



# ANNUAL REPORT 2022

**Solving** Remote





**OUR PURPOSE**

**TO DELIVER TECHNOLOGY**

**THAT TRANSFORMS**

**HOW ORGANISATIONS**

**MANAGE REMOTE**

**OPERATIONS**

# ABOUT US

Harvest Technology Group Limited (ASX: HTG) is a global leader in the delivery of technology, enabling people to connect and transfer real time, high-fidelity data, video and audio from anywhere in the world regardless of location, network quality or congestion.

Live, high quality and reliable data transmission is critical for real-time decision-making. Achieving this in harsh and remote environments with weak and congested networks can be exceptionally difficult. HTG's 100% proprietary technology is industry and device agnostic and provides high-fidelity encrypted connectivity utilising the lowest latency and smallest bandwidth possible.

Founded in Australia with headquarters in Western Australia and regional bases in the United Kingdom and the United States of America, HTG products are diversified across various software applications and hardware devices to provide customers with tailored end-to-end solutions.

HTG is the parent entity to wholly owned subsidiaries, Harvest Technology Pty Ltd, Harvest Infinity Pty Ltd, Harvest Defence Pty Ltd, Harvest Technology (UK) Ltd, and U.S based Opsivity Inc.

Visit [www.harvest.technology/](http://www.harvest.technology/) for more information.

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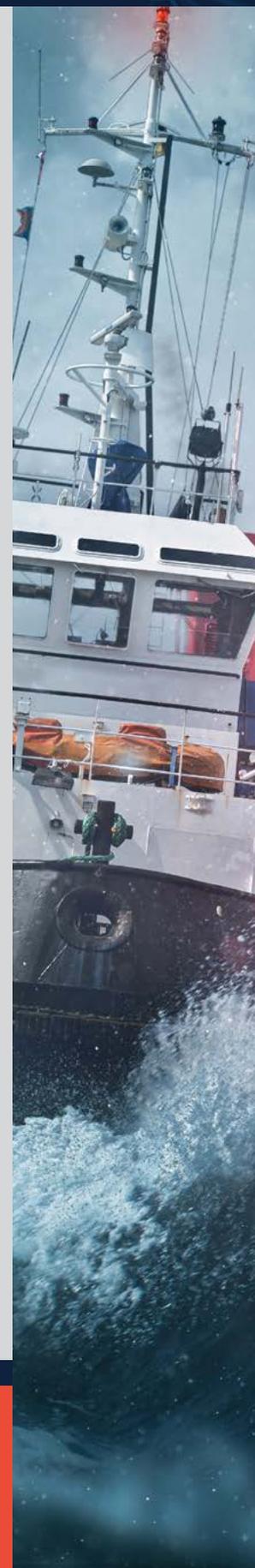
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## ANNUAL GENERAL MEETING

The AGM will be held at 2:00pm (AWST) on Tuesday November 8, 2022, virtually and at Botanicals 2&3, Lower Level, Crown Perth Convention Centre, Great Eastern Highway, Burswood WA 6100.

Further details will be available at [harvest.technology/investors](https://harvest.technology/investors)

HARVEST TECHNOLOGY GROUP LIMITED. ABN 77 149 970 445. REGISTERED IN AUSTRALIA



# FY2022 HIGHLIGHTS

Key priorities for the Group entering FY2022 were; continuing to target the speed to market for new applications, expansion into the U.S. market to capitalise on available opportunities, establishment of global reseller and strategic partner relationships, accelerating innovation through research and development, and the implementation of production and management systems to support global scalabilities of our leading-edge Infinity technology.

