



Announcement to ASX  
ASX Code: HTG

1 July 2024

## HARVEST TECHNOLOGY UNVEILS 3 YEAR PROFITABILITY PLAN

**July, 1 2024:** The board and CEO of Harvest Technology Group Limited (ASX:HTG) (**Company, Harvest, Group**), are proud to announce the release of our comprehensive 3 year plan, aimed at achieving profitability.

Following 5 months of review and tuning driven by our CEO, Ilario Faenza, we are proud to present an overview of our strategic roadmap, including the funding model to support this initiative.

### Key highlights:

- **3-Year Strategic Plan:** Path to growth and profitability.
- **Profitability Target:** Achieve profitability by FY27.
- **Revenue Growth:** Accelerate annual revenue from the existing Nodestream product range to exceed \$7.5M by FY27.
- **Strategic Acquisition:** Immediate acquisition to enhance our service offerings, such as 24/7 premium support, without increasing our burn rate, as the target acquisition is cashflow positive. Expected closure by September 30, 2024.
- **Acquisition Funding:** No funding required for the first acquisition, with the vendor agreeing to 100% equity and a profit share earn-out.
- **Global Contracts:** Negotiating major global customer contracts. While we aimed to announce a global contract closure in June, securing the right deal for a sustainable business is paramount. Updates will follow as we execute long-term contracts.
- **Customer Focus:** Targeting direct customers with a total contract value of \$3M+.
- **Cost Optimization:** Reducing operating expenses by \$1.9M in FY25 compared to FY24.
- **Breakeven Target:** Reducing breakeven to \$10M from \$14M, with a continuous focus on efficiency.
- **Gross Margin Improvement:** Opportunities to increase gross margins due to a focus on software-only solutions (90% margin vs. current 69% average margin).



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**Revenue Projections:**

- FY25 Projected revenue > \$5M
- FY26 Projected revenue > \$7.5M
- FY27 Projected revenue > \$10M achieving profitability
- The plan is predicated on carefully growing revenue while containing opex, with potential opportunities to accelerate the plan as we execute
- The first planned acquisition is included in the numbers
- Additional opportunities for growth and profitability, including some larger profitable acquisitions, which are not included in the numbers

**Funding Plan:**

- Minimum \$2M (max up to \$4M) in Convertible Notes
- 3-Year term
- 15% interest (capitalized)
- Conversion at 3c or 15% discount to VWAP
- Alto Capital are lead manager, Canary Capital & Equity Story Securities (a division of Equity Story ASX:EQS) are acting as Joint Lead Manager's



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*Harvest Technology Group's CEO, Ilario Faenza, stated:*

“After detailed review and planning, we are pleased to release our 3 year turnaround plan. Our focus has been on driving growth while containing operating costs, hence we will be hiring senior experienced sales people to supplement our existing team. Additionally, we are building key partnerships to accelerate our growth with primarily performance-based incentives, providing a much lower fixed cost for Harvest. Our first acquisition closes out our capability gaps needed to support multiple global enterprise customers. A key consideration throughout has been to ensure our funding plan respects existing shareholders by minimising their dilution, while providing a very attractive investment opportunity for new investors. I look forward to providing further updates throughout the journey.”

-ENDS-

*This announcement was authorised for release by The Board of Harvest Technology Group Limited*

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**About Harvest Technology Group**

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ABN: 77 149 970 445



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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: <https://harvest.technology/>

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





3 Year Strategic Plan  
Path to profitability  
July 2024



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## Our mission

Harvest's mission is to be an irreplaceable provider of products and services to Enterprise, Military and Government customers through the provision of communications technology which facilitates enhanced awareness and maximises their ability to conduct secure, reliable remote operations effectively.



# Executive summary

Harvest is building a world-class technology company.

Its current three-year growth horizon delivers stability and profitability. Increased capability, productivity, strategic acquisitions and tight financial management will underpin this phase of the business.

Leveraging the essential services purchased by our tier-one clients in defence, energy, oil and gas, and government for mission-critical applications, including the unique world-class Nodestream range of products and services, Harvest will offer adjunct products and services to expand existing client revenue and acquire new customers. We will continue to target key verticals, including defence, oil and gas, maritime and utilities.

