



Announcement to ASX
ASX Code: HTG

July 31, 2023

ACTIVITY REPORT – JUNE QUARTER 2023

KEY HIGHLIGHTS DURING THE QUARTER

- The Company received approval to commence Phase 2 implementation with its European Union Defence Force (EUDF) customer connecting naval personnel with onshore medical professionals for expert advice during operational deployments. Phase 3 will involve the incremental roll-out of the technology to more than 100 EUDF field assets over the next 12-24 months.
- The planned pre-release pilot of “NS2” remains on track for Q2 FY24, which will open new revenue streams for the Company and provide customers with a rapidly scalable unified communications platform.
- Annual revenue of over \$3.0m generated in the twelve months ended June 30, 2023, resulted in an increase of 41.8% on the previous financial year.
- The Group invoiced sales of \$836k in the June quarter (27.3% higher than the March quarter), including an initial order of approximately USD\$180k to a new Five-Eyes defence customer to support intelligence, surveillance, and reconnaissance applications. Revenue will be recorded in July 2023 when this order is shipped to the customer.
- Growing momentum for the Company’s technology solutions across multiple regions and industry-verticals, including the defence and government sectors.
- In July, the Company secured its first order to supply a hybrid Nodestream™/RIS™ solution to Fugro Middle East. Total contract value for the first order is approximately \$250k.
- The Company announced in July 2023 it had raised \$2.1m (before costs) via a placement to sophisticated investors and launched a share purchase plan (SPP) to raise additional capital of up to \$1.0m (before costs). This additional capital will ensure the Group is well-funded to continue its growth strategy.
- At June 30, 2023 the Company held \$1.0m cash at bank following a reduced net operating cash outflow of \$1.1m recorded for the June quarter (March Qtr: \$1.8m outflow excluding receipt of \$1.6m R&D Claim).

July 31, 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 June 2023 quarter.



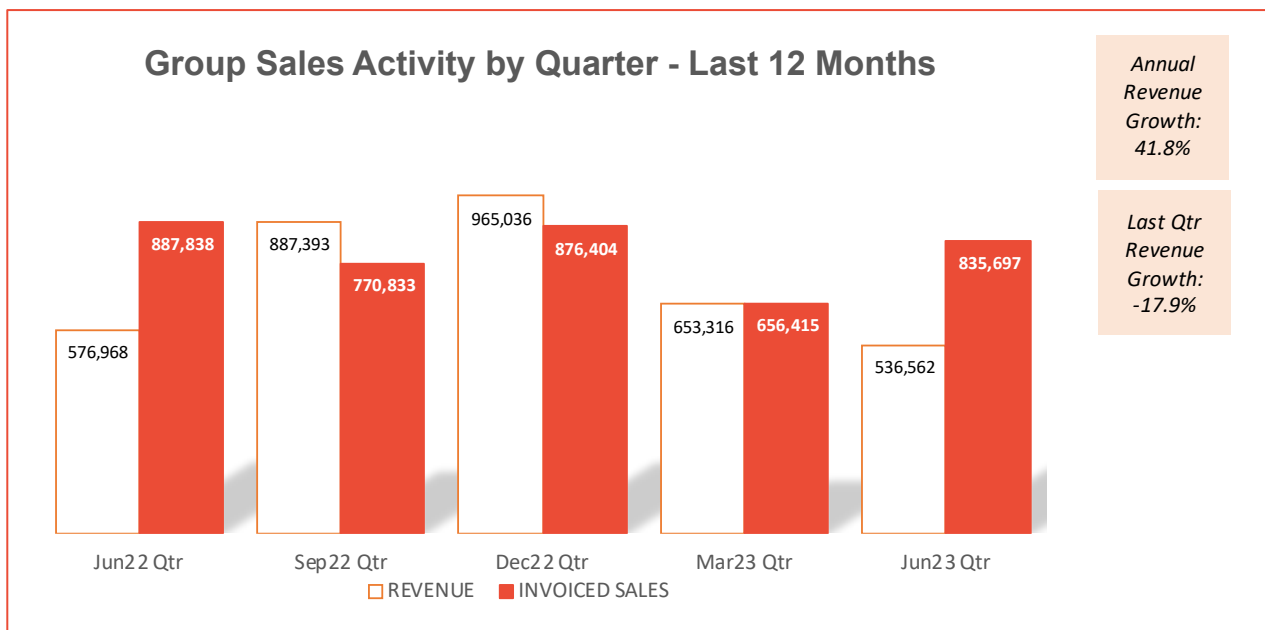
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CORPORATE AND FINANCIAL SUMMARY

Both the December and March quarters were challenging with a continually choppy global technology market, slowing liquidity, geopolitical turmoil, and impacted supply chains. Despite this, the June quarter saw growing traction in customer engagement and sales as well as brand recognition and awareness of Harvest and its offerings.

