



**Equity Raising | ASX:HTG**

December 2021

**Data.  
Anywhere.™**

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# Executive Summary



Connecting people in the most challenging environments



Established key partnerships and targeting more



Equity Raising

- Harvest Technology Group Limited (ASX: HTG) (“**Harvest**”) enables people and businesses to connect in the most challenging and remote environments
- Harvest’s proprietary protocol allows the transfer of real time video, audio and data across ultra-low bandwidth with extremely low latency. The Harvest protocol:
  - Mitigates against buffering and lag with self-healing error correction algorithms that can survive 90% packet loss;
  - Is industry and device agnostic, operating over both satellite and terrestrial networks; and
  - Protects with high grade encryption (384-bit).

- Established global reseller agreement with Speedcast, the world’s leading communications and IT services provider. Speedcast’s SmartView™ solution is powered by Harvest and significantly enhances Harvest’s global sales capability
- Proof of concept integration of Infinity Nodestream with WebEx by Cisco is complete. Creation of a scalable dedicated API for end user on-demand integration of Infinity Nodestream into WebEx has commenced
- Development partner for Inmarsat’s VELARIS network, Harvest will play a critical function in the global roll-out of Inmarsat’s bespoke connectivity service designed specifically for the rapidly growing commercial UAV sector
- Harvest is seeking to enter into new reseller agreements with negotiations ongoing with global leaders in target sectors

- Harvest is undertaking a 1 for 10 accelerated non-renounceable entitlement offer (“**ANREO**”) to raise up to approximately \$11.1 million (“**Equity Raising**”)
- The Equity Raising is partially underwritten and together with commitments received from major shareholders the minimum proceeds are \$3.0 million (“**Committed Amount**”)
- Issue price of \$0.21 per share, representing a 8.7% discount to the last close price of \$0.23 per share on 10 December 2021
- Proceeds to be used for working capital to continue to execute on Harvest’s Three-Phase Strategic Plan

# Harvest is supported by strong platform and industry fundamentals



## **SUBSTANTIAL MARKET OPPORTUNITY**

Highly scalable technology ready for deployment across multiple sectors



## **UNIQUE TECHNOLOGY**

Proprietary, industry agnostic, proven, commercialised and in use with blue-chip clients



## **STRATEGIC PARTNERSHIPS**

Technology validated through global strategic partners including Inmarsat, Speedcast, and Cisco



## **SUSTAINABLE COMPETITIVE POSITION**

Backed by in-house trade secrets which cannot be easily replicated or engineered



## **REVENUE GENERATING & SCALABLE**

SaaS and data focus provides high gross margins and rapid distribution benefits



## **COMMITTED MANAGEMENT**

Led by business founders with executive management personally invested and holding >12% of issued shares





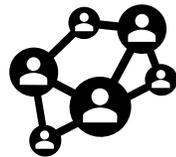
# How does Harvest's protocol work

Harvest's proprietary protocol allows the transfer of real time video, audio and data across ultra-low bandwidth with extremely low latency



## BANDWIDTH

- ✓ Up to 25% more efficient use of bandwidth over standard transmission protocols
- ✓ Full HD video can be streamed over bandwidths as low as 256kbps



## LATENCY

- ✓ Minimises latency through adaptive FEC techniques and dynamic playback control

1010  
1010

## PACKET LOSS

- ✓ Algorithms that can survive 90% packet loss
- ✓ Mitigates against buffering and lag with self-healing error correction



## SECURITY

- ✓ 384-bit encryption with rolling key means security is the highest priority and no two connections are alike



### Better network transmission

- Transmission is achieved at ultra-low bandwidths regardless of network quality, connection or location

### Technology advantage

- Distinct advantage over similar technology which can only function on high-quality networks with consistently high available bandwidth

### Embedded functionality

- Embedded technology to overcome packet loss and built-in encryption

### Industry and device agnostic

- Integration focused software lowering barriers to broad market adoption



# Key sectors are demanding more bandwidth

Global trends towards digitisation are driving demand for data access and availability, which is challenging in remote environments with existing network limitations and increasing congestion

## MARITIME & ENERGY



**Challenge:** Crew welfare (video, voice/email), critical inspection, monitoring, and control operations are bandwidth intensive

**Harvest solution:** Enables streaming of video, data and voice using ultra-low bandwidths over challenging and congested networks (including L Band)

**Est. market size:** USD\$2B<sup>1</sup>

## DEFENCE & GOVERNMENT

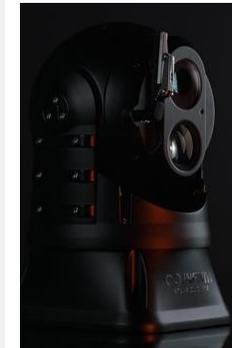


**Challenge:** Transfer significant amounts of critical sensitive data with heightened cyber risks for real-time situational awareness and Command and Control

**Harvest solution:** Compresses, encrypts and securely transmits high-fidelity mission data with real-time communications control using ultra-low bandwidth from anywhere

**Est. market size:** USD\$34B<sup>2</sup>

## SECURITY & SURVEILLANCE



**Challenge:** Increased need for 24/7 surveillance and reconnaissance requires secure high-quality multi-casting and steady reliable bandwidth

**Harvest solution:** Continuous transfer from point-to-point, point-to-cloud and point-to-multi-point of high-fidelity video and data with in-built encryption using ultra-low bandwidths

**Est. market size:** USD\$50B<sup>3</sup>

## UTILITIES & LIGHT INDUSTRY



**Challenge:** Site access restrictions, remote locations and availability of onsite expertise present connectivity challenges for operations

**Harvest solution:** Enabling remote worker collaboration with reliable secure video/data/voice transfer using Opsivity, Wearwolf™ and Nodestream

**Est. market size:** USD\$5B<sup>4</sup>

## UNMANNED SYSTEMS / VEHICLES



**Challenge:** Beyond line-of-sight safe communications and payload issues, with adoption constrained by connectivity limitations

