



Announcement to ASX

ASX Code: HTG

July 31, 2020

ACTIVITIES REPORT – JUNE QUARTER 2020

HIGHLIGHTS:

- Harvest Technology Group achieved more than \$11.7 million in annual revenue (unaudited) by end of June 2020, a historical record for the Group
- Successful raise of \$10 million (before costs) via a private placement ensuring the Group is well capitalised to continue execution of its growth strategy
- Appointment of retired Major General Jeffrey Sengelman as Chairman of the Group
- Quarterly cash receipts of \$4.4m and positive operating cashflow of \$0.1m with cash balance of \$11.3m at end of quarter
- Harvest Infinity entered into an agreement with Applied Satellite Technology Australia (AST) to jointly market and distribute its proprietary remote communication technology

July 31, 2020: Harvest Technology Group Limited (ASX:HTG) (**Group**) is pleased to announce a successful close to the financial year 2019-2020 with \$11.7m in revenue (yet to be audited) and cash balance of \$11.3m. This result reflected a solid project performance with the VOS Shine and increased take-up of Infinity products.

GROUP NAME CHANGE

On April 2, 2020, following approval from shareholders at the general meeting in March, the group name was changed to Harvest Technology Group Limited and the ASX code changed to HTG. All communications and collateral have been successfully rebranded and we have received positive feedback from our clients and customers.

CHAIRMAN

On June 2, 2020, the group appointed Mr. Jeffrey Sengelman as an independent non-executive Chairman. A retired Major General in the Australian Defence Force, Jeffrey has had a distinguished career spanning almost 40 years, most recently as Special Operations Commander, Australia. He has been a trusted senior adviser to both Government and the Chief of the Defence Force on security issues of national significance, and a principal adviser on Counter Terrorism.

Jeffrey's extensive national and international experience in security, defence and technology will guide and realise the Group's strategy for growth and development.



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CAPITAL RAISE

In June 2020, Harvest received binding commitments to raise \$10 million in new equity via a fully committed share placement to a mix of existing, institutional, and sophisticated investors. The placement was completed at an issue price of \$0.135 per share and 74,074,074 new fully paid ordinary shares were issued at the end of June.

Proceeds from the placement are being used to support and accelerate planned product and software development initiatives, progress new strategic partner alliances to increase market penetration, and for ongoing working capital requirements.

The Group has a unique opportunity in the multi-billion dollar satellite communications sector to increase growth with the use of its industry-agnostic proprietary technology that allows real time, secure, encrypted high definition transfer of video, audio and data from anywhere in the world. The funds will provide the Group with the ability to take advantage of this opportunity and embark on a program of product development and increased speed to market.

This development program will realise the expansion of the Group's communication technology into a Software as a Service (SaaS) platform, media and data transfer capabilities, as well as the control of unmanned devices through the Internet of Things (IoT) aided by machine learning. This represents material progress in the Group's objective of facilitating viable Artificial Intelligence (AI) driven data collection and analysis and remote robotic control aided by Augmented Reality (AR).

HARVEST TECHNOLOGY

\$10M ANNUAL REVENUE THRESHOLD ACHIEVED

Harvest Technology Pty Ltd achieved its first threshold target of \$10 million in annual revenue by end of the March 2020 quarter. In accordance with the terms of the Sale and Purchase Agreement and in response to performance, 25 million fully paid ordinary shares were issued to the vendors of Harvest Technology, a wholly owned subsidiary, in April 2020.

OPERATIONS

In late April, Harvest Technology and Lloyds Register Australia used the Infinity technology to undertake a remote survey trial during the Annual Survey on the VOS Shine in Adelaide, South Australia. The trial was conducted on day two of the Annual Survey, with the Vessel Manager wearing an Infinity Wearwolf™ headset onboard the vessel, receiving instructions and feedback from two Lloyd's Register Surveyors located in their office in Perth, Western Australia, via a Nodestream Mini Decoder. The video from the Infinity Wearwolf™ was also distributed by an AVR2 and viewable online by other members within Lloyds Register through our AVRLive web client interface.



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The Infinity Wearwolf™ was successfully proven as a valuable means for facilitating Remote Vessel Surveys with different resolutions, a range of different bandwidths, all camera zoom levels, lighting and the noise-cancelling functionality. The remote survey was captured with a series of videos to confirm the quality of video and audio, and Lloyds Register have since developed a report about the technology with intent of seeking Classification Body approval to utilise the technology for future vessel surveys. With travel restrictions being implemented globally, the success of the trial has demonstrated the Infinity Wearwolf™ as a viable tool for facilitating remote operations throughout the COVID-19 pandemic and beyond.

The June 2020 quarter ended with the Shine alongside in Adelaide following a period of maintenance, annual surveys and standby. The vessel is currently being readied for projects along the Western Australian coast, scheduled for delivery during Q3 2020. Operational conditions for industry continue to remain challenging in the face of border closures, travel restrictions and quarantine requirements.

HARVEST INFINITY

OPERATIONS

March 2020 brought with it a period of uncertainty due to the global health crisis that remains ongoing. COVID-19 presented exceptional circumstances that called for the increased use of remote technology. With border closures and travel restrictions, Harvest Infinity (**Infinity**) were able to provide clients with the flexibility to undertake inspections without the need for specialist personnel to travel from across the world. Infinity technology has the advantage of ensuring work can continue in any location, eliminating the need for physical interaction with others, by delivering data directly back to decision-makers and support services located in an office, at home or elsewhere globally.

The number of enquiries for the Infinity product range increased, as well as the number of demonstrations and trials, in particular sales of both the Infinity Wearwolf™ wearable headset and the Nodestream Mini Decoder tripled during the quarter.

