a hybrid Nodestream™ and RiS™ operational model specifically for USV operations. A full operational trial of the new model, underway on a Woodside project in the North West Shelf, is currently achieving success. Harvest expects to receive orders for the Fugro USV fleet following completion of the operational trial.

As indicated in the December quarterly report, the Group was in negotiations with two global Tier 1 offshore service providers based in the European region for implementation of RiS™ to their vessel fleets and remote operations centres. Orders expected to be realised during the March 2023 quarter have not yet been received and it has been advised this is due to project delays invariably pushing back vessel availability and significant operational overheads now being properly recognised since emergence from the pandemic. Harvest is working



Announcement to ASX  
ASX Code: HTG

on phase-in implementation with these new customers to ensure continued traction. This includes multiple project implementations over the coming months with the first project commencing in early May in Norway.

The Company remains in final negotiations with a Singapore-based technology partner to provide a complementary solution to the partner's customer base. Execution of the agreement is expected in the June 2023 quarter.

Further, the Company is currently working on a new global partner and commercial strategy with Applied Satellite Technology (AST) Group, to prioritise innovation that offers new value, better service, and improved efficiency to AST's customers. AST Group have established footprints in the Americas, UK, EMEA and APAC regions.

During the December and March quarters, a restructure of the global sales team was undertaken to ensure sales team efficiency and alignment to the sales strategy to refocus sales potential. The Company is currently recruiting a Technology Sales Manager in the APAC region and Technical Sales Manager in the EMEA region to support business development and sales activities targeting key sectors of offshore, energy and maritime.

Harvest exhibited at Ocean Business 2023 in Southampton UK between April 18 and 20. The show has been the most successful yet, with over 60 genuine leads and requests for solution demonstrations across Europe. Harvest will also exhibit for the first time at the Offshore Technology Conference (OTC) in Houston on May 1-4 along with our partner Digital Edge Subsea. OTC is the largest oil and gas sector trade show in the world.

The Company will continue to provide updates relating to new customers once more information is available.

Finally, the next investor webinar is planned for late May 2023. Details for registration will be released via the Company's website in due course.

#### **APPENDIX 4C**

Cash balance on March 31, 2023, was \$2.4M. In accordance with Listing Rule 4.7C.1., net operating cash outflows during the quarter were (\$0.2M) comprising cash receipts from customers of \$686K, receipt of \$1.6M R&D refund and cash outflows from operating activities including research and development (\$0.9M), staff costs (\$449K), sales/marketing costs (\$400K), interest paid (\$89K) and other corporate costs (\$664K).

Please refer to the Appendix 4C Filing for further details on the results for the quarter.

#### **ITEM 6.1**

The following table provides a breakdown of the amount disclosed in Item 6.1 of the Appendix 4C for the March 2022 quarter.

| <b>Category</b> | <b>Amount</b> |
|-----------------|---------------|
| Directors' fees | \$4,165       |



Announcement to ASX  
ASX Code: HTG

| Category                                      | Amount   |
|---|----------|
| Managing Director – salary and other benefits | \$96,688 |

*Note: Unless otherwise specified, references to \$ amounts within this report are in Australian Dollars (AUD).*

- End -

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

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**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.

To learn more please visit: [www.harvest.technology](http://www.harvest.technology)

If you would like to receive the HTG Insights Newsletter for future updates, please visit the Company's website and subscribe at the bottom of the page.

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**Forward Looking Statements**

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.



Announcement to ASX  
ASX Code: HTG

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Harvest Technology Group Limited

**ABN**

77 149 970 445

**Quarter ended ("current quarter")**

31 March 2023

| <b>Consolidated statement of cash flows</b>      | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(9 months)<br/>\$A'000</b> |
|--|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>   |                                    |  |
| 1.1 Receipts from customers                      | 686                                | 2,242  |
| 1.2 Payments for                                 |                                    |  |
| (a) research and development                     | (934)                              | (3,176)  |
| (b) product manufacturing and operating costs    | (233)                              | (728)  |
| (c) advertising and marketing                    | (437)                              | (1,612)  |
| (d) leased assets                                | -                                  | -  |
| (e) staff costs                                  | (478)                              | (1,557)  |
| (f) administration and corporate costs           | (364)                              | (980)  |
| 1.3 Dividends received (see note 3)              | -                                  | -  |
| 1.4 Interest received                            | 1                                  | 6  |
| 1.5 Interest and other costs of finance paid     | (89)                               | (273)  |
| 1.6 Income taxes paid                            | -                                  | 33   |
| 1.7 Government grants and tax incentives         | 1,619                              | 2,572  |
| 1.8 Other (provide details if material)          | -                                  | -  |
| <b>1.9 Net cash used in operating activities</b> | <b>(229)</b>                       | <b>(3,473)</b>                                 |
| <b>2. Cash flows from investing activities</b>   |                                    |  |
| 2.1 Payments to acquire or for:                  |                                    |  |
| (a) entities                                     | -                                  | -  |
| (b) businesses                                   | -                                  | -  |
| (c) property, plant and equipment                | (1)                                | (28)   |
| (d) investments                                  | -                                  | -  |
| (e) intellectual property                        | -                                  | -  |
| (f) other non-current assets                     | -                                  | -  |