## THE MAIN HIGHLIGHTS OF FY2022:

- ◇ Achievement of final milestones to transition from Phase 1 to Phase 2 of our Three-Phase Strategic Plan:
  - Successful redelivery of VOS Shine vessel to Singapore on completion of its two-year charter, pivoting the Group to transition away from vessel operations and focus solely on network-optimised remote operations technology solutions;
  - Relocation of Perth-based personnel to purpose-designed innovation hub at Technology Park in Bentley, Western Australia; and
  - Launch of US-based Opsivity Inc., and rebranding of SnapSupport products as Opsivity™.
- ◇ Successful raise of \$9.8m (before costs) through a separate placement and accelerated non-remunerable entitlement offer during the year to accelerate expansion and fund working capital needs.
- ◇ Execution of formal worldwide reseller agreement with Speedcast, leading communications and IT services provider.
- ◇ Marlink, the world's leading provider of end-to-end management smart networks solutions, signed a global reseller agreement to resell Infinity suite of products to its customers, including access to 20,000 vessels within its network.
- ◇ Signed Memorandum of Understanding with Inmarsat to become a development partner for Inmarsat VELARIS partner network for the unmanned aerial vehicle (UAV) sector, which provides access to Inmarsat's global satellite connectivity and the opportunity for the Group to scale its solutions into new sectors and geographies.
- ◇ Entered a Master Services Agreement with Inmarsat to join its new maritime initiative as a Certified Application Provider. Inmarsat is the world-leader in communications at sea with more than 45,000 connected vessels across the globe.
- ◇ Established the Group as a member of the Inmarsat Enterprise Application and Solution Provider (ASP) program.
- ◇ Launched flagship Remote Inspection System (RiS™) into the global market.
- ◇ Signed a reseller agreement with RSM Australia, a 100-year-old professional services company promoting technology to improve efficiency and sustainability, and reduce costs, for its customers across a range of industries and government.
- ◇ Jointly with Inmarsat Aviation, delivered a new innovative solution for Beyond Visual Line of Sight (BVLOS) operations for small commercially deployed UAVs (i.e. drones) livestreaming high-quality video at less than 100kbps.
- ◇ Commenced operational deployment studies to explore opportunities to integrate our unique Nodestream™ bandwidth optimisation technology with Cisco's Webex connectivity platform.
- ◇ Established a new division to focus on and take advantage of the growing demand for connectivity and control solutions from defence and government organisations.
- ◇ Established U.K. and U.S. sales branches to support Infinity product and solution sales activities across the Americas, U.K. and EMEA regions and complement our existing team in the APAC region.
- ◇ Continued to invest in R&D initiatives consistent with our technology roadmap and made significant progress in advancing key new product developments towards beta trials.
- ◇ Supplied multiple Nodestream™ systems to eight vessels in TechnipFMC fleet with further expansion into onshore remote operations centres due in 2023.

# CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the Harvest Technology Group Board of Directors, I am pleased to present to you this Annual Report of the Group's performance for the financial year ended June 30, 2022.

In the twelve months since our last report, we have advanced substantially into Phase Two of our Strategic Plan. As you might recall, this called for the further development of our company's proprietary technology, achievement of significantly increased income diversity, considerably expanded numbers of clients and a strong emphasis on recurring revenue growth. Progress across all these areas has been substantial. In the face of profoundly demanding economic circumstances and arduous market conditions, these achievements help illustrate the continuing soundness of the Strategic Plan, the capacity of the Group to deliver in adversity and highlight the growing take-up of technologies and services being offered by Harvest Technology Group to global markets.

But this past year has also included enormous external challenges that have not only impacted Harvest Technology Group, but also much of the world. This included a weakening global economic outlook and a range of significant geopolitical uncertainties with ongoing potential to impact on many of the markets in which we operate. Amidst these headwinds, our team remained agile and resilient and worked hard to increase cash flow, grow our customer base, and establish a vigorous pipeline of new business opportunities.

## THE YEAR IN RETROSPECT

Near the end of 2021, the Board recognised the potential of emerging international events to detrimentally impact on global markets and economies. To mitigate some of these risks, a decision was made and achieved, to secure sufficient operating capital to allow the Group to successfully navigate through an extended period of economic uncertainty.



At the same time, we prioritised efforts to realise the full potential of our Infinity suite of products and solutions in targeted domestic and international markets. This involved deferral of lower priority initiatives and a significant effort to enhance and pursue marketing and business development activities to secure contracts, increase customer numbers, and grow revenue. A significant focus and effort that will continue into 2023.

