



Announcement to ASX

ASX Code: HTG

April 28, 2022

ACTIVITY REPORT – MARCH QUARTER 2022

KEY HIGHLIGHTS DURING THE QUARTER

- The Company's Infinity product line generated 71.4% higher Monthly Recurring Revenue (MRR) in March 2022 (\$212K) compared to three months earlier in December 2021, remaining on target to achieve forecast \$300K-\$350K MRR by June 2022.
- HTG signs Master Services Agreement with Inmarsat to join its new maritime initiative as a Certified Application Provider. Inmarsat is the world-leader in communications at sea with over 45,000 connected vessels across the globe.
- Marlink, the world's leading provider of end-to-end management smart networks solutions, signed a global reseller agreement to resell Harvest Technology's Infinity suite of products to its customers.
- HTG's proprietary remote inspection system RiS™ was released from exclusivity and launched into the global market at Oceanology International on March 15, 2022.
- HTG completed a placement of \$6.78M (before costs) with strong support from existing investors, family offices and sophisticated investors with net proceeds from the placement ensuring that Harvest is well capitalised to accelerate its global growth strategy.
- With a background of 30 years of financial and commercial experience, Craig Byron transitioned into the role of the Group's CFO.
- Establishment of a UK sales branch to support sales activities across the UK, Europe, Middle East, and Africa regions.
- The Company had cash at bank of \$6.945m at March 31, 2022.

April 28, 2022: 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 commentary for the March quarter 2022.

CORPORATE AND FINANCIAL SUMMARY

During the March quarter, Annual Recurring Revenue (ARR) from remote communication technology sales increased by 50% over the previous quarter to \$2.6M demonstrating the momentum in demand for the Company's technology products and services.



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The Company's Infinity product line generated 71.4% higher MRR in March 2022 (\$212K) compared to three months earlier in December 2021 whilst remaining on target to achieve forecast \$300K-\$350K MRR by June 2022.

The Company reported a cash balance of \$6.945M at March 31, 2022. As highlighted in the Appendix 4C, cashflow from operating activities supports the Group's continued focus on laying the foundations for achieving profitable growth in the near-term with:

- Ongoing investment into R&D related to software updates for existing products and new product releases planned for FY2023.
- Expansion of the global sales and marketing team which included establishing a new UK entity and sales team to support the UK/EMEA regions.
- Increased investment in enhancing awareness of the Company's solutions in the global market which included the successful launch of RiS™ at the Oceanology International expo in London in March, and pre-investment in global technology expos across the US and Asia during FY2022.
- Forming new global reseller relationships to help drive customer diversity and future revenue growth.
- Investing activities included the final payment of \$750K deferred consideration for the acquisition of Harvest Infinity Pty Ltd (formerly Advanced Offshore Streaming Pty Ltd).
- Strategic decision to purchase additional stock of critical hardware components given ongoing global supply chain pressures to ensure capacity to deliver on forecast sales growth during 2022.
- \$522K paid in broker fees associated with the Equity Placement which contributed \$6.78M during the March quarter, with a further \$1M in equity subject to shareholder approval of the equity placement to Company directors who participated.

The March quarter marked successful completion of activities transitioning the Company into Phase 2 of its Three-Phase Strategic Plan. In the prior quarter, the Company discontinued the subsea and asset integrity risk management operations which concluded with the redelivery of the offshore support vessel VOS Shine to its owners. With vessel operations at an end and the Company focusing on building recurring revenue from remote communication technology applications, reported receipts from customers were lower in the March quarter than previous quarters.

On February 14, 2022, the Company appointed Mr Craig Byron to role of Group CFO following the retirement of Mr Colin Napier from the role. Craig is a highly experienced CFO and chartered accountant with over 30 years' experience gained across a wide variety of industry sectors, both within Australia and internationally.



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RESELLER AGREEMENTS

MARLINK

In March 2022, Harvest and Marlink signed a reseller agreement. Under the reseller agreement, Harvest's ultra-low bandwidth Network Optimised Livestreaming solutions will be resold across Marlink's customer base with the opportunity of providing remote communications services to the estimated 20,000 vessels in Marlink's network.