**Harvest solution:** Embedded technology on smaller terminals maintains latency, reducing bandwidth and noise on congested networks

**Est. market size:** USD\$27B<sup>5</sup>

## BROADCASTING / CONFERENCING



**Challenge:** High-quality video and audio streaming is dependent on network quality and available bandwidth over congested networks

**Harvest advantage:** Removes lag and retains high-quality error-corrected streaming, improving reliability for increased productivity and value

**Est. market size:** USD\$14B<sup>6</sup>



# Growing customer, collaboration and partner base

Harvest is growing its network of customers and partners to expand user growth and sales opportunities

## MARITIME & ENERGY



## UTILITIES & LIGHT INDUSTRY



## UNMANNED SYSTEMS / VEHICLES



## SECURITY AND SURVEILLANCE



## DEFENCE & GOVERNMENT



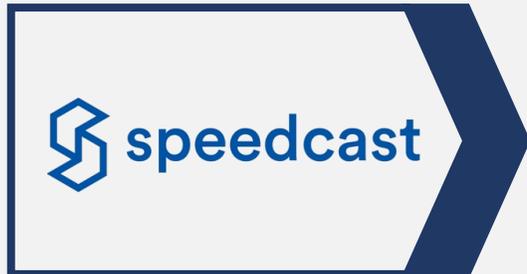
## BROADCASTING / CONFERENCING



# Key partnerships supporting Harvest's Stage 2 growth



Harvest has formal agreements with technology leaders in global communications



## Non-exclusive, global reseller agreement with Speedcast

- Speedcast is one of the worlds leading communications and IT services providers
- The agreement will see Speedcast globally resell Harvest's Infinity products as a core part of Speedcast's SmartView™ solution
  - Rapidly supporting scalability of Harvest's products; and
  - Enabling roll-out of Harvest's technology on a global scale.



## Established global partnership with Inmarsat

- Inmarsat is the world leader in global mobile satellite communications
- The Harvest and Inmarsat partnership gives Inmarsat customers a combination of trusted satellite communications with industry-leading livestreaming capabilities
- Harvest is a partner of VELARIS Partner Network – ecosystem of expert UAV partners, developers and integrators, including Cobham and Honeywell



## Integration of Infinity to WebEx by Cisco

- Harvest partnered with Innovation Central Perth (led by Cisco and Curtin University) to prove technical viability of integration of Infinity Nodestream technology to WebEx using open API
- Proof of concept integration of Infinity Nodestream with WebEx is now complete. Cisco sales team demonstrations and use case development underway
- Creation of a scalable dedicated API for end user on-demand integration of Infinity Nodestream into WebEx has commenced





# Global reseller agreement with Speedcast

Speedcast's SmartView™ powered by Harvest significantly enhances Harvest's sales capabilities and accelerates global roll-out

## Overview

- Speedcast is one of the world's largest remote communications solutions providers and currently serves over 3,200 customers in 140 countries
- Speedcast's SmartView™ solution is powered by Harvest enabling secure, high-definition video and audio to be streamed in real-time via satellite at a fraction of the bandwidth previously required
- The reseller agreement is highly complementary, providing a major value-add to Speedcast's SmartView™ solution offering, while providing access to an established, global customer base for Harvest
- Customers looking to digitally transform their operations can use Speedcast SmartView™ solution to conduct inspections and repairs for assets worldwide without requiring technicians to travel and work at remote sites

### Benefits to Harvest

- Leveraging of Speedcast's existing sales team and distribution channels to maximise penetration and speed to market through resale of the Infinity suite of products
- Revenue from hire of hardware and licensing of software on 12-month minimum plans, and SaaS products, in mid-2022

 speedcast is a leader across major Harvest target markets



 Commercial maritime



 Cruise & Ferries



Broadcasting/ Conferencing



 Energy



Defence & Government



Utilities & Industry



Denotes Speedcast target markets with significant maritime exposure

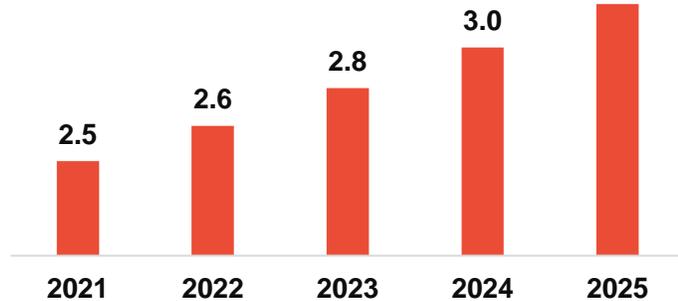


# Understanding the Harvest maritime opportunity

Harvest is targeting 1,000 licensing plans by the end of CY22 through its reseller arrangements

## Unprecedented demand for maritime satellite communications

Global maritime satellite communication market size (USD\$B)<sup>1</sup>



Increased digitisation



Only 15% current maritime broadband penetration<sup>7</sup>



Enhanced satellite networks across orbits



APAC has a majority market share

## Maritime satellite communications reseller market access

### Harvest target resellers

	Status	Ships in existing networks <sup>8</sup> (#)
	Executed reseller agreement	~10,000
Company B	Qualified opportunity	~ 45,000
Company C	Qualified opportunity	~20,000

## Harvest maritime pricing



Harvest solutions are sold per ship on 12-month minimum licensing plans



4-channel solution  
~\$850 / month\*



12-channel solution  
~ \$1200 / month\*

\* based on average recommended retail price

# Partnering with Inmarsat to enhance global connectivity



Harvest's data optimisation technology is highly complementary to Inmarsat's new ELERA network

## Overview

- ELERA is a highly resilient L-Band satellite network with enormous application in bringing the fastest connections possible to customers in remote environments
- Always-on connectivity offers global coverage, high security and 99.9% availability
- ELERA is a major strategic program for Inmarsat and leverages the company's deep expertise in global mobile satcom services
- With wide application in various sectors, ELERA will provide new L-Band connectivity solutions at speeds that were previously not available