The existing Nodestream range of products are market leading with few competitors and none that can match the capabilities of the Nodestream range for mission critical applications.

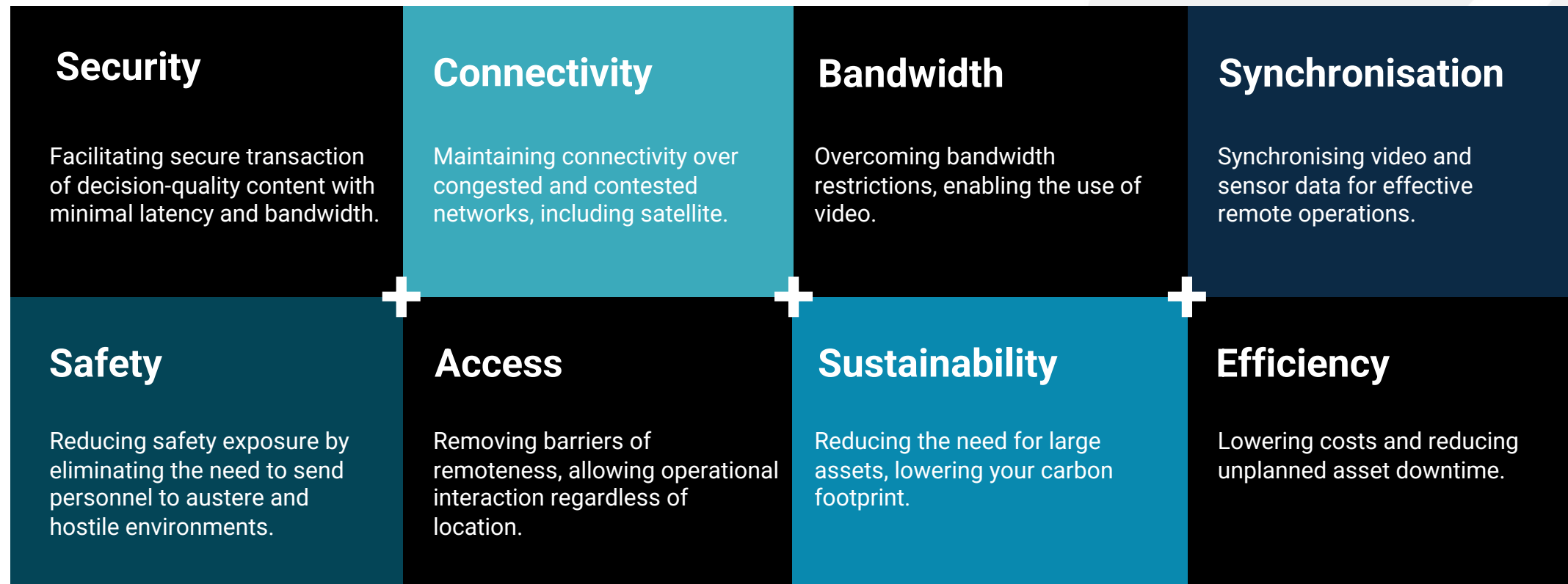
The core of the proposed new business model is that Harvest builds out a better sales capability and closes out the capability gaps. That will enable Harvest to build a sustainable business, from which we can accelerate the plan by acquiring additional businesses under the right conditions.

The primary focus of this plan is to transition the company to profitability by FY27.



