



Announcement to ASX

ASX Code: HTG

January 30, 2023

ACTIVITY REPORT – DECEMBER QUARTER 2022

KEY HIGHLIGHTS DURING THE QUARTER

- Record quarterly revenue of \$965K achieved in the December quarter, representing 132.7% growth year-on-year and 8.8% sustained growth on the September quarter.
- Initial deployment of Nodestream™ Rugged technology to the European Union Defence Force customer has been highly successful. Following trial and feedback, HTG is in active discussions with the counterparty to ascertain next steps for an expanded rollout of the technology across the customer's asset base.
- Strong opportunity pipeline and ongoing negotiations with multiple global offshore providers gives the Company confidence of further revenue growth in the coming quarter.
- The Group continues to narrow the gap between revenue and costs. Operating cash outflow for the quarter halved from \$2.2m to \$1.1m. Customer receipts in the December quarter increased significantly from record revenue achieved in the September quarter.
- Net cash outflow for the December quarter was reduced to \$714K (September Qtr: \$2.3M). Ongoing focus on cost saving initiatives across the remainder of the financial year as the Group continues to expand and diversify its customer base.
- \$1.5M cash at bank on December 31, 2022, excludes \$0.5m committed placement proceeds received from directors in January 2023 and c.\$1.6m estimated proceeds of the Company's next R&D Claim, anticipated to be received in March 2023.

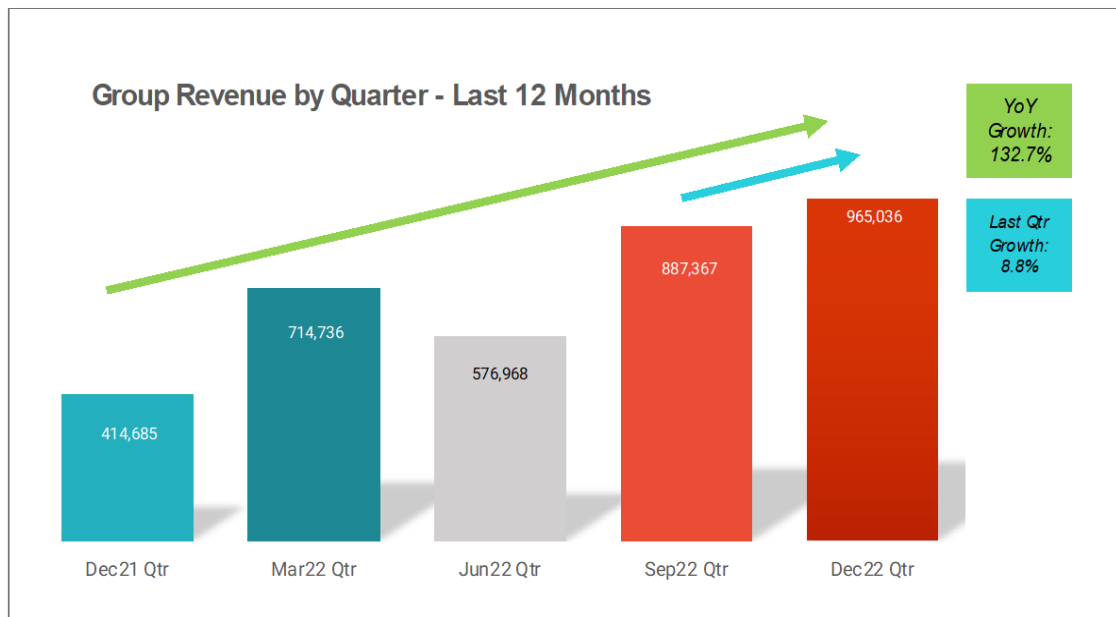
January 30, 2023: Harvest Technology Group Limited (ASX:HTG) (**Company, Harvest, Group**) a global leader in network optimised remote operations, is pleased to provide its quarterly Activity Report and Appendix 4C for the December 2022 quarter.

CORPORATE AND FINANCIAL SUMMARY

As indicated in the recently issued "HTG Trading Update" (dated December 15, 2022), the Company reported record quarterly revenue of \$965K for the December quarter, which represents an increase of 8.8% when compared to the previous record quarter in September 2022 and continues the sustained upward momentum in revenue growth witnessed over the past 12 months, with 132.7% revenue growth achieved on the previous year (as illustrated in the following chart).