## Key ELERA capability highlights



L-band speeds up to 1.7Mbps



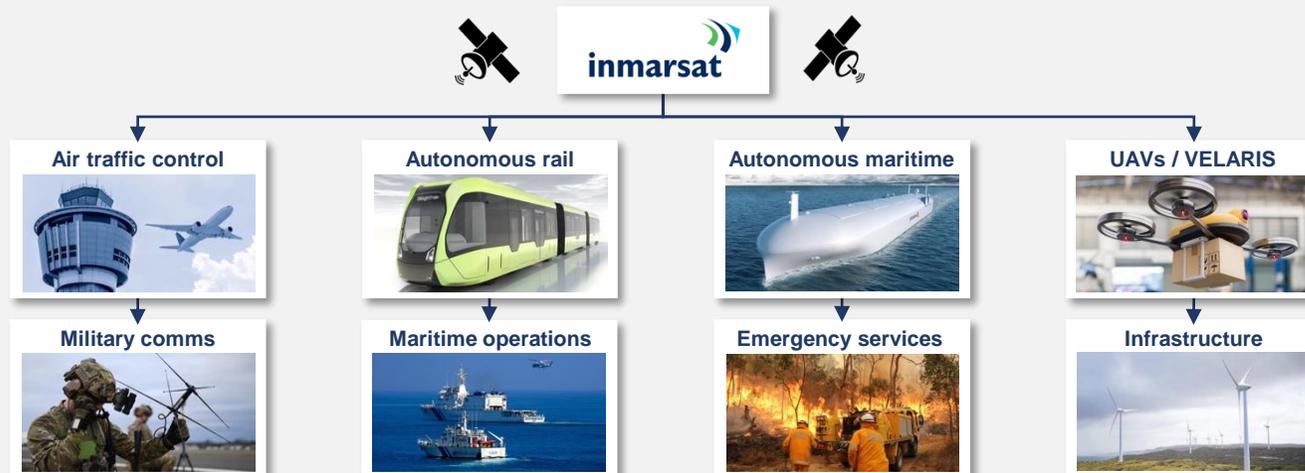
Simple deployment with small footprint, low-cost terminals



Network resilience to be supported by two of the most sophisticated commercial satellites ever created

## Benefits to Harvest

- Harvest has been accepted as a member of the Inmarsat Application Solution Provider and Certified Application Provider networks with access to:
  - Inmarsat's customer distribution channels; and
  - Other Provider connectivity channels and regional presence to scale solutions into new sectors and geographies.
- Revenue from hire of hardware and licensing of software on 12-month minimum plans, and SaaS product monthly subscription



# Development partner for Inmarsat's VELARIS network



Harvest will play a critical function in the global roll-out of Inmarsat's bespoke connectivity service that is powered by ELERA and designed specifically for the commercial UAV sector

## Overview

- The commercial UAV market is forecast to grow to USD\$11.3B by 2028<sup>9</sup>
- Complex regulation, safety, monitoring and connectivity issues are presenting large barriers to delivering a scaled network of UAVs
- VELARIS leverages ELERA and Inmarsat's extensive experience in the aviation industry to provide a global, satellite powered ecosystem for the commercial drone market that enables:
  - Beyond Visual Line of Sight (BVLOS) operations;
  - One pilot to operate multiple UAVs remotely at scale; and
  - Alignment with global aerospace regulation and safety requirements.

### Benefits to Harvest

- **Opportunities for Harvest to expand its industry partner network in the area of aviation and gain access to Inmarsat aviation customers**
- **Revenue through embedding of Harvest technology in Inmarsat satellite terminals on a software license per unit per month basis**



**and Harvest to play a critical role in the global adoption of UAVs**



### Smart logistics

Up to 80% of commercial deliveries could be made by autonomous vehicles by 2026



### Infrastructure inspection

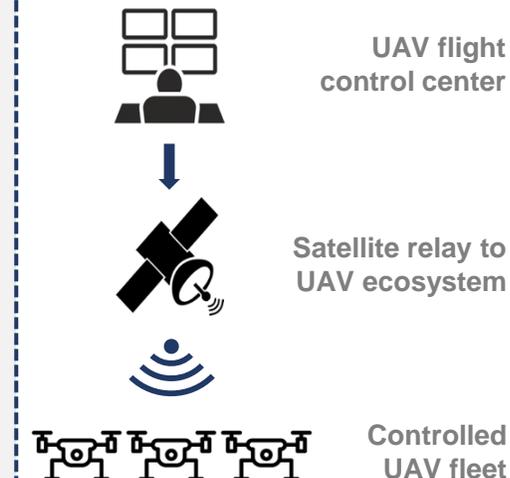
Persistent asset monitoring will increase the efficiency and safety of maintaining critical infrastructure



### Medical aid

Reduction in delivery times for aid to remote and harsh environments will revolutionise emergency medicine

### inmarsat VELARIS





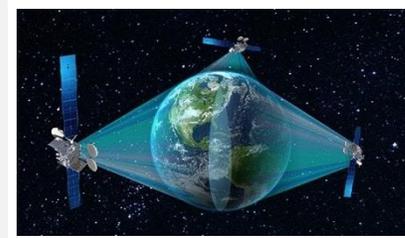
# Viasat acquisition of Inmarsat

The Viasat and Inmarsat merger positions Harvest to integrate products into a larger global platform

## Overview

Viasat + inmarsat is a more significant global networks company

- **8 November 2021:** Viasat (NASDAQ: VSAT) and Inmarsat announced Viasat will acquire Inmarsat in a transaction valued at USD\$7.3B
- The combined company intends to integrate the technology assets of both companies into a global high-capacity hybrid space and terrestrial network
- As a result of the combination, Viasat intends to:
  - Grow investment in U.K. space communications in support of the National Space Strategy
  - Bring additional space capabilities and long term, highly skilled engineering and related jobs
  - Preserve and grow Inmarsat’s London headquarters, as well as its footprint in Australia Canada and EMEA