Headquartered in Paris and Oslo, Marlink offers business-critical intelligent hybrid networks and digital solutions to empower the remote operations of a wide range of maritime, enterprise, energy, humanitarian, and government customers around the world. Marlink offers a comprehensive set of smart network solutions combining the entire spectrum of satcom and terrestrial connectivity, IT, Cloud, cyber security and IoT managed services.

INMARSAT

In January 2022, Harvest and Inmarsat signed a new master services agreement (MSA) for Harvest to join Inmarsat's new maritime initiative as a Certified Application Provider (CAP). Through the CAP network, Harvest will offer its livestreaming Infinity technology together with Fleet Connect dedicated bandwidth as a one-stop-shop packaged service direct to Inmarsat's customers. Inmarsat will promote and market the solution to its maritime customers and channel the leads to Harvest for conversion.

RiS™ FLAGSHIP PRODUCT LAUNCH

In March 2022, Harvest announced that its proven flagship remote inspection system RiS™ was now available to the global market. With RiS™, customers worldwide can deliver reliable and secure, real-time content within a local area network (LAN) over ultra-low bandwidth, enabling cost-effective and simultaneous review and critical decision-making on the fly, from anywhere to anywhere in the world.

ACCELERATING INFINITY REVENUE GROWTH

The March quarter saw an increase in the Infinity MRR trend when compared to the December 2021 quarter.

For the three months to March 2022, the Company generated 71.4% higher MRR in March 2022 (\$212K) when compared to three months earlier in December 2021 (\$124K). An increased turnover reflecting both growth in new customer numbers as well as the ability to sell a broader range of products and services to existing customers.

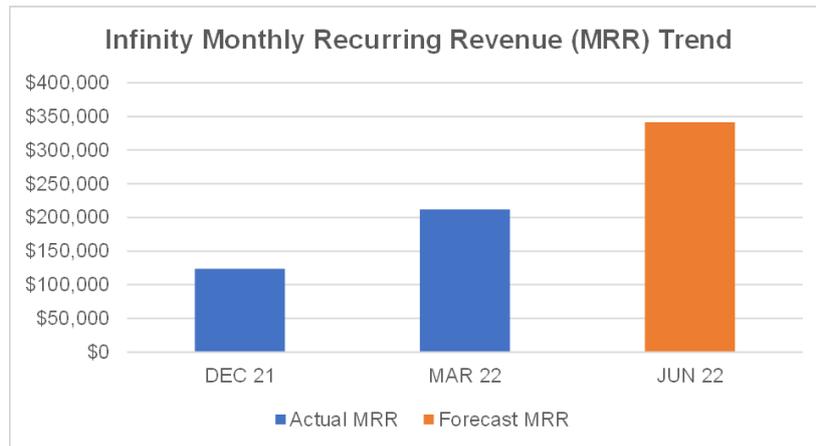
As previously announced in the most recent HTG Trading Update (March 28, 2022), Infinity MRR is forecast to increase by more than 60% by June 2022 (to \$300K-\$350K), largely reflecting the positive benefits from growth expected across the energy sector from the launch of HTG's proprietary communications product RiS™, global reseller agreements signed in the last six months which have increased our accessibility to new



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customers and markets, and increased investment in sales and marketing resources and activities. The Company remains on track to meet the June 2022 forecast.



*Monthly recurring revenue (MRR) represents a blended revenue figure across all Infinity products and services sold to customers

CONTINUING SALES MOMENTUM

Following the completion of a successful capital raise this quarter, we remain focused on delivering significant growth to our user base and revenue.

Last quarter, we moved into Phase 2 of our Strategic Plan. Phase 2 shifts our current primary focus away from the energy sector towards driving customer and income diversity across multiple sectors including maritime, aviation, utilities, broadcasting and conferencing, and defence and government.