Concurrently, we explored and applied a range of actions to vigilantly manage costs with a view to improving efficiencies, closely controlling operating costs, preserving our cash flow and setting the conditions for future strong growth with our expanding portfolio of customers. This included a strong emphasis on value-adding with our existing partners, which has stood us in good stead given the uncertain market conditions.

In addition to focussing on growth in our core segments and revenue, we have continued work to ensure our Strategic Plan and Vision for the Group remains well designed for its purpose and sets favourable conditions to realise significant commercial opportunities in the global technology sector, including partnering with several established global companies.

Notwithstanding initiatives to reduce operating costs and adapt our business model, the Group has deliberately sustained considerable investment in R&D. New and emerging innovations in our Infinity technology portfolio are delivering real dividends, with a range of internationally relevant category leading products that have applications across many sectors including Maritime, Information Technology, Communications, Space, National Security, Defence, and Energy and Resources. This has and will continue to ensure our products and solutions remain at the leading-edge within an ever-evolving global marketplace.

The cumulative result means Harvest Technology Group is well positioned to weather economic challenges and realise its full commercial potential as an internationally recognised and respected

provider of world-class and category-leading communications technology and services through its Infinity suite of products and solutions.

## LOOKING AHEAD

As we look to the future, we see international circumstances and markets remaining volatile throughout the next twelve months. Despite these transitory challenges, we also see enormous opportunities that we will remain active in pursuing. Shipping companies supporting global logistics, international telecommunications, unmanned aerial vehicles, and Defence are all examples of sectors where growth opportunities for our technology is increasing. Harvest Technology Group is actively engaged across these sectors.

In the next year, we are seeking to increase recurring revenue, onboard new customers, and grow licence numbers and services with existing partners and customers managing large fleets . Concurrently, Harvest Technology Group will continue to embrace significant commercial opportunities in the technology sector for established premier international customers through its Infinity range of products. Throughout, we will continue to strengthen our sector and technical know-how, both here and overseas and focus on bringing new innovations to market.

As always, People remain the most important pillar in Harvest Technology Group. Their professional development and welfare has always been of paramount importance to the business, and this will continue to be a priority focus. Our existing team continues to strengthen in expertise, experience, diversity, and resilience. This, more than anything, will remain the foundation of our success.

## IN APPRECIATION

I very much understand the responsibility and trust you have placed in me. In partnership with the Board and in collaboration with the Managing Director and Executive team, I undertake to lead, inspire and role model with the utmost integrity and ethics, to deliver positive results and steadfastly contribute to what will define commercial success for the Group and its shareholders.

I thank all our Directors for their continued dedication and guidance to the Group. On behalf of the Board, I especially wish to express our appreciation to all our stakeholders – shareholders, employees, principals, customers, and business associates – for your continued trust and confidence in Harvest Technology Group.

As I close and commend to you this Annual Report, I am reminded of how far we have come and how much has been achieved within an incredibly short period. Despite considerable international challenges and uncertainty, our plan is sound, our technologies are world-class, our team is excellent, and we absolutely remain on course to realise sustained growth, increased revenue, and secure exciting new commercial opportunities.



**Jeff Sengelman DSC AM CSC**  
Chairman

***FY2022 was a year of successful transformation for Harvest. With a sound plan, world-class technology, and people excellence, I am confident we remain on course to create enduring value for our shareholders, customers, and partners.***

# CHIEF EXECUTIVE OFFICER'S REVIEW



Dear Fellow Shareholders,

As a global technology group that transforms how organisations manage remote operations, Harvest Technology Group is well positioned to understand and meet this complex moment. Leveraging technology, we enable safer, greener, and more efficient remote operations to make a better tomorrow for people and the environment.

Although I begin this annual letter to shareholders amidst a global pandemic, geopolitical tensions – including the war in Ukraine – and increasing inflationary and climate pressures, I reflect on why we embarked on this mission in the first place and our Company's Herculean achievements so far. We use technology to solve human problems. Whether it's telehealth or maintaining safety on a vessel, our tech keeps people safe and connected. And never has it been more relevant than it is today.