**Financial strength**  
Increased financial strength, supporting innovation, investors, customers and workforce

**Enhanced innovation**  
Enhanced growth and innovation opportunities through fusion of complementary assets and resources

**New services**  
New and better services for customers, creating more choice in fragmented and highly competitive sectors

## MergeCo key metrics

\$  
**USD\$4.1B**  
CY21E Revenue

**19**  
Satellites in service

**10**  
Satellites under construction

## Benefits to Harvest

- **Access to Viasat’s customer and distribution channels with the opportunity to establish a more scalable global footprint for Harvest’s products in new sectors and regions, including space**

# Integration with WebEx by Cisco



Proof of concept integration of Infinity Nodestream with WebEx by Cisco is complete

## Overview

- WebEx by Cisco is the leading enterprise solution for video conferencing, with billions of calls connected each month and other leading technology add-ins such as real-time language translation
- In partnership with Innovation Central Perth, Harvest undertook a proof of concept to integrate its Infinity Nodestream data optimisation technology with WebEx by Cisco using open API
- Proof of concept completed successfully with Cisco sales team demonstrations and use case development underway
- Creation underway of scalable dedicated API for end user on-demand integration of Infinity Nodestream to WebEx
- Harvest's Infinity technology can reduce minimum data streaming requirements to as low as 256 kbps, significantly increasing the global capacity and connectivity of Cisco's WebEx

### Benefits to Harvest

- **Proof of concept successful, with Cisco sales team demonstrations and user case development underway**
- **Opportunity to establish a scalable software licensing agreement**

 **webex** is the leading enterprise solution for video conferencing



**600 million**  
Global monthly users



**6 billion**  
Calls connected per month



**Real time translation**  
100+ different languages supported



**1000 total**  
Meeting participant limit

### WebEx standalone



**900 kbps**  
Minimum data 720p HD video<sup>10</sup>

### Harvest integration\*\*



**webex**



**256 kbps**  
Minimum data using Harvest

# Opsivity™ field support application (SaaS)



Opsivity is a field support application (SaaS) developed by Harvest that can be installed on existing devices allowing technicians to connect, capture, and collaborate remotely

## Overview

 opsivity provides significant operational support in three ways

### Field Service Collaboration

- Connect technicians from anywhere with subject matter experts and documentation. Accelerate onboarding of new field hires using the know-how of your most experienced people

### Field Service Management

- Collaboration to deliver faster solutions for break-fix, maintenance and inspection. Associate assigned jobs with questions, checklists and video calls

### Field Service Knowledgebase

- Maximal uptime and efficiency by linking field teams with operational expertise. Capture interactions in real time to archive organisational know-how. Enable anytime access for future issue resolution



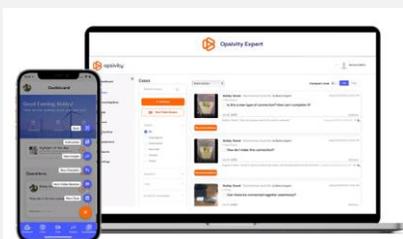
### Artificial intelligence

AI enabled Smart Recommendation helps solve field issues in real-time and avoid costly downtime



### Augmented Reality

Technicians are automatically connected to Subject Matter Experts via live chat or video, where annotated photos of the situation are shared



### Proactive operational Knowledgebase

Every support interaction is stored, searchable, and utilises AI algorithms to provide expertise on demand

## Opsivity key metrics



**150%**

Targeted 2022 Revenue growth



**1300**

Current users



**10x**

Targeted 2022 user growth

## Benefits to Harvest

- **Substantial market access: 600M Remote Field Workers worldwide**
- **Technology proliferation: Exposes Infinity technology & deliver through captive software**
- **Income Diversity: High margin, re-occurring revenue**

# Harvest continues to deliver on its 3-Phase Strategic Plan

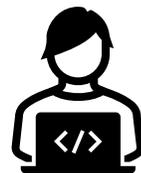
Global industry partnerships have laid the groundwork for growth in Phase 2

Harvest's goal is to achieve significant revenue growth in FY22 and beyond

Target revenue mix:



<15%  
Hardware



~30%  
Software Licensing



>55%  
SaaS

## Phase 1: Speed and scalability

- ✓ Establish business systems and infrastructure
- ✓ Build product teams and offices
- ✓ Establish customer base
- ✓ Establish US presence

✓ **Completed**

- ✓ Establish global industry partners to support scalability and diversification of customer base and revenue streams
- ✓ Acquisition of US based SaaS company
- ✓ US SaaS product launch - Opsivity™

✓ **Completed**

## Phase 2: Income diversity and expansion

- Grow customer and partner relationships and sales
- Build defence supplier division
- Release enhanced Nodestream software application and integrate with Opsivity
- Release new RIS system
- Increased global user support services