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During the December 2022 quarter, Infinity sales momentum continued to build, boosted by new customer wins and a recurring flow of work for existing customers including:

- On September 20, the Company announced a second contract with Beach Energy Limited (Beach Energy), a key supplier to Australia's East Coast gas market, to embed Harvest's unique, proprietary technology into a smart buoy to enable Beach Energy to capture and process data from subsea assets in near real time at a fraction of the cost of traditional monitoring methods. The initial contract value estimate announced was approximately \$200K. During the December 2022 quarter, billed revenue on this project progressively increased to \$700K due to ongoing scope expansions and variations. The unique solution developed by Harvest to meet Beach Energy's use case has created a wider application in multiple sectors but particularly in the energy sector, and Harvest is currently in technical discussions with another global energy major for smart buoy development and implementation in 2023.
- In November, Harvest received the next order for RiS™ technology to be installed on the next two 78-metre uncrewed surface vessels (USVs) in Ocean Infinity's Armada fleet - the world's largest oceangoing robotic fleet. From 2023 and beyond, Ocean Infinity endeavours to roll out a total of six (6) additional 78-metre USVs and place into production twenty-three (23) 12 to 18-metre USVs.

CASH RESOURCES

The Company reported a cash balance of \$1.5M on December 31, 2022. As highlighted in the Appendix 4C, net operating cash outflows were reduced from \$2.19M in the September quarter to \$1.1M in the December quarter, helped by significantly higher cash receipts from customers (up from \$591K to \$965K) and the receipt of \$953K R&D Claim proceeds in November 2022. The Group remains focused on cost discipline, reducing the cash burn rate and achieving a cash neutral position as soon as possible.



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It should be noted that the Group's cash position on December 31, 2022, excludes the final tranche of \$0.5M proceeds from Directors who participated in the Share Placement in March 2022, which was approved by shareholders at the Company's AGM scheduled on November 8, 2022, and received in January 2023.

In addition to the above, we note the Group is finalising submission of its next annual R&D claim to the Australian Tax Office with an estimated value c.\$1.6M. Subject to the timing of review and processing by the Australian Tax Office the Company expects to receive a cash refund before March 31, 2023. The Company shall keep the market informed on the receipt of the R&D grant.

OTHER KEY DEVELOPMENTS

In terms of commercial, technology and operational developments, the December quarter has seen significant progress with several important milestones:

- On October 3, Mr. Stuart Carmichael, and Mr. Rod Evans, retired from their roles as non-executive directors. This aligns with the Company's ongoing board renewal process as it completes the operational transition to a global technology company. The Company is currently evaluating the skills and expertise required to complement the current board and strategic direction.
- In November, the Company announced the signing of a Memorandum of Understanding (MOU) with Australian drone manufacturer Carbonix, which will see both companies work together to deliver untethered "beyond horizon" drone operations. The collaboration involves integration of Harvest's network-optimised remote connectivity to Carbonix's fixed-wing vertical take-off and landing (VTOL) drones.
- At the Company's AGM on November 8, the Company announced it was ahead of schedule in the development of the next evolution of Harvest's Nodestream™ protocol, a cloud-based platform, code-named "NS2". Essentially, NS2 will incorporate the Nodestream™ engine within an ecosystem delivering synchronous data, audio, voice, and video anywhere and anytime while combining all the capabilities available in cloud environments, such as artificial intelligence and scalable data storage. Development and optimisation of "NS2" continued during the December quarter and the Company is currently finalising a growing list of beta partners in multiple sectors to participate in beta testing which is due to commence in the first half of 2023.
- On November 22, the Company delivered its first industry webinar discussing the drivers and challenges to digitisation in the maritime industry, focusing on improving remote monitoring and support vessels using video and other digital technology. The webinar generated more than 150 leads for the Company's opportunity pipeline. The next webinar will be delivered on February 7, 2023 (refer details below).
- Also in November, Harvest commenced discussions with a Saudi Arabian based technology partner to manage opportunities and sales within the middle eastern region. Similarly, discussions also commenced with a well-established technology partner based in the US to support building a footprint



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and expanding the opportunity pipeline for Harvest in the Americas region. Both agreements are in final negotiation and expected to be executed in February 2023.

- The Company is also in final negotiations with a Singapore-based technology partner to provide a complementary solution to the partner's customer base. This will provide the APAC sales team with a local footprint in the Asian region and the ability to generate immediate opportunities. The partner agreement is expected to be executed in February 2023.