By the end of the financial year, the Company has tripled its opportunity pipeline, further diversified its customer base and sector penetration, setup the UK sales operations and centralised development back to Perth, brought on three new strategic partners, and made good headway towards the launch of “NS2”. The year was also spent galvanising the sales and marketing teams to build brand awareness and recognition by becoming involved in different types of marketing and lead generation activities, including exhibiting and presenting at conferences and trade shows, conducting webinars, releasing thought leadership content, and appearing in editorials.

The Group invoiced sales of \$836k in the June quarter (27.3% higher than the March quarter), however due to the receipt of orders being so late in the quarter, only \$537k of the invoice sales was able to be recorded as revenue in the June quarter, representing a -7.0% decline year-on-year for the June quarter and a -17.9% decline from the March quarter. Notwithstanding, annual revenue of over \$3.0M was generated in the twelve months ended June 30, 2023, resulting in an increase of 41.8% on the previous financial year.



Highlights during the June quarter include:

- On June 30, Harvest received an initial order to supply Nodestream™ technology to a potentially significant new Five-Eyes defence customer (~USD\$180k) for intelligence, surveillance, and reconnaissance applications. This represents a new relationship with the opportunity to expand on this



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initial order in the future. Payment for the initial order was received in early July with the order scheduled for delivery by end of July.

- On June 26, 2023, a Norwegian-based global offshore services contractor engaged Harvest to support an inspection, repair, and maintenance (IRM) project in the Gulf of Mexico. A Nodestream™ system will be installed on one of the customer's offshore vessels to livestream high-definition video from a deployed remotely operated vehicle (ROV) back-to-base in Houston, providing remote visual situational awareness of subsea operations to the customer. For this particular project, Harvest custom-built a video capture system capable of transmitting up to four channels of analogue and digital video streams simultaneously from an ROV using a Starlink satellite terminal.
- On June 22, 2023, the Company received approval to commence Phase 2 implementation of the contract with its European Union Defence Force (EUDF) customer. Phase 2 of the implementation strategy commenced in July 2023, and involves provision of the hybrid (combined) version of the Nodestream™ and RiS™ technologies. Phase 2 involves connecting naval personnel with onshore medical professionals for expert advice and direction during operational deployments.

Since the successful completion of initial trials in late 2022 Harvest has been working with the customer to build the technology architecture topology which included custom development of self-hosted applications and bespoke hardware systems to suit the customers assets base and intended application. Phase 3 will involve the incremental roll-out and installation of Harvest's hybrid technology to more than 100 of the EUDF's field assets during the next 12-24 months.

- On June 16, 2023, the Company was selected to deploy Nodestream™ for an ISR pilot project for a U.S. based defence and government contractor specialising in maritime security and intelligence, environmental monitoring, and offshore renewables. The technology will be integrated with various assets including uncrewed surface vessels (USV) and coastal buoys to perform maritime security, surveillance, and monitoring applications. Following successful completion of the pilot project, on June 26, the customer ordered six (6) new systems to support two (2) client projects in the offshore renewables sector.
- On June 14, 2023, the Company announced it had executed a global reseller and solution partner agreement with Applied Satellite Technology Group (AST) Limited. AST is a full-service communications integrator, providing the maritime, energy and government sectors with reliable hybrid end-to-end remote connectivity solutions. Together, Harvest and AST, understand the unique challenges of remote operations and networks and are aligned in their drive to build awareness and provide future-proof solutions that improve customer value and operational effectiveness.
- On the same day, Harvest was selected to support a proof-of-concept pilot project with a Malaysian services provider to the energy sector for intelligence, surveillance, and reconnaissance (ISR) applications. The pilot project was successfully completed in Japan on June 20, 2023. The pilot involved the embedment of the Company's proprietary Nodestream™ technology onto a leading Japanese manufacturer's UAV (drone). The Company is now planning stages for a live operational trial with the end-Client at the end of August in the Gulf of Thailand.