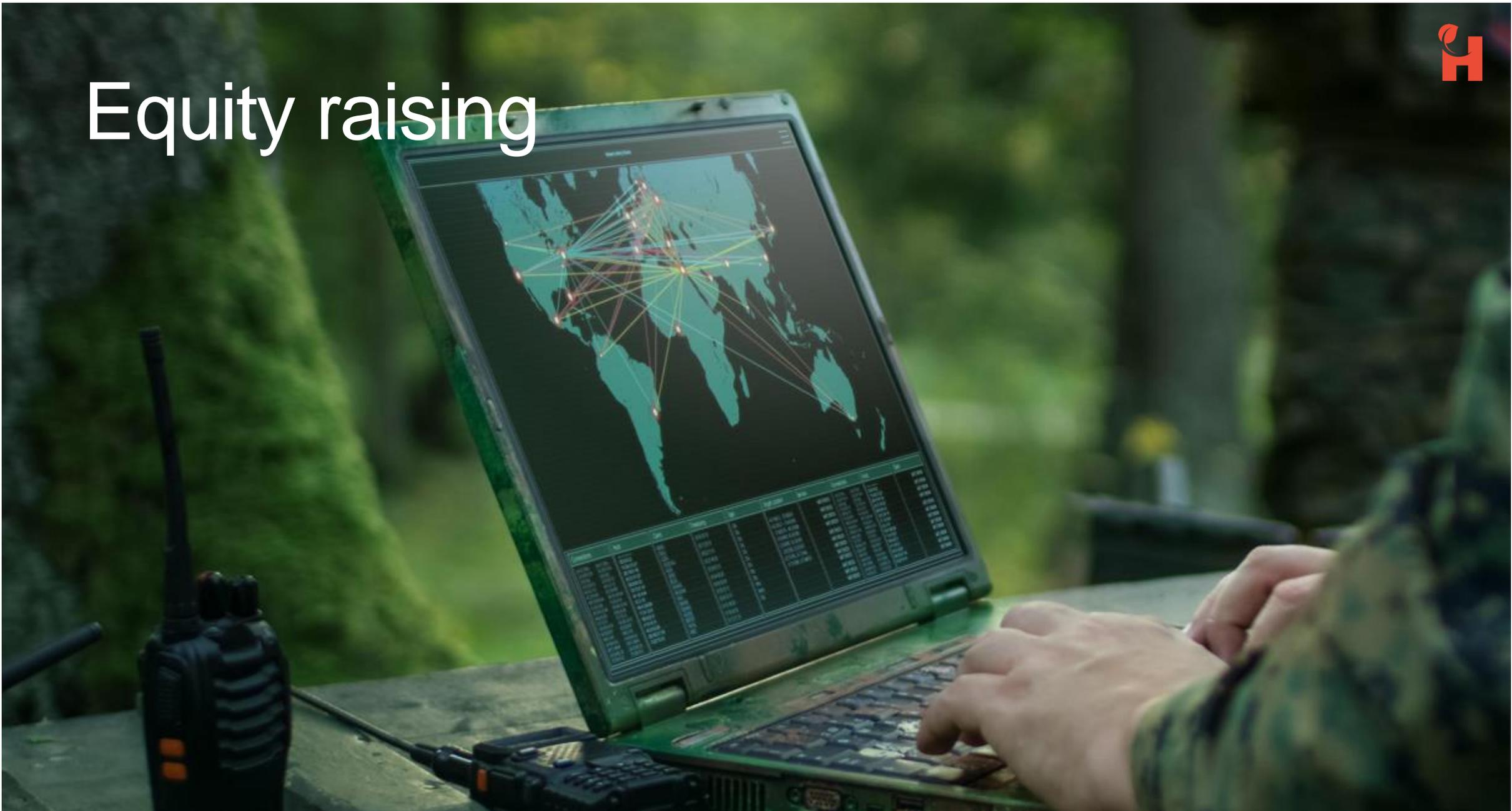


Harvest has consistently achieved milestones in its Three-Phase Strategic Plan and is strongly positioned to deliver on Phase 2

Delivering on Phase 2 in accordance with 3-Phase Strategic Plan



# Equity raising





# Equity raising details

Sources of proceeds	\$m
Equity Raising proceeds	11.1
<b>Total sources</b>	<b>11.1</b>

Uses of proceeds	\$m
Working capital	10.2
Transaction costs	0.9
<b>Total uses</b>	<b>11.1</b>

Key metrics <sup>1</sup>	
Equity Raising issue price per share	\$0.21
Discount to late close price	8.7%
Discount to the 5-day VWAP	11.2%
Discount to TERP	8.0%



Equity raising structure



Use of proceeds



Ranking

- Harvest is undertaking a 1 for 10 accelerated non-renounceable entitlement offer to raise up to approximately \$11.1 million. The Equity Raising will comprise of an institutional entitlement offer and a retail entitlement offer
- Committed Amount of \$3.0 million, comprising the underwritten amount and major shareholder commitments
- The available cash will be used for the following identified key applications in line with Harvest's Three-Phase Strategic Plan:
  - Increased customer sales and marketing activities
  - Development of industry partner and collaborator networks
  - Increased global customer support services
  - Formation of defence supplier division
  - Release of enhanced Nodestream software application and new RIS system
  - Integration of enhanced Nodestream software application into Opsivity SaaS platform
  - Ongoing research and development projects
  - Expansion into UK/Europe region
  - Procurement of increased capability through resources, systems and infrastructure
- New shares issued under the Equity Raising will rank equally with existing HTG shares from the date of issue

Note: 1. Discount to last close, 5-day VWAP and theoretical ex-rights price ("TERP") metrics as at 10 December 2021.

# Indicative timetable



Key event	Date
Trading halt and announcement of the Equity Raising	Monday, 13 December 2021
Announcement of results of the institutional entitlement offer, trading halt lifted	Wednesday, 15 December 2021
Record date for entitlement offer	Wednesday, 15 December 2021
Retail entitlement offer opens	Monday, 20 December 2021
Settlement of institutional entitlement offer	Wednesday, 22 December 2021
Allotment of institutional entitlement offer shares	Thursday, 23 December 2021
ASX quotation of shares under institutional entitlement offer	Friday, 24 December 2021
Retail entitlement offer closes	Friday, 14 January 2022
Retail shortfall bookbuild	Tuesday, 18 January 2022
Announcement of results of retail entitlement offer	Wednesday, 19 January 2022
Settlement of retail entitlement offer	Thursday, 20 January 2022
Allotment of retail entitlement offer shares	Friday, 21 January 2022
ASX quotation of shares under retail entitlement offer	Monday, 24 January 2022

*Note: The timetable above is indicative only and is subject to change without notice. Unless otherwise specified, all times and dates refer to Australian Eastern Daylight Time (AEDT).*

# Key takeaways



## STRONG TECHNOLOGY BACKED PLATFORM

- ✓ Unique proprietary technology in use with blue chip clients
- ✓ Competitive position backed by in house trades secrets
- ✓ Committed founder management team aligned to the business