# Problem solving

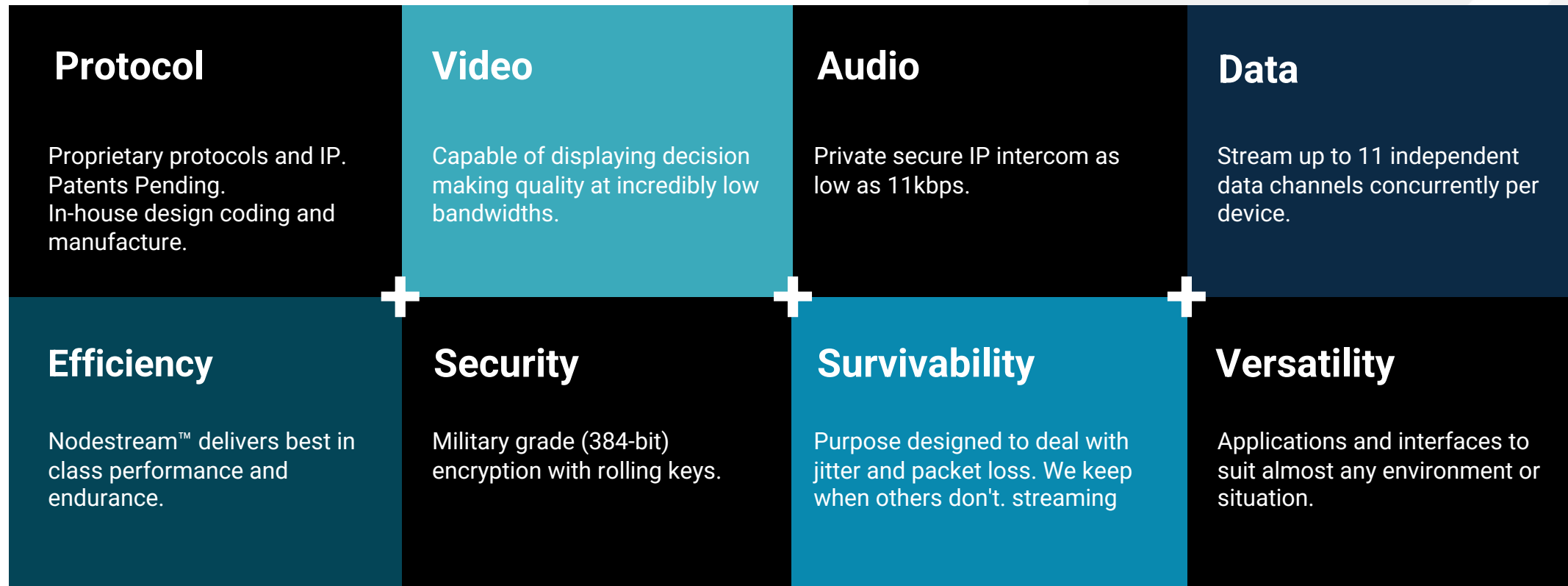
**Nodestream™** overcomes the challenges of maintaining situational awareness and conducting remote operations