We have long championed the essential role of our People. Our People enable our Company to continue to innovate, grow and adapt. Despite de-stabilising external factors, we have remained focused on upholding the highest of standards while serving our customers and shareholders.

Whilst I acknowledge that the year ahead will be challenging, I am pleased to report on what has been a strong year for our Company. This is an exciting time for us, and we are energised by the opportunity to lead Harvest through the next stage of growth as part of Phase 2 of our Strategic Plan. In that context, we remain confident that the size of the international market that our products are being sold into will continue to increase.

Looking at the year in retrospect, our financial discipline and constant investment in maintaining a longer-term view on technology innovation has undoubtedly placed us in a strong product position for next year. Further, the ongoing development of our team has enabled us to persevere in our steadfast dedication to help clients, solve industry problems and create products that are enabling us to successfully expand our global footprint, grow our customer base and diversify sales into new industries.

As a result of this investment in our People and our technology, our product roadmap for next year is set to bring together our protocol with new platform applications into a new unified communication platform. We anticipate this will significantly broaden our applicable markets along with streamlining our ability to scale the technology.

To support this effort, we have now established an active marketing presence in the U.K. and the U.S. staffed by highly experienced personnel. Their contribution is already evident in the developing pipeline of business opportunities across multiple sectors.

Revenue for the year ended June 30, 2022, was \$4.8 million, representing a decline of \$3.5 million on the previous year. The drop was directly attributed to the discontinuation of vessel operations following the redelivery of the VOS Shine vessel in October 2021.

Revenue earned from the sale of remote communications technology was adversely impacted by COVID-19 implications in particular affecting offshore sector operations, with cancelled/delayed projects and travel restrictions having an impact. This resulted in a net loss of \$14.5 million for the year ended June 30, 2022.

Importantly, \$0.8 million of this loss was a non-recurring cost associated with the VOS Shine and an additional \$2.2 million related to non-cash expenses. Further to this the company invested \$4.9 million in continued research and development across Australia and the U.S. and \$900,000 on the development of our new facility at Technology Park in Bentley.

I'd like to highlight some steadfast principles that are worth repeating. The first is that we recognise the diverse nature of our investor base and the commitment we uphold to you, our shareholders. Our management team goes to work every day recognising the enormous responsibility that we have towards you.

Second, the success of the Company is built on the continued investments in our People, systems, and products, in good and bad times, to build our capabilities. These important investments will also drive our future prospects and position the Company to grow and prosper during the years ahead.

I offer my sincere appreciation to our Board and shareholders for their support during the past twelve months as we have implemented and transitioned through the Strategic Plan. I would like to thank our team for their hard work over the last year. While the challenges of the global pandemic have been a difficult time for all, without the dedication of our excellent People, our outlook wouldn't be as strong.

**Paul Guilfoyle**  
Group Chief Executive Officer

A handwritten signature in black ink, appearing to be 'Paul Guilfoyle', written over a faint circular graphic element.



# DELIVERING VALUE & POSITIONING FOR THE FUTURE



# STRATEGIC PLAN

## VISION & STRATEGY

We have a vision of becoming a globally recognised leader in innovative technology that enables smarter remote operations. To achieve this, we have adopted a Three-Phase Strategic Plan which was released to the market in October 2020. The Strategic Plan articulates why and how we are moving to realise our Vision and is built upon a foundation of our people and their values, integrity, and talent.