## HIGH GLOBAL TECHNOLOGY DEMAND

- ✓ Estimated market size across identified sectors of USD\$132B\*
- ✓ Live, high quality and reliable data transmission is critical for real-time decision-making



## SUBSTANTIAL PIPELINE

- ✓ Significant existing customer base with more than 10,000 targeted customers



## ESTABLISHED KEY PARTNERSHIPS

- ✓ Formal agreements with technology leaders in global communications
- ✓ Revenue from hire of hardware and licensing of software on 12-month minimum plans
- ✓ SaaS products with recurring revenue



## HIGH GROWTH OUTLOOK

- ✓ Goal to achieve significant revenue growth in FY22 and beyond



# Appendices

**Appendix A – Key risks**

**Appendix B – International Offer Restrictions**

**Appendix C – Material Contracts**

**Appendix D – References**



# Key risks

## Growth strategies

HTG has a number of strategies in place to generate future growth and earnings. There is a risk that the implementation of growth strategies will be subject to delays or cost overruns and there is no guarantee that these strategies will generate the customer demand, full financial benefits anticipated or result in future sales and earnings growth and may not deliver a return on investment. Furthermore, the implementation of growth strategies may lead to changes to HTG's business or the customer experience which may result in unintended adverse consequences.

## Stage of Development

There is a risk that HTG (being at an early stage of development) may not be able to manage accelerated growth, which could impact the financial results and growth funding of HTG, as well as the share price of the Company. The Company does not currently generate positive cash-flow and requires funding to deliver on its strategy.

## Future profitability

The Company's limited financial history creates uncertainty in relation to the business and its prospects. There can be no certainty that Harvest will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities. The Group's profitability may be impacted by many factors and the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

## Supplier and customer relationships

The Group relies on key business relationships to deliver its services. There are multiple suppliers for the Company to contract with. A failure to maintain supplier relationships generally could result in a loss of support, which could adversely impact the business operations and the financial results. In particular, the Company has four significant supplier contracts with Auvidia, Corsair Solutions, Server Case UK, and Metcase. A loss of these arrangements would therefore have a materially adverse impact on the operability and profitability of the Company in its delivery and support of hardware products.

## Credit and counterparty risk

HTG is exposed to credit risks relating to the delayed payments or non-payments from its customers, including in the event a customer ceases operations or suffers an insolvency event, or an inability to recover payments from customers outside Australia. If a material portion of customers were to default in payment under their respective arrangements with HTG, this could have a material adverse effect on the Company's business, operating results and financial condition, including decreasing operating cash flows. Furthermore, while the Company has not observed a material decline in collections relative to its historical levels, investors should note that there may be an increased risk of default as a result of poor economic conditions if the spread of COVID-19 and the current geo-political situation in Asia continues.

## Data Loss, Theft or Corruption

The Company stores data in its own systems and networks. Exploitation or hacking of any of these systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as unsecure which may lead to a decrease in the number of customers.

## Research and Development and Technical Risk

HTG's products are the subject of continuous research and development in order to meaningfully improve the products' usability, scalability and performance. There are no guarantees that the Company will be able to undertake such research and development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately will adversely affect the Company's results and viability.

## Technology Risk

The Company's market involves rapidly evolving products and technological change. To succeed, the Company will need to research,

develop, design, develop, test, market and support enhancements to its existing products and new products, on a timely and cost-effective basis. The Company cannot guarantee that it will be able to engage in research and development at the requisite levels. The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner.

## Competition

HTG's ability to attract and retain customers will be affected by alternative service and price offerings by products and technologies developed by competitors in the markets in which HTG operates which may render the Company's products and systems obsolete or non-competitive

## Intellectual Property Rights

A substantial part of the Company's commercial success will depend on its ability to establish and protect HTG's intellectual property to maintain trade secret protection and operate without infringing the proprietary rights of third parties. The commercial value of these intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications. It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against HTG or the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations. Additionally, securing rights to (or developing) technologies complementing HTG's existing intellectual property will also play an important part in the commercial success of the Company. There is no guarantee that such rights can be secured, or such technologies can be developed.

## Key management personnel

HTG relies heavily on its existing key management personnel, who have intimate knowledge of the business. If a member of the Company's key management team were to resign or leave the businesses this could have an adverse effect on HTG's performance, and there is no guarantee that HTG could attract a suitably qualified replacement, or if it is able to do so, how long it may take to attract and employ such a replacement.

## Legal or regulatory risks

HTG operates in a regulated environment. It is subject to having its market behaviour monitored and regulated by ASIC, ASX, ACCC and other applicable agencies. There are also several consumer groups that monitor the conduct of data optimisation service providers. The viability and profitability of HTG may be affected by changes to government policies and legislation of Australia or any other country where the Company may acquire or operate economic interests, including but not limited to those relating to the data optimisation and transfer pricing and taxation.

## Litigation

The Company is exposed to possible litigation risks including, but not limited to, intellectual property ownership disputes, contractual claims, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation



# Key risks (cont.)

## Accounting Standards and Tax Laws

The Company is exposed to the risk of changes to accounting standards, applicable laws or their interpretation which may have a negative effect on the Company, its investments or returns to Shareholders including the risk of non-compliance with reporting or other legal obligations. Any change to the rate of company income tax in jurisdictions in which the Company operates will impact on shareholder returns.

## Financial Environment

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and the value of its assets. Factors which contribute to that general economic climate include:

- Contractions in the world economy or increases in rates of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- International currency fluctuations and changes in interest rates;
- The demand for and supply of capital and finance;
- Changes in government legislation and regulatory policy, including with regard to rates and types of taxation; and
- Domestic and international economic and political conditions.

Further, share market conditions may affect the value of the Company's quoted shares regardless of the Company's operating performance. Share market conditions are affected by factors such as:

- General economic outlook;
- Interest rates and inflation rates;
- Currency fluctuations;
- Changes in investor sentiment toward particular market sectors;
- The demand for, and supply of, capital; and
- Terrorism or other illegal acts.