OUTLOOK

In terms of immediate outlook, sales momentum continues to build since the end of December, with discussions with potential significant new customers underway.

As evidenced by the customer update issued on January 24, 2023, following the successful trial of Nodestream™ Rugged technology with a European Union Defence Force customer, Harvest is now in active discussions with the customer to ascertain next steps for an expanded rollout of the technology across the customer's field assets and base of operations. If secured, future orders have the potential to generate significant incremental revenue for the Company. While the dollar amount of expected new orders cannot be quantified at this time, the Company is currently mobilising personnel and resources to meet anticipated demand. The Company will update investors as information becomes available.

Harvest is currently in final negotiations with two global Tier 1 offshore service providers based in the European region, for implementation of RiS™ technology to their vessel fleets and remote operations centres. Orders are expected to be received during the March 2023 quarter.

In December, Fugro approached the Company to provide a quotation for a 2-year contract for implementation of RiS™ technology to its uncrewed surface vessel (USV). Harvest has been advised to expect the initial order imminently.

The Company will continue to provide updates relating to new customers and provide guidance on the forecast March 2023 quarter sales outlook once more information is available.

As part of the Company's plan to keep the market and investors regularly informed on how its technology solutions can be applied across target sectors as well as the Company's progress against its strategic plan, the next series of webinars are due to be held in February 2023:

- On February 7, 2023, Harvest will deliver its second webinar, focused on enabling and using remote support for maritime operations. The webinar will focus 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. The webinar will also discuss use cases for remote operations, including remote experts, command and control of remote systems, and improved communications over reliable, ultra-low bandwidth connections. Details of how to register can be found on the "News" page of the Company's website.



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- In late February 2023, the Company plans to deliver its next investor webinar to provide an update on progress against its three-phase strategic plan. The Company will announce to the market the details of how to register for the investor webinar in due course.

APPENDIX 4C

Cash balance on December 31, 2022 was \$1.5M. In accordance with Listing Rule 4.7C.1., net operating cash outflows during the quarter were (\$1.1M) comprising cash receipts from customers of \$965K, receipt of \$953K R&D refund and cash outflows from operating activities including research and development (\$1.0M), staff costs (\$460K), marketing costs (\$658K), interest paid (\$183K) and other corporate costs (\$632K).

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 December 2022 quarter.

Category	Amount
Directors' fees	\$44,279
Managing Director – salary and other benefits	\$82,875
Related Party – Company Secretarial Services on arms-length terms	\$15,400

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

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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	965	1,556
1.2 Payments for		
(a) research and development	(1,045)	(2,242)
(b) product manufacturing and operating costs	(335)	(495)
(c) advertising and marketing	(658)	(1,175)
(d) leased assets	-	-
(e) staff costs	(460)	(1,079)
(f) administration and corporate costs	(331)	(616)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	(183)	(184)
1.6 Income taxes paid	33	33
1.7 Government grants and tax incentives	953	953
1.8 Other (provide details if material)	-	-
1.9 Net cash used in operating activities	(1,059)	(3,244)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(11)	(27)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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 (provide details if material)	-	-
2.6	Net cash used in investing activities	(11)	(27)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	500	500
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	(12)	(12)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(126)	(252)
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	362	236

4.	Net decrease in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,176	4,497
4.2	Net cash used in operating activities (item 1.9 above)	(1,059)	(3,244)
4.3	Net cash used in investing activities (item 2.6 above)	(11)	(27)
4.4	Net cash used in financing activities (item 3.10 above)	362	236

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(6)	-
4.6	Cash and cash equivalents at end of period	1,462	1,462

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	1,462	2,176
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)	1,462	2,176

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	143
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Insurance premium funding)	18	18
7.4	Total financing facilities	18	18
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.		
	IQumulate Insurance Premium Funding, 2.5433% Interest Rate, Unsecured, 12 January 2023 Maturity Date		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash used in operating activities (item 1.9)	(1,059)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,462
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,462
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.38
	<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: 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. The Company's next R&D claim (with an estimated value of c.\$1.6m) is due to be submitted in early February 2023. Subject to the timing of processing and review by the Australian Tax Office the Company expects to receive a cash refund before 31 March 2023.	
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: Refer answer provided at 8.6.1. above. In addition, in January 2023, the Company received the final \$0.5m tranche of cash subscription proceeds from the Director's placement approved at the Company's AGM on 8 November 2022.	

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 latest cash flow forecasts, current strategy, growth in actual reported revenues 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: 30 January 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.