# Nodestream: Technology differentiators

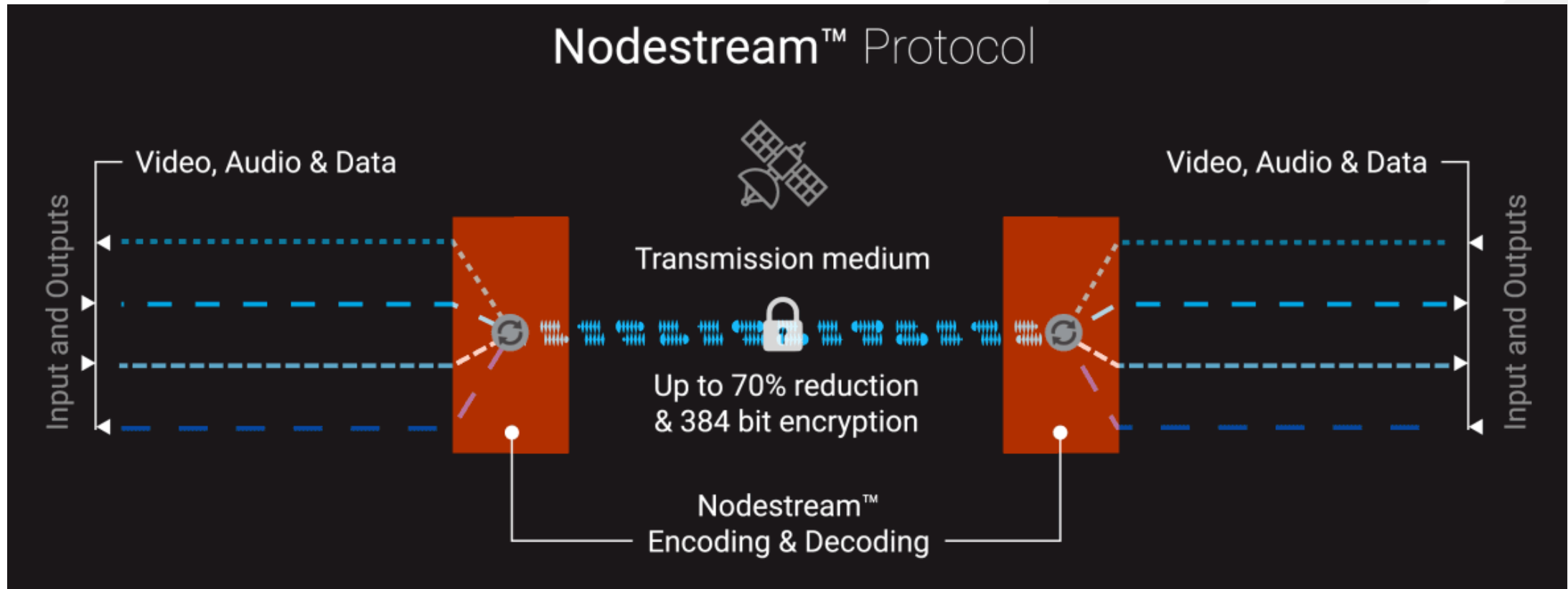
**Nodestream™** offers the only complete end-to-end remote operations solution available today. It's more efficient, resilient and delivers more features and better quality than anything else currently on the market.





# Nodestream™ protocol

**Nodestream™** is a sophisticated communications protocol and ecosystem designed to facilitate secure and efficient transmission of video, audio and data across diverse network environments



# Existing customer use cases

Maritime	Offshore Services	Offshore Energy	Defence
			
<ul style="list-style-type: none"> <li>• Remote connectivity</li> <li>• Remote expert &amp; maintenance</li> <li>• Remote monitoring &amp; surveillance</li> <li>• Situational awareness</li> <li>• Medical support</li> <li>• Crew welfare &amp; comms</li> <li>• Vessel security</li> <li>• Autonomous systems, e.g. USV, UAV (drones)</li> </ul>	<ul style="list-style-type: none"> <li>• Remote inspection</li> <li>• Remote control ROVs, USVs</li> <li>• Remote expert</li> <li>• Remote monitoring &amp; surveillance</li> <li>• Situational awareness</li> <li>• Remote connectivity</li> <li>• Medical support</li> <li>• Autonomous systems, e.g. USV, UAV (drones)</li> </ul>	<ul style="list-style-type: none"> <li>• Asset integrity &amp; security</li> <li>• Remote monitoring &amp; surveillance</li> <li>• Remote expert</li> <li>• Maintain connectivity</li> <li>• Communications</li> <li>• Medical support</li> <li>• Autonomous systems, e.g. USV, UAV (drones)</li> </ul>	<ul style="list-style-type: none"> <li>• Command &amp; control</li> <li>• Battlespace communications</li> <li>• Autonomous systems, e.g. USV, UAV (drones)</li> <li>• Mission data security</li> <li>• Intelligence, surveillance &amp; reconnaissance</li> <li>• Maintain connectivity</li> <li>• Personnel welfare</li> <li>• Medical support</li> </ul>