## Disputes

The activities of the Company may result in disputes with third parties, including, without limitation, the Company's investors, competitors, regulators, partners, distributors, customers, directors, officers and employees, and service providers. The Company may incur substantial costs in connection with such disputes.

## Additional Requirements for Capital

The funds raised under the Offer are considered sufficient to meet the current proposed objectives of the Company. Additional funding may be required in the event future costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

## Government Contracts

A portion of the Company's revenues may depend on the Company's ability to do business with the Australian, U.S. and other foreign governments and their various agencies, whether directly or indirectly. Such customers may:

- Award or terminate contracts at their convenience;
- Terminate, reduce or modify contracts or subcontracts if its requirements or budgetary constraints change;
- Cancel multi-year contracts and related orders if funds become unavailable;
- Shift their spending priorities;
- Adjust contract costs and fees based on audits done by its agencies;
- Use and practice intellectual property developed in the performance of a government contract or subcontract;

- Claim rights to intellectual property not properly protected pursuant applicable contract terms;
- Seek penalties and fines exceeding the value of a contract for contract activity that results in the submission of a false claim to the government;
- Debar the Company or its subsidiaries because of legal and other actions undertaken by or against the Company or its subsidiaries, the Company's officers, directors, shareholders, employees and affiliates, or convictions of the Company's officers, directors, shareholders, employees or affiliates; and
- Inquire about and investigate business practices and audit compliance with applicable rules and regulations.

## Export Controls

The United States Government and other governments impose export controls to protect national security interests and promote foreign policy objectives. Such export controls are particularly prevalent in technologies that may have defence, data or telecommunication applications. The imposition of export controls can restrict the manner in which a product or service is commercialised, and to the extent that the controls prevent HTG from commercialising its products or limit competition for its products and services, such export controls may adversely impact HTG's revenues.

## Foreign Exchange

The Company will be operating in a variety of jurisdictions (both for its customer both and its supply chain), including the United States of America and Australia, and as such, expects to generate revenue and incur costs and expenses in more than one currency. Consequently, movements in currency exchange rates may adversely or beneficially affect the Company's results or operations and cash flows. For example, the appreciation or depreciation of the US dollar relative to the Australian dollar would result in a foreign currency loss or gain. Any depreciation of currencies in foreign jurisdictions in which the Company operates may result in lower than anticipated revenue, profit and earnings of the Company.

## Insurance Coverage

The Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company has arranged and maintains insurance coverage for its employees (such as travel insurance, workers compensation, and health insurance policies for some of its overseas employees), public liability, motor vehicle, marine cargo, Directors & Officers, as well as and other insurances such as general liability covering office and contents, however it does not currently propose to arrange and maintain product liability, professional indemnity or business interruption insurance. The Company will need to review its insurance requirements periodically. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

## Infectious diseases and COVID-19

Infectious diseases such as COVID-19 could interrupt HTG's operations, impair deployment of its solutions to customers and prevent customers from honouring their contractual obligations. Such diseases can also cause hospitalisation or death of HTG's existing and potential customers and staff. Containment strategies imposed by governments are likely to inhibit the installation and maintenance of HTG's products, as well as causing disruptions to supply chains and delays in sourcing component parts. The Company has sufficient material to deliver current orders and will aim to meet future demand through commercial terms that protect lead times and force majeure events. The Company has also created work-from-home procedures to manage business continuity risks if required.

## Climate Change

HTG's services could be impacted by significant adverse weather conditions such as hurricanes, cyclones, or high winds impacting on the operation of its equipment or other adverse weather conditions or floods impacting third party networks on which the Company depends, which could have an adverse impact on future operations and profitability. HTG recognises that adverse climate change events may have an adverse impact on the general economic climate in which it operates, may impact the supply and price of hardware components and may adversely impact HTG's logistics.



# International offer restrictions

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.



# Material Contracts

The Company has entered into an underwriting agreement with MA Moelis Australia Advisory Pty Ltd (ABN 72 142 008 446) (**Underwriter**) (**Underwriting Agreement**), pursuant to which the Underwriter has agreed to be the sole and exclusive bookrunner, lead manager and underwriter to the Entitlement Offer on the terms and conditions of the Underwriting Agreement.

The Underwriter has agreed to underwrite the Institutional Entitlement Offer up to \$3.0 million.

The Underwriter will be paid the following fees (excluding GST) for providing these services:

- (a) a management fee of 2% of the funds raised under the Institutional Entitlement Offer;
- (b) an underwriting of 3% of the amount raised under the Institutional Entitlement Offer, (excluding any portion of the institutional offer amount received from subscriptions of institutional acceptance securities);
- (c) a management fee of 2% of the funds raised under the Retail Entitlement Offer; and
- (d) a selling fee of 3% of the funds raised under the Retail Entitlement Offer from subscriptions of retail shortfall securities that the Underwriter has procured.

Further to the above, HTG may resolve to pay a discretionary incentive fee of up to 1.0% of the total funds raised under the Entitlement Offer to the Underwriter.

The Company must also pay to the Underwriter other reasonable costs and expenses including legal and out-of-pocket expenses incurred by the Underwriter in relation to the Entitlement Offer.