The framework for our strategy is robust, simple, and agile. It focuses on implementation of the steps required for a global roll-out of our leading-edge technology. The framework consists of the following three (3) phases:

- ◇ Phase 1 – Improving speed to market and setting course for scalability
- ◇ Phase 2 – Establishing income diversity
- ◇ Phase 3 – Expansion and growth

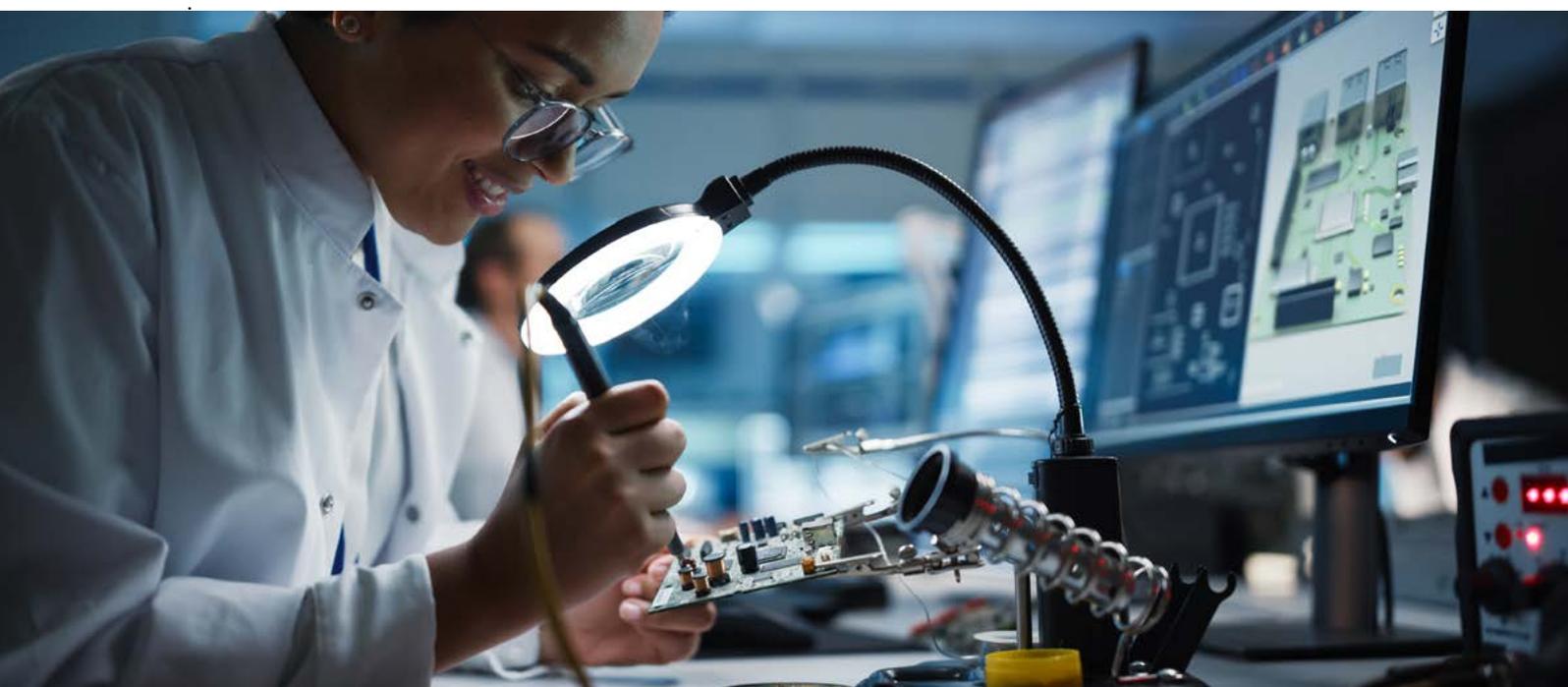
These phases are underpinned by a series of synchronised implementation plans that address the challenges of successfully growing an organisation, transitioning to new markets and sectors as well as significantly scaling up for growth. The strategy uses a conditions-based methodology to ensure the foundations for success are established before proceeding onto more ambitious phases thereby reducing risk, cost, and complexity.

Phase 1 commenced in 2020 and focused on significantly improving the speed to market for new applications and building production and management systems to enable scalability. Emphasis was placed on development of global alliance and sales opportunities and the ramping up of resources to support innovation, business development, and expansion into the U.S.

Phase 2 of the plan focuses on income and customer diversity and transitions our majority focus away from the energy and resources sector to drive customer and income diversity across multiple sectors including defence and government, maritime, aviation, utilities, and broadcasting and conferencing, and establishing a presence in the U.K. and EMEA regions.

