



Announcement to ASX
ASX Code: HTG

January 30, 2024

ACTIVITY REPORT – DECEMBER QUARTER 2023

KEY FINANCIAL HIGHLIGHTS DURING THE QUARTER

- The Group recorded revenue of \$520k and Cash Receipts of \$490K in the December quarter (43.2% down on the previous quarter)
- In January, the company received two orders from a significant Five-Eyes defence customer valued at \$380k which was confirmed this month and will be reported as revenue in Q3 FY2024 (refer ASX announcement dated January 24, 2024).
- Sales momentum continues ahead of the planned release to market of AVRLive™ Cloud in February 2024 (the 1st version of “NS2” to be released), which is expected to open new revenue streams and provide customers with a rapidly scalable platform.
- As at December 31, 2023, the Company held \$634k cash at bank. During January, the Company received a \$1.67m Research and Development Tax Incentive (RDTI) rebate in respect of FY2023 (refer ASX announcement dated January 17, 2024). These funds were applied as full repayment of the Radium Capital R&D loan advance secured against the RDTI rebate (\$1.0m) (refer ASX announcement dated September 29, 2023), leaving the Company with net cash of \$0.67m from the RDTI rebate to help fund working capital requirements.
- The Company has decided to undertake a capital raising, details of which will be announced to the ASX upon the lifting of the trading halt on 31st January 2024.

January 30, 2024: Harvest Technology Group Limited (ASX:HTG) (**Company, Harvest, Group**) is pleased to provide its quarterly Activity Report and Appendix 4C for the December 2023 quarter.

OPERATIONS

Please refer to Harvest's most recent Operations Update (refer ASX announcement dated January 2, 2024), which summarises the key customer, operational and technology developments across the business during the months of November/December 2023. Here are some of the key highlights for the Q2 FY2024 quarter:

- AVRLive™ Cloud pilot confirmed for customer testing in real-world operational environments.
- Updates to features and capability for Nodestream™ mobile applications.
- Full implementation of Nodestream™ Enterprise across Fugro Middle East.



Announcement to ASX
ASX Code: HTG

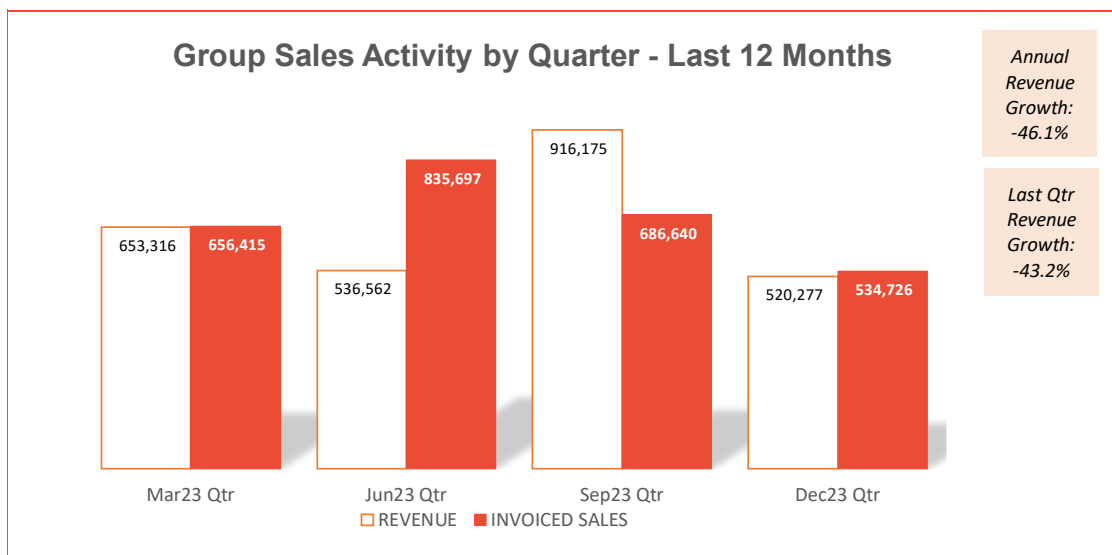
- Successful remote class survey using Harvest's technology resulted in the relevant Class Register approving Nodestream™ technology as the only method of performing a full remote class survey for the customer's vessels.
- Nodestream™ Integrated (NSI) devices shipped to Japanese drone manufacturer for trial with the Japanese Self-Defense Force (JSDF).
- Improvements carried out to robotic and software architecture for significant Five-Eyes defence customer.
- Phase 2 telemedicine trials successfully completed with European Union Defence Force customer (EUDF).
- New order from US defence contractor for Nodestream™ devices fitted to Uncrewed Surface Vehicle (USV) for operations along US coastline.
- Attendance and exhibition at Topsides UK 2023, MilCIS 2023, and International Workboat Show.