# The opportunity

Civil, Government & Utilities	Onshore Energy & Resources	Media & Broadcasting	Embedment & White Label	Consumer Products
<ul style="list-style-type: none"> <li>• Monitoring &amp; surveillance</li> <li>• Situational awareness</li> <li>• Inspection</li> <li>• Smart cities</li> <li>• Logistics</li> <li>• Utilities</li> <li>• Police &amp; emergency services</li> </ul>	<ul style="list-style-type: none"> <li>• Asset integrity &amp; security</li> <li>• Remote monitoring &amp; surveillance</li> <li>• Remote expert</li> <li>• Maintain connectivity</li> <li>• Communications</li> <li>• Medical support</li> <li>• Autonomous systems, e.g. USV, UAV (drones)</li> </ul>	<ul style="list-style-type: none"> <li>• Broadcasting</li> <li>• Livestreaming</li> <li>• Communications</li> <li>• Maintain connectivity</li> </ul>	<ul style="list-style-type: none"> <li>• Licensing software to OEM's and 3rd parties</li> <li>• Embedment of software and/or hardware into 3rd party and OEM products / solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Deployment of business and consumer based secure mobile application available on Android and iOS devices</li> <li>• Secure communications</li> <li>• Remote expert / monitoring</li> </ul>

# Nodestream Product Range: Hardware & Software





# Nodestream™ software only solutions



## Nodestream™ Live

Nodestream™ Live is a cutting-edge cloud-based solution designed to streamline and enhance remote video monitoring in bandwidth-constrained environments. This revolutionary platform enables you to aggregate video feeds from various sites and devices into a single, easy-to-manage system. It supports streaming up to 16 channels of video per encoding device from as low as 500kbps, ensuring unparalleled situational awareness even where network availability is limited.



## Nodestream™ X

Nodestream™ X is an advanced point-to-point (P2P) communication platform designed to deliver unparalleled security and operational efficiency in bandwidth-constrained environments. Nodestream™ X supports up to 10 independent data channels plus 1 synchronised data/video channel per module, making it ideal for complex, real-time operations requiring secure, efficient, and synchronised data handling. Additionally, it provides comprehensive remote-management capabilities over autonomous assets like ROVs, USVs and UAVs, enhancing situational awareness and operational control.





# Nodestream™ Live

Take all of your disparate video feeds and seamlessly aggregate them into one simple platform, enabling visibility of all your operations anywhere, anytime.

**16 Streams**  
Per encoder  
for as little as  
**500kbps**







# Nodestream™ X

For operators that require more than just situational awareness and wish to interact with remote teams, control assets or transfer data there is our point-to-point solution, **Nodestream-X**.

**Ultra-secure  
& Low-  
Latency**





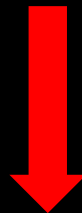
# 3 Year Plan Summary of Stage 1

## Financial Summary:

- Grow revenue from the existing Nodestream product range to > \$7.5M annual revenue by FY27
- Focus on direct major customers with \$3M+ total contract value per customer
- Reduced Operating Costs lowers the breakeven point from \$14M to \$10M Revenue
- Acquisition adds \$1.8M revenue with no additional cash burn
- FY25 Revenue projected to be > \$5M
- FY26 Revenue projected to be > \$7.5M
- FY27 we expect to be > \$10M revenue and profitable
- Plan is predicated on carefully growing revenue while containing opex, with opportunities to accelerate the plan as we execute

## STAGE 1

Sales & Capability  
1<sup>st</sup> Acquisition



\$1.9M annual burn  
rate reduction



## STAGE 2

Growth

Acquire Additional Companies

Capability

Revenue & Profitability



Building a sustainable business first & then  
accelerate the growth



# Nodestream Sales: Organic growth

We are building out a professional sales function within Harvest and have set annual growth targets, so that by FY27, Harvest's Nodestream range of products are expected to generate > \$7.5M of organic revenue, 278% growth from FY24, with the majority of increases expected from sale of our software only solution.

Now that **Nodestream™** Live has launched, the company can offer enterprise customers a more complete solution, with less deployment time and costs. For Harvest the margin is considerably higher for software (90%) versus hardware (40%). We expect hardware to decline as a share of revenue in the coming years as enterprise software sales become the primary customer product.

Expansion of existing customer engagements from new Enterprise Agreements combined with new product development are expected to make up a large amount of the growth, with new customers from Defence and other industries anticipated to come online over time. Growth forecasts are based on minimal changes to operating costs, a more aggressive growth model could be built, but the sales and marketing efforts to support that would add additional costs, though can be revisited as we execute the plan.