The Underwriting is subject to termination events, some of which are materially qualified and have been marked with an “\*”. The termination events are set out as follows (with terms as defined in the Underwriting Agreement unless otherwise marked):

- (a) (**Offer Materials**) Any of the offer materials, was, at the time of issue, false, misleading or deceptive (including by omission) or likely to mislead or deceive or a matter required to be included (having regard to section 708AA of the Corporations Act and other applicable laws) is omitted from the offer materials.
- (b) (**quotation of Offer Securities**) Unconditional approval is refused or not granted to the quotation of all the Offer Securities on the ASX before the Institutional Issue Date, or if such approval is granted, the approval is withdrawn or qualified.
- (c) (**withdrawal**) The Issuer withdraws one of the Offer Materials, the Offer or any part of the Offer.
- (d) (**Timetable**) Any event specified in the Timetable is delayed for more than 1 business day without the prior written approval of the Underwriter.
- (e) (**ASX actions**) ASX does any of the following:
  - (i) announces or makes a statement to any person that the Issuer will be removed from the official list of ASX or Shares will be suspended from quotation, other than any announcement by ASX of a trading halt or suspension made in accordance with the Timetable;
  - (ii) removes the Issuer from the official list; or
  - (iii) suspends the trading of Shares for any period of time, other than any trading halt or suspension made in accordance with the Timetable.
- (f) (**Change in management**) A change in the executive management or in the board of directors of the Issuer (or any Group Members) occurs.
- (g) (**Offence**) Any director or executive member of management of the Issuer is charged with a criminal offence, or a director of the Issuer is disqualified from managing a corporation under the Corporations Act.
- (h) (**Fraud**) The Issuer or its directors or officers (as these terms are defined in the Corporations Act) engage in any fraudulent conduct or activity in connection with the Offer;
- (i) (**Insolvency event**) Any one of the following occurs:
  - (i) the Issuer (or any of its Group Members):
  - (ii) being or stating that it is unable to pay its debts as and when they fall due; or
  - (iii) failing to comply with a statutory demand;
  - (iv) any step being taken towards:
    - (A) the appointment of a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official in relation to, or to any property of, the Issuer (or any of the Group Members); or
- (B) the Issuer (or any of the Group Members) being wound up or dissolved or entering into a scheme, moratorium, composition or other arrangement with, or to obtain protection from, its creditors or any class of them or an assignment for the benefit of its creditors or any class of them;
- (C) circumstances existing which would permit a presumption of insolvency in relation to the Issuer (or any of the Group Members) under section 459C(2) of the Corporations Act, or
- (D) anything analogous or having a substantially similar effect occurring in relation to the Issuer (or any Group Member).
- (j) (**market fall**) The S&P/ASX 300 Index falls by an amount that is 10% or more of the level of that index at the close of trading on the day before the date of this document.
- (k) (**ASIC inquiry into Offer**) ASIC issues or threatens to issue proceedings in relation to the Offer or commences, or threatens to commence any inquiry or investigation in relation to the Offer.
- (l) (**Material adverse change**) There is a material adverse change in the financial position, results, operations or financial prospects of the Issuer.
- (m) (**Political or economic conditions**) There occurs, in the Underwriter’s bona fide opinion, any adverse change or disruption to the political conditions or financial markets of Australia, the United Kingdom, Hong Kong, Singapore, the United States of America or the international financial markets or any change or development involving a prospective adverse change in national or international political, financial or economic conditions, the effect of which makes it impractical or inadvisable (in the bona fide opinion of the Underwriter) to proceed with the issue or enforce contacts to issue the Offer Securities.
- (n) **\*(Breach of document)** The Issuer is or becomes in default of any of the terms and conditions of this document or a representation or warranty by the Issuer is or becomes misleading or deceptive or is or becomes false or incorrect.
- (o) **\*(Change in laws)** There is introduced into the Parliament of Australia, the United States Congress, or any State in Australia or the United States, any law or prospective law (or any such law or prospective law is publicly contemplated):
  - (i) that is reasonably expected to adversely affect investors in the Issuer; or
  - (ii) which does or is likely to prohibit, restrict, regulate or otherwise affect the Offer, capital issues or stock markets.
- (p) **\*(Hostilities)** There is an outbreak or escalation of hostilities in any part of the world, whether war has been declared or not, or an act or acts of terrorism, involving one or more of any one or more of Australia, United States, United Kingdom, People’s Republic of China, Hong Kong, Singapore, Taiwan or Korean Peninsula.
- (q) **\*(Banking moratorium)** A general moratorium on commercial banking activities in Australia, Hong Kong, Singapore, United States or United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries.
- (r) **\*(Failure to comply)** The Issuer or any Group Member fails to comply with any of the following:
  - (i) the Corporations Act or any other applicable laws;
  - (ii) the Listing and Market Rules;
  - (iii) the Constitution or other constituent documents;
  - (iv) any legally binding requirement of ASIC, the ASX or other Governmental Agencies; or
  - (v) any material agreement entered into by it.
- (s) **\*(ASIC investigations)** ASIC commences or gives notice of an intention to commence:
  - (i) a prosecution of the Issuer or any director or employee of the Issuer; or
  - (ii) a hearing or investigation into the Issuer.



# References

- 1 MarketsandMarkets™ Report, Maritime Satellite Communications, Market Value by Service 2022, Published Date: June 2020 | Report Code: TC 4008
- 2 MarketsandMarkets™ Report, Military Communications Market, Market Value 2021, Published Date: November 2020 | Report Code: TC 2356
- 3 Emergen Research Report, Video Surveillance Market, Market Value 2021, Published Date: October 2020 | Report ID: ER\_00209
- 4 MarketsandMarkets™ Report, Global Markets Wearable Report, Industrial Wearable Market, Market Value 2022, Published Date: November 2019 |
- 5 MarketsandMarkets™ Report, UAV – (Unmanned Aerial Vehicle) 2021 value 27.4BUSD, Published Date: June 2021 | Report Code: AS 2802
- 6 Research Nester, Assessment of the Global Video Streaming Infrastructure Market, Published Date: September 2020
- 7 Northern Sky Research, Maritime Satcom Markets 9<sup>th</sup> Edition, Published Date: July 2021
- 8 McKinsey Global Institute Connected World discussion paper Published Feb 2020, McKinsey Global Institute & World Economic Forum Future of Jobs report Oct 2020
- 9 Company websites and filings, Retrieved Date: November 2021
- 10 Fortune Business Insights™, Commercial Drone Market, 2021-2028, Published Date: June 2021 | Report Code: FBI102171
- 11 Bandwidth Planning in your Cisco WebEx Meetings Environment White Paper, April 13, 2021, Table 4. WebEx Meetings Bandwidth per Resolution Table, 720p main video

**Data.**  
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