This quarter has seen the most significant increase in opportunities in the Infinity product sales pipeline that the Company has ever experienced with approximately 1,345 potential licensing opportunities. These increased opportunities have been predominantly generated through the Group's global reseller partners Inmarsat, Speedcast, and more recently, Marlink.

To maximise its ability to meet these opportunities and its near-term targets, the Company will be leveraging its regional operations to maintain momentum and focus on conversion to monetised sales. The focus of its regional structure and product strategy in the near-term will be to prioritise growth in revenue and customers for the Infinity suite of products, now including the newly launched flagship RiS™ solution.

OUTLOOK

During the next quarter:

- Infinity MRR is forecast to increase by more than 60% to \$300K-\$350K.



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- Our US team will continue to redirect its focus to building and supporting sales of the Infinity product line throughout the Americas.
- We will increase our on-ground capacity in the UK to support sales and business development activities for Infinity products across the UK/EMEA regions.
- The Company's headquarters in Perth will become the group's Centre of Excellence for the Infinity product line, championing key R&D activities and providing corporate, commercial, and marketing support to all regions.
- We will continue to invest in R&D as we move towards live Beta trials for new products to help drive future growth.

APPENDIX 4C

Cash balance at March 31, 2022 was \$6.945M. In accordance with Listing Rule 4.7C.1., net operating cash outflows during the quarter were \$3.6M comprising cash receipts from customers of \$548K and cash outflows from operating activities including research and development (\$1.1M), product manufacturing and operating costs (\$0.9M) and other corporate costs (\$2.1M).

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.

Category	Amount
Directors' fees	\$50,001
Managing Director – salary and other benefits	\$96,250
Related Party – Company Secretarial Services on arms-length terms	\$34,300

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

- End -

This announcement was authorised for release by the Directors of Harvest Technology Group Limited.



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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 our 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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	548	9,244
1.2 Payments for		
(a) research and development	(1,070)	(3,089)
(b) product manufacturing and operating costs	(943)	(6,729)
(c) advertising and marketing	(620)	(1,474)
(d) leased assets	-	(9)
(e) staff costs	(800)	(2,320)
(f) administration and corporate costs	(546)	(1,787)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	(218)	(308)
1.6 Income taxes paid	-	(140)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash used in operating activities	(3,648)	(6,608)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(750)	(750)
(c) property, plant and equipment	(61)	(1,011)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	1
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	44
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	(811)	(1,716)
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,861	9,814
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	60
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(522)	(708)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(90)	(644)
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	6,249	8,522
4. Net decrease in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	5,166	6,758
4.2	Net cash used in operating activities (item 1.9 above)	(3,648)	(6,608)
4.3	Net cash used in investing activities (item 2.6 above)	(811)	(1,716)
4.4	Net cash used in financing activities (item 3.10 above)	6,249	8,522

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(11)	(11)
4.6	Cash and cash equivalents at end of period	6,945	6,945

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	6,945	5,166
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)	6,945	5,166

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	181
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.

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 (please specify)	-	-
7.4 Total financing facilities	-	-
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.		
n/a		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash used in operating activities (item 1.9)	(3,648)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,945
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,945
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.9
<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: No, based on our recent sustained growth in month-on-month revenues, expanded sales resources and pipeline of opportunities we expect net operating cash outflows will reduce moving forward as we scale our revenue base. The current quarter marked our transition away from vessel operations activities to sole focus on communications technology activities. Costs associated with discontinuing vessel operations incurred in the March quarter are not expected to recur moving forward.	
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: Yes, additional \$1million of equity is awaiting securityholder approval for the issue of 6,666,666 shares for HTG directors, Mr. Paul Guilfoyle and Mr. Marcus Machin, or their nominees (refer ASX announcement dated February 28, 2022). The Company is also expected to submit its first R&D tax claim in the next quarter which is expected to generate additional cash to fund operations.	

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, based on the recent successful capital raising activities (including access to the additional \$1million of equity mentioned in 8.6.2 above), the growth in communications technology revenues witnessed in the year to date and the growing pipeline of sales opportunities as we expand our reseller relationships and sales presence in international markets.

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: 28 April 2022

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.