# Existing Customers & partners

Offshore Services	Offshore Energy	Maritime	Defence	Sat Comms	Other





# Industry verticals



## Industry / Segment

Vertically Integrated Suppliers

Third-party Contractors

Large scale global enterprises

Example of a prospective \$1.5M per year Nodestream customer:

- A global integrated supplier with autonomous operations has average estimated operator FTE cost of \$180K AUD per annum
- To capture \$1.5m per annum from the customer requires Nodestream efficiency delivery of less than 9 FTE (out of > 10,000 staff worldwide).

# Industry verticals



Industry / Segment
Defence
Drones
System integrators

Example of a prospective \$1.5M per year Nodestream customer:

- Defence customer with install base of +15,000.
- \$750 USD per month \$9K USD per annum is the base price for a Nodestream solution.
- To capture \$1.5m per annum from the customer requires less than 170 units (less than 1.5% of instal base)



# Industry verticals



Industry / Segment
Satcoms
System integrators
Service Providers

Example of a prospective \$1.5M per year Nodestream customer:

- Maritime customer has an install base of 8,000 vessels.
- \$750 USD per month \$9K USD per annum is the base price for a Nodestream solution.
- To capture \$1.5m per annum from the customer requires less than 170 vessels / 2% of their install base.



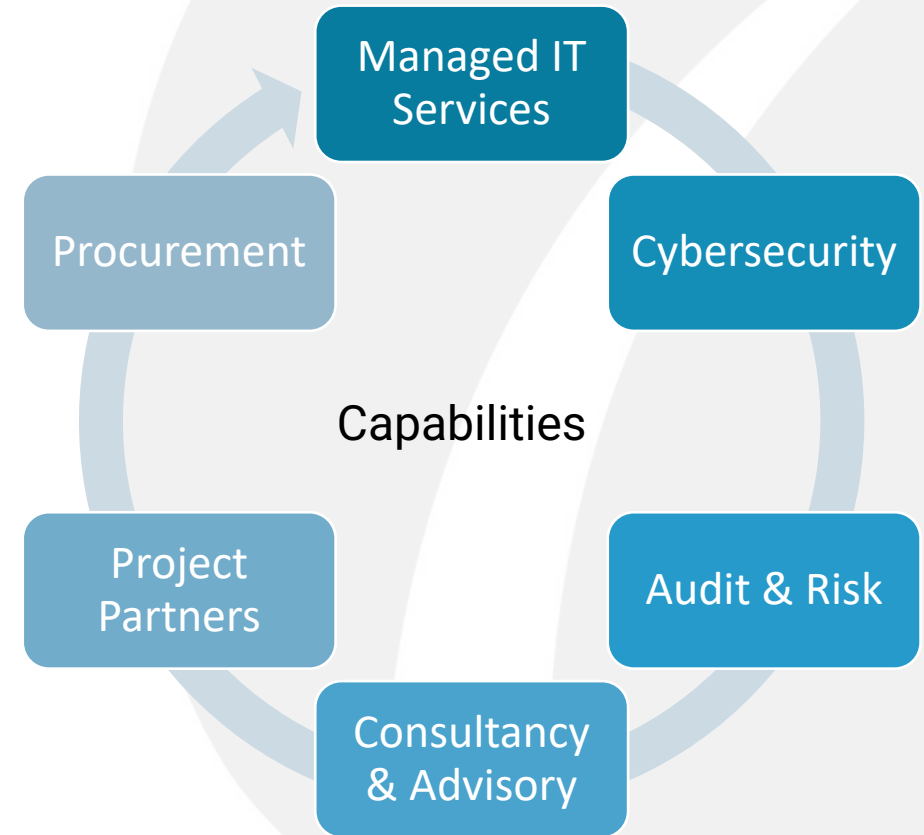
# First Acquisition

We need a better support & integration offering for customers, which we will achieve via our first acquisition.

Our first acquisition will be of an IT services company with an existing support structure that has \$1.8M annual revenue, > 60% Gross Margin and is cashflow positive.

The acquisition allows for the internalisation of some outsourced costs, providing further savings for the group.

This first acquisition is 100% in equity (at 0.55 x revenue = \$990,000 @ 10 day vwap), with a cash earn out over 3 years (50% x EBITDA). Closing expected by 30<sup>th</sup> September 2024 and subject to final confirmatory due diligence.