| Consolidated statement of cash flows |  | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 2.2                                  | Proceeds from disposal of:                   |                            |                                       |
|                                      | (a) entities                                 | -                          | -                                     |
|                                      | (b) businesses                               | -                          | -                                     |
|                                      | (c) property, plant and equipment            | -                          | -                                     |
|                                      | (d) investments                              | -                          | -                                     |
|                                      | (e) intellectual property                    | -                          | -                                     |
|                                      | (f) other non-current assets                 | -                          | -                                     |
| 2.3                                  | Cash flows from loans to other entities      | -                          | -                                     |
| 2.4                                  | Dividends received (see note 3)              | -                          | -                                     |
| 2.5                                  | Other (provide details if material)          | -                          | -                                     |
| <b>2.6</b>                           | <b>Net cash used in investing activities</b> | <b>(1)</b>                 | <b>(28)</b>                           |

|             |   |              |              |
|-------------|---|--------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |              |              |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | 1,250        | 1,750        |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -            | -            |
| 3.3         | Proceeds from exercise of options   | -            | -            |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | (4)          | (16)         |
| 3.5         | Proceeds from borrowings  | -            | -            |
| 3.6         | Repayment of borrowings   | (99)         | (351)        |
| 3.7         | Transaction costs related to loans and borrowings                                       | -            | -            |
| 3.8         | Dividends paid  | -            | -            |
| 3.9         | Other (provide details if material)   | -            | -            |
| <b>3.10</b> | <b>Net cash used in financing activities</b>  | <b>1,147</b> | <b>1,383</b> |

|           |   |       |         |
|-----------|---|-------|---------|
| <b>4.</b> | <b>Net decrease in cash and cash equivalents for the period</b> |       |         |
| 4.1       | Cash and cash equivalents at beginning of period                | 1,462 | 4,497   |
| 4.2       | Net cash used in operating activities (item 1.9 above)          | (229) | (3,473) |
| 4.3       | Net cash used in investing activities (item 2.6 above)          | (1)   | (28)    |
| 4.4       | Net cash used in financing activities (item 3.10 above)         | 1,147 | 1,383   |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.5                                  | Effect of movement in exchange rates on cash held | -                          | -                                     |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of period</b> | <b>2,379</b>               | <b>2,379</b>                          |

| 5. Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts |  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|--|----------------------------|-----------------------------|
| 5.1   | Bank balances  | 2,379                      | 1,462                       |
| 5.2   | Call deposits  | -                          | -                           |
| 5.3   | Bank overdrafts  | -                          | -                           |
| 5.4   | Other (provide details)  | -                          | -                           |
| <b>5.5</b>  | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b> | <b>2,379</b>               | <b>1,462</b>                |

| 6. Payments to related parties of the entity and their associates |   | Current quarter<br>\$A'000 |
|---|---|----------------------------|
| 6.1   | Aggregate amount of payments to related parties and their associates included in item 1 | 101                        |
| 6.2   | Aggregate amount of payments to related parties and their associates included in item 2 |                            |

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

| <b>7. Financing facilities</b>  | <b>Total facility amount at quarter end<br/>\$A'000</b>   | <b>Amount drawn at quarter end<br/>\$A'000</b> |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |   |  |
| 7.1 Loan facilities   | -   | -  |
| 7.2 Credit standby arrangements   | -   | -  |
| 7.3 Other (Insurance premium funding)   | 4   | 4  |
| <b>7.4 Total financing facilities</b>   | <b>4</b>  | <b>4</b>                                       |
| <b>7.5 Unused financing facilities available at quarter end</b>   |   | -  |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | <div style="border: 1px solid black; padding: 5px;"> Capital Premium Financing, 16% Interest Rate, Unsecured, 15 December 2023 Maturity Date </div> |  |

| <b>8. Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
|--|----------------|
| 8.1 Net cash used in operating activities (item 1.9)   | (229)          |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)  | 2,379          |
| 8.3 Unused finance facilities available at quarter end (item 7.5)  | -              |
| 8.4 Total available funding (item 8.2 + item 8.3)  | 2,150          |
| <b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | <b>9.39</b>    |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>     |                |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:  |                |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  |                |
| Answer: -  |                |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |                |
| Answer: -  |                |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |                |
| Answer: -  |                |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>   |                |

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2023.....

Authorised by: By the Board of Directors.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.