Subsequent to quarter end, in July 2020 Infinity formally released the UAV (Unmanned Aerial Vehicle) integration software platform. The feature set development of its communication software platform has been advanced to include the integration of UAV feeds to the Infinity Wearwolf™ wearable device. The integration is industry agnostic and can be operated under license to allow for mission-critical live video to be streamed directly from a UAV via a pilot operator wearing an Infinity Wearwolf™ headset. Two-way audio transmission is standard and the system is designed specifically for remote applications that primarily require satellite connectivity however is capable of being used on any network.

The Infinity encrypted protocol utilises the next generation encryption Gimli block cypher to achieve unmatched levels of high security with high performance across a broad range of device platforms. Part of the United States Government National Institute of Standards and Technology (NIST) Lightweight Cryptography (LWC)



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Standardisation Project, Gimli, is designed for energy-efficient hardware and offers a high-level security block cypher with a 384-bit permutation. Combined with forward error correction and temporal redundancy, the Infinity protocol is robust enough to handle the worst satellite connections, patchy terrestrial networks, as well as congested networks.

This enhancement of the technology extends the operating envelope for UAV owners and operators already conducting aerial mapping, modelling, surveys and inspection activities in remote areas, by allowing their clients to have real-time access to collected information. This is the first step of many towards remote control systems for UAV's.

PARTNER RELATIONSHIPS

Harvest Infinity Pty Ltd (Harvest Infinity) signed an initial Agreement with Applied Satellite Technology Australia Pty Ltd (AST) on April 20, 2020, to jointly develop, market and distribute the Harvest Infinity proprietary remote communication technology through AST's global satellite connectivity network. Underway is the development of a further contractual arrangement with the expectation that this will be finalised by end Q1 of FY2021.

The June quarter also saw further inroads being made into the development of a global partner relationship with RealWear Inc. in the USA.

GROUP STRATEGY

Following the completion of the capital raise, the group has initiated the development strategies around its product roadmap, including future resource planning. The roadmap and supporting strategy documents are expected to be finalised within the coming weeks. Enhancement of both the communication software platform and the remote-control platform are at the forefront of the Group's development planning in the move towards Software as a Service (SaaS).

The Group are also working on a strategy for expansion into the USA and UK markets, with a view to engaging key business development operatives in both regions in Q3 2020.

APPENDIX 4C

Please refer to the attached 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 June 2020 quarter.



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Name	Position	Amount	Description
Paul Guilfoyle	Managing Director	\$80,755	Salary plus Super
Marcus Machin	Non-Executive Director	\$20,393	Directors Fees (<i>includes reimbursable costs</i>)
Rod Evans	Non-Executive Director	\$12,500	Directors Fees

FROM THE MANAGING DIRECTOR

“It has truly been an eventful year for the group with the import of the VOS Shine and execution of a number of projects across Australia, acquisition of Harvest Infinity, group rebranding, appointment of a new Board, Chairman and Company Secretary, release of the Infinity range of products, collaboration agreements with Fugro and AST Australia, and two successful capital raises totalling more than \$10 million”, said Paul Guilfoyle, Group Managing Director.

“COVID-19 has created significant challenges for our business and our people, however it has also afforded us the opportunity to showcase the value of our technology. The pandemic has in effect expanded our market potential and we have seen increased levels of enquiries and sales over the past four months. Our team is looking forward to the future with the planned roll-out of downloadable decoder software, growing our partnerships with Fugro, AST and Realwear, and extending our business into the US and UK/European markets.”

This announcement was authorised for release by Paul Guilfoyle, Managing Director.

For further information please contact:

Mr. Paul Guilfoyle

Managing Director – Harvest Technology Group Limited

Tel: +61 8 6370 6370

About Harvest Technology Group

Harvest Technology Group Limited (ASX:HTG) is an Australian operated group of companies whose portfolio includes Harvest Technology Pty Ltd and Harvest Infinity Pty Ltd. Harvest Technology is a bespoke subsea technology solutions provider for the energy, resources, and renewables sectors. Harvest Infinity is an innovation company developing remote control, communication, automation and monitoring solutions.

To learn more please visit:

www.harvest.technology

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")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,352	11,785
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,809)	(7,340)
(c) advertising and marketing	(5)	(31)
(d) leased assets	(24)	(1,438)
(e) staff costs	(860)	(3,020)
(f) administration and corporate costs	(298)	(2,053)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(126)	(442)
1.6 Income taxes paid	(154)	(154)
1.7 Government grants and tax incentives	50	50
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	128	(2,640)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	(3,500)
(c) property, plant and equipment	(43)	(98)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	12
	(d) investments	-	300
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	14	271
2.6	Net cash from / (used in) investing activities	(29)	(3,015)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	10,000	11,201
3.2	Proceeds from issue of convertible debt securities	-	4,000
3.3	Proceeds from exercise of options	184	300
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(116)
3.5	Proceeds from borrowings	-	1,000
3.6	Repayment of borrowings	(368)	(1,595)
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	9,814	14,790

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,394	2,172
4.2	Net cash from / (used in) operating activities (item 1.9 above)	128	(2,640)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(3,015)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,814	14,790
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	11,307	11,307

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	11,307	1,394
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)	11,307	1,394

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

113

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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

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

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	4,000,000	4,000,000
7.4 Total financing facilities	4,000,000	4,000,000

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.

7.3 - Convertible note funds received in November 2019 as approved by shareholders at the AGM. Interest accrues at 9% pa and is paid quarterly.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	128
8.2 Cash and cash equivalents at quarter end (Item 4.6)	11,307
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	11,307
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	88

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:

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:

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:

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: 31 July 2020

Authorised 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.