# Combined Group



Combined annual Revenue for the group (excluding R&D Rebate) is expected to be > \$5M for FY25.

Combined Gross Margin of \$3.2M (66%) + the benefits of the R&D Rebate (\$1.5M) provide circa \$4.7M of funds to cover the group Operating Costs.

Group Operating costs (inclusive of acquisition) are expected to total \$7.8M (including the acquisition Opex) - \$7M for the existing Harvest corporate & operating costs (reduced by \$1.9M).

For FY25, we expect an EBITDA loss of circa \$3.2M (\$3M excluding restructuring costs).

# Break Even



The cost savings plus acquisition, result in a substantially lower breakeven point of \$10M revenue, down from \$14M (29% reduction).

Nodestream enterprise customers can each add \$500K to +\$1M+ annual revenue, meaning the revenue gap to reach breakeven can be closed within the next three years by acquiring a few additional customers.

Acquiring a complementary business that quickly fills the gaps in our support model will provide the increased capability, to grow and support enterprise customers.





# Funding plan

## Stage 1 Funding:

- Minimum \$2M of funding (capped at \$4M)

## Use of Funds:

- \$400K – Restructure costs
- \$1M – To build out sales and marketing
- \$2.6M – General working capital and raising costs

## Funding Structure: Convertible Notes

- 3 Year term
- 15% interest (capitalised)
- Conversion at 3c (cap) or 15% discount to VWAP
- Conversion at note holders option
- Note holder can convert early at the conversion cap





# Board of directors



## Jeffery Sengelman

### Board Chairman

Jeffery Sengelman DSC AM CSC MAICD is a retired Major General in the Australian Defence Force, with a distinguished career spanning almost 40 years, most recently as Special Operations Commander, Australia.

He has been a trusted senior adviser to both Government and the Chief of the Defence Force on security issues of national significance, and a principal adviser on Counter Terrorism.

Jeffery holds a Bachelor of Arts, a Master of Arts in International Relations and a Master of Arts in Strategic Studies, and is a graduate of the Australian Command and Staff College, United States Army War College and a Fellow of the Harvard Kennedy School of Government.

## Ilario Faenza

### Executive Director & CEO

Ilario Faenza (MAICD) is a professional company director, executive and turnaround specialist with substantial experience in the IT&T industry spanning more than 30 years.

Harvest is pleased to have secured Ilario as a an Executive Director & CEO. Ilario commenced his career as an IT engineer in the 1980's, progressing to various management & senior management roles, culminating in COO and CEO roles over his executive career. More recently, Ilario has focussed on non-executive and executive board roles, focussed on assisting high growth startup companies to achieve commercialisation and helping guide executives to build sustainable companies.







# Board of directors



## **Ross McKinnon** Non Executive Director

Ross McKinnon (GAICD) is a seasoned director with extensive corporate and technology experience who has led high performance teams within large international corporations.

Graduating from the University of Queensland with dual degrees, Bachelor of Mining Engineering (Hons) and Bachelor of Science, he has worked with technology in many sectors including finance, aerospace, manufacturing, and retail.

Since 2014 Ross has successfully grown a number of technology companies in a non-executive director capacity. His passion is to understand a business's underlying technology and utilising that information, positively impact current and future market opportunities. In recent times, his focus has been on scale-up or growth businesses specialising in emerging technology.

## **Marcus Machin** Non Executive Director

A law graduate from Cambridge University, Mr. Machin has extensive international experience in finance, shipping and oil and gas. Based in Dubai for the past 25 years, initially as the Finance Director for a major regional participant in oil services, engineering, vessel-owning and investment, Mr. Machin established arabCapital in 2000 as a corporate finance and advisory practice focused primarily on the international shipping and oil services sectors.

Since 2000, arabCapital has worked in association with the Tufton Oceanic Finance Group (Tufton) London, a finance house focused on shipping and oil services and together with Tufton has concluded over US\$1.0 billion of institutional investments in managed investment fund vehicles.





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**Solving Remote**