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- During May, Harvest undertook and successfully completed a milestone project in the North Sea, partnering with the global leader in offshore and energy services (client) and the leading LiDAR technology experts (contractor). The entire operation was conducted successfully, with less than 1Mbps of bandwidth and utilised both 4G (broadband cellular network) and VSAT (two-way satellite) connectivity. Harvest's Nodestream™ technology was mobilised to an offshore subsea construction vessel to support the contractor with their subsea metrology operations, enabling real-time situational awareness, and included ROV video feeds, sonar, and navigation screens. The work scope involved the contractor's LiDAR laser scanning technology being deployed by one of the client's ROVs. The system was controlled from onshore using the contractor's own remote operations technologies, allowing them to run the project from their Aberdeen office and avoid the need to mobilise personnel to the vessel.
- In April, the technology team completed work on the custom hybrid solution which combines the benefits of both Nodestream™ and RiS™ technology. With the hybrid solution customers can utilise the Nodestream™ proprietary technology for cost-effective remote video streaming, and when frame synchronous data and quality media are required to collect data, they can switch to or turn on RiS™ for frame synchronous data, 4K video, 60fps and finer control over settings. The hybrid solution offers customers the flexibility to control which technology is enabled at any time, including simultaneously, to ensure fit-for-purpose capability for any scope of work and maximising operational efficiency for customers and their end-clients. In April, the hybrid solution completed a successful operational trial on Fugro Australia's USV (uncrewed surface vessel) engaged on an inspection project for Woodside on the Northwest Shelf of Western Australia.

CAPITAL RAISING ACTIVITIES

On July 11, 2023, the Company announced it had received binding commitments from sophisticated investors to raise \$2.1m (before costs) via a placement and the intention to launch a share purchase plan (SPP) to further raise up to \$1.0m (before costs).

The placement was undertaken at a price of \$0.037 per share representing a discount of 21.3% to the last closing price of \$0.047 on Thursday July 6, 2023, and a 18.3% discount to the 5-day volume weighted average price (VWAP) of \$0.0453.

On July 17, 2023, the Company opened the SPP offer to Eligible Shareholders (existing shareholders with a registered address in Australia or New Zealand). Under the SPP, Eligible Shareholders are invited to subscribe for up to \$30,000 worth of new fully paid ordinary shares at the same offer price as the placement*. Results of the SPP are expected to be announced on Friday August 11, 2023.

Net proceeds of the capital raising will ensure the Company is well-funded to continue its growth strategy, including:

- investment in lead generation and business development initiatives, resources, and services to increase the sales pipeline and capitalise on significant long-lead opportunities that the Company is currently pursuing in the defence, maritime and energy sectors across the globe;



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- increase resources and development of systems to support and grow customer and partner sales and marketing activities to expand global presence and brand awareness;
- pilot and pre-launch activities with selected partners in the coming months for the Company's new cloud-based platform, codenamed "NS2"; and
- to provide additional working capital for resources and systems to support these growth initiatives.

** For more information, refer to the announcement "HTG Launches Share Purchase Plan" and SPP documents lodged to the ASX on July 17, 2023.*

OTHER KEY DEVELOPMENTS

- On July 20, 2023, Harvest secured its first order to supply the hybrid Nodestream™/RiS™ solution to Fugro Middle East in the total amount of approximately A\$250k following a successful operational trial of the new solution on Fugro Australia's USV.
- On June 9, the Company delivered an Investor Operations Update via the ASX and the Company's Investor portal. The presentation summarised the key priorities for the Group, progress made in the past twelve months, progress in delivering against our strategic plan goals and summarised the areas of growing opportunity for our technology. A video update of the presentation is available on the Company's Investor portal. All HTG investors are strongly encouraged to join the portal to keep up to date on Company developments by registering via the following link:
<https://investorhub.harvest.technology/auth/signup>
- On July 10, 2023, the Company announced to market that CEO Paul Guilfoyle had resigned from the Board as executive director to focus solely on operational leadership of the business especially with the growing number of opportunities available for the technology and the demanding schedule for release of our cloud platform.
- During the quarter, the Company was represented at the following international conferences:
 - Harvest was an exhibitor at Ocean Business 2023 in Southampton, UK from April 18-20, 2023. Ocean Business is a global exhibition and conference for marine technology and ocean science professionals. Harvest will be amongst over 360 exhibitors presenting the latest systems and innovation in underwater technology to over 5,000 visitors from around the world.
 - From May 1 to 4, 2023, Harvest, in partnership with Digital Edge Subsea, exhibited at Offshore Technology Conference (OTC) in Houston, Texas, for the first-time. OTC is the world's leading and biggest offshore energy technology conference, with approximately 20,000 professional visitors in attendance.
 - RobotoKAUST 2023 was held in the Kingdom of Saudi Arabia (KSA) between May 8 and 10, 2023. Harvest exhibited in conjunction with its partner Shamal Technologies (Shamal) and together presented on emerging technology in autonomous marine mapping. Advances in autonomous marine mapping will be crucial over the next few years, as demand for survey and environmental monitoring increases for Saudi Arabia's Giga projects – several large-scale



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economic development initiatives that are expected to transform the Kingdom into an innovative global hub for trade, eco-tourism, entertainment, and sustainability – all part of Vision 2030.