The company achieved the following during January:

- Entry into agreements with two global defence suppliers for undertaking R&D activities for embedment of Nodestream™ software into their devices, supply Harvest's complete NSI with their hardware, and jointly market at future global defence shows.
- Expansion of defence footprint with two new orders from significant Five-Eyes customer. Expected to be ongoing monthly order from February 2024 onwards, reflecting an estimated \$170K AUD upfront per order.
- Receipt of order for rollout of telemedicine solutions to EUDF naval fleet.
- Receipt of \$1.67m AUD R&D cash rebate from ATO R&D Tax Program.
- Addition of two new UK-based offshore services companies to Harvest's growing customer list.
- Ocean Infinity makes order for \$100k AUD for new round of systems for Armada fleet.
- Sales of trial equipment to Japanese drone manufacturer. Discussions to expand underway.
- Order from Technip FMC for conversion of existing systems to hybridised version of Nodestream™/ RiS™ software.



SALES ACTIVITY



Supporting information:

- Revenue may only be recognised when purchased goods and services are physically delivered or transferred to a customer. This is in accordance with *AASB15 Revenue from Contracts with Customers*.
- Invoiced sales represent the value of purchase orders received from customers and invoiced during the reporting period (i.e. during the quarter).

CASH RESOURCES

The Company reported a cash balance of \$634k on December 31, 2023. Operating cash outflow for the quarter was \$1.77M and overall net cash outflow for the quarter was \$1.6m.

During the month of December, the Company made some significant structural changes to better align our staff resources to the ongoing requirements of the business. This move followed the successful completion of certain discrete R&D projects and realignment of sales and business development resources to focus on converting major sales opportunities and preparing for the commercial launch of AVRLive™ Cloud. This resulted in a 24% reduction in total staff headcount (from 42 to 32 persons) which is expected to generate significant cost savings in the coming months as the Company seeks to drive the business towards cash neutrality as soon as possible.

As mentioned above, after the end of the quarter the Company received a R&D tax incentive refund of \$1.67m in respect of the 2023 financial year. These funds were applied in January 2024 for full repayment of the Radium Capital R&D loan advance of \$1.0m secured against the RDTI rebate (refer ASX announcement dated



Announcement to ASX
ASX Code: HTG

September 29, 2023), leaving the Company with net cash of \$0.67m from the RDTI rebate to fund working capital requirements.

During the month of December, the Company was advanced \$250k as an unsecured loan at arm's length commercial interest rates from Paul Joseph Guilfoyle.

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 2023 quarter.

Category	Amount
Directors' fees	\$46,245

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.

Corporate & media enquiries, please contact:

Email: investor@harvest-tech.com.au

Investor enquiries, please contact:

Mr. Jack Rosagro

Company Secretary

Tel: + 61 8 6245 9439

Email: investor@harvest-tech.com.au

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



Announcement to ASX
ASX Code: HTG

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.

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.

For personal use only

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 2023

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	490	1,432
1.2 Payments for		
(a) research and development	(931)	(1,938)
(b) product manufacturing and operating costs	(83)	(340)
(c) sales, advertising and marketing	(169)	(304)
(d) leased assets	-	-
(e) staff costs (all non-R&D staff)	(773)	(1,616)
(f) administration and corporate costs	(305)	(632)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	19
1.5 Interest and other costs of finance paid	(2)	(185)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,769)	(3,564)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(4)	(21)
(j) investments	-	-
(k) intellectual property	-	-
(l) 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 (Repayment from a director)	-	100
2.6	Net cash from / (used in) investing activities	(4)	79

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,356
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	(10)	(162)
3.5	Proceeds from borrowings	250	1,209
3.6	Repayment of borrowings	(138)	(276)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	102	3,127

4.	Net decrease in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,305	994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,769)	(3,564)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	79

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	102	3,127
4.5	Effect of movement in exchange rates on cash held	-	(2)
4.6	Cash and cash equivalents at end of period	634	634

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	634	2,305
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)	634	2,305

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	46
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 (Research & Development Funding, Insurance Premium Funding, Loan from Group CEO)	1,229	1,229
7.4	Total financing facilities	1,229	1,229
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.		
	<ul style="list-style-type: none"> - Radium Capital, 16.00% Interest Rate, Secured, Maturity Date is timed to coincide with receipt of the Company's R&D refund from Australian Tax Office. This facility was fully repaid on 16 January 2024. - Hunter Premium Funding, 3.15% Interest Rate, Unsecured, 12 January 2024 Maturity Date - Loan from Group CEO, 16.00% Interest Rate, Unsecured, 20 June 2024 Maturity Date 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash used in operating activities (item 1.9)	(1,769)
8.2	Cash and cash equivalents at quarter end (item 4.6)	634
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	634
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.36
	<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: The Company's FY23 R&D claim (\$1.67m) was subsequently received on 16 January 2024, providing additional funding for the Group.</p> <p>Net operating cash flows are expected to improve in the coming quarter as receipts from customers improve from increased sales activity and cost reduction measures take effect.</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?

Answer: The Company continues to closely monitor its cash position and the range of funding options available. On the basis of its latest sales forecast, the receipt of R&D claim proceeds in January 2024 and the Company's current capital raising as notified to the ASX in its request for the trading halt issued 29th January 2024, the Company remains confident it has adequate cash reserves.

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, latest sales orders 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 2024.....

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.