- During the visit to KSA, on May 11, 2023, Harvest and Shamal undertook a formal signing ceremony for the reseller partner agreement. Harvest had scheduled meetings and demonstrations with key target customers during the visit.
- Development of the “NS2’ cloud-based platform and go-to-market planning continued during the June quarter. The Company is currently finalising the list of trial partners.
- On June 19, 2023, the newly engaged Chief Sales Officer (CSO) commenced working within the business. The CSO role is dedicated to driving sales with new and existing customers and growing the Company’s opportunity pipeline while continuing the momentum of converting the larger opportunities available to the Company.

CASH RESOURCES

The Company reported a cash balance of \$1.0m on June 30, 2023. As highlighted in Appendix 4C, the Group recorded a significantly reduced net operating cash outflow of \$1.1m in the June quarter compared to \$1.8m in the March quarter (excluding the benefit of receipt of a \$1.6m R&D Claim in March 2023). The overall net cash outflow for the quarter was \$1.4m.

In accordance with Listing Rule 4.7C.1., net operating cash outflows during the quarter were (\$1.1m) comprising cash receipts from customers of \$837k, receipt of a \$28K Export Market Development Grant and cash outflows from operating activities including research and development (\$0.6m), staff costs (\$263k), sales/marketing costs (\$441k) and other corporate costs (\$666k).

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 June 2023 quarter.

Category	Amount
Directors’ fees	\$16,660
Managing Director – salary and other benefits	\$82,875

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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Investor Hub

Join the Company's investor hub to access the latest information:
<https://investorhub.harvest.technology/auth/signup>

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

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.

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.

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")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	837	3,079
1.2 Payments for		
(a) research and development	(600)	(3,776)
(b) product manufacturing and operating costs	(349)	(1,077)
(c) sales, advertising and marketing	(441)	(2,053)
(d) leased assets	-	-
(e) staff costs	(263)	(1,820)
(f) administration and corporate costs	(343)	(1,323)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	6
1.5 Interest and other costs of finance paid	(2)	(275)
1.6 Income taxes paid	-	33
1.7 Government grants and tax incentives	28	2,600
1.8 Other (provide details if material)	-	-
1.9 Net cash used in operating activities	(1,133)	(4,606)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(11)	(39)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$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 (loan to a director)	(100)	(100)
2.6	Net cash used in investing activities	(111)	(139)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)	(20)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(137)	(488)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash used in financing activities	(141)	1,242
4.	Net decrease in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,379	4,497
4.2	Net cash used in operating activities (item 1.9 above)	(1,133)	(4,606)
4.3	Net cash used in investing activities (item 2.6 above)	(111)	(139)
4.4	Net cash used in financing activities (item 3.10 above)	(141)	1,242

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	994	994

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	994	2,379
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	994	2,379

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	100
6.2	Aggregate amount of payments to related parties and their associates included in item 2	100

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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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)	135	135
7.4 Total financing facilities	135	135
7.5 Unused financing facilities available at quarter end		-
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.		
<p style="margin-left: 20px;">- Hunter Premium Funding, 3.15% Interest Rate, Unsecured, 12 January 2024 Maturity Date</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash used in operating activities (item 1.9)	(1,133)
8.2 Cash and cash equivalents at quarter end (item 4.6)	994
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	994
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.88
<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?	
<p>Answer: Net operating cash flows are expected to improve in the coming quarter as receipts from customers increase as a result of higher sales activity and operating expenses reduce as a result of cost saving initiatives that have been implemented.</p>	
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?	
<p>Answer: Refer ASX announcement dated July 11, 2023 – the Company received binding commitments from sophisticated investors to raise \$2.1m (before costs) via a placement. The funds were received on July 14, 2023. In addition, the Company has launched a share purchase plan (SPP) to further raise up to \$1.0m (before costs). These funds are expected to be received by August 11, 2023. The Company is confident it will successfully raise the additional \$1.0m in funding.</p>	

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: YES – the Company is confident based on its recently announced fund raising activities, latest cash flow forecasts, current strategy (including new product launches planned), recent sales results and growing sales pipeline that it will continue to meet its business objectives and continue its operations.

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.

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: 31 July 2023.....

Authorised by: By the board.....
(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.