Phase 3 of the plan will see the Company continue to transition the business model and have income producing operations in U.S. and EMEA regions, whilst establishing further presence in Asia. The Company will be seen as a trusted and reliable provider of quality services in Australia and will seek to move into the consumer-based market, with development of key third-party relationships in this arena, as well as establishment of relationships within the Defence, Space and National Security communities as we aspire to become a trusted provider to 5VEY and Primes.

The Strategic Plan remains our guiding light for planning, development, and execution, and we continue to execute against the objectives set out in each phase.



## DELIVERING ON PROMISE

This year has been a year of significant change for the Group. In October 2021, we transitioned out of vessel operations to become a business solely focused on delivering best-in-class innovative technology. At the same time, we transitioned from Phase 1 to Phase 2 of our Strategic Plan. Phase 1 was completed with redelivery of the VOS Shine to Singapore on October 4, and the launch of Opsivity™ on October 6, 2021.

Consistent with Phase 2 of the Plan, during the past year we have:

- ◇ Launched our proven flagship RiS™ system to the global market in March 2022 and subsequently released the system update.
- ◇ Executed several key reseller agreements during the year, including Speedcast (global satellite provider), Marlink (a leading global provider of end-to-end smart network solutions) and RSM Australia (a leading professional services firm).
- ◇ Established U.K. and U.S. sales branches to support Infinity product and solution sales and marketing activities across the Americas, U.K. and EMEA regions and complement our existing team in the APAC region.
- ◇ Signed a Memorandum of Understanding with Inmarsat to become a development partner for Inmarsat VELARIS partner network for the unmanned aerial vehicle (UAV) sector which provides access to Inmarsat's global satellite connectivity and the opportunity for the Group to scale its solutions into new sectors and geographies.
- ◇ Entered a Master Services Agreement with Inmarsat, a world-leader in communications at sea, to join its new maritime initiative as a Certified Application Provider. Inmarsat is the world-leader in communications at sea with over 45,000 connected vessels across the globe.
- ◇ Launched Opsivity™ to the US market.
- ◇ Released enhanced v2 Nodestream™ application.
- ◇ Established the Group as a member of the Inmarsat Enterprise Application and Solution Provider (ASP) program.
- ◇ Doubled resources in global sales and marketing team and technical support teams to support regional expansion.
- ◇ Started new defence division under Harvest Defence Pty Ltd and commenced defence readiness assessment.



### SPEED & SCALABILITY

- Development and delivery of downloadable Infinity Wearwolf™ decoder software application
- Building production and management system to enable scalability
- Advancement of existing Infinity product suite development
- Ramping up of resources to support innovation, customer success, business development activities, and expansion into the US and European regions
- Establish relationships with global industry solutions and services providers and wearable manufacturers

### INCOME DIVERSITY

- Transitioning the business model to diversify customer base
- Development and release of downloadable Infinity Nodestream™ decoder software application
- Move People and resources into central facility
- Develop alliances with global industry solutions and services providers and wearable manufactures to access new customer base
- Develop our business in the U.S. and EMEA regions
- Actively seek business opportunities to expand market penetration
- Development of mobile platform

### EXPANSION & GROWTH

- Release of mobile platform
- Establish relationships within the Australian Defence, Space and National Security communities with aspiration to become a trusted provider to 5VEY and Primes
- Explore and develop third-party alliances and opportunities in the Consumer market
- Commence initial exploration and development of business opportunities in Asia

## POSITIONING FOR THE FUTURE

In addition to the pandemic, the past year has provided challenges to the Group and our customers. These include a weakening global economic outlook and a range of geopolitical uncertainties with ongoing potential to impact on the markets in which we operate as well as affect our capacity to expand our business through supply chain and resource constraints.

As a result, we have taken proactive steps to focus on core areas of our strategy and exercise a disciplined focus on spending, recognising that capital market conditions and sentiment across the listed technology sector will remain challenging and with the expectation that economic conditions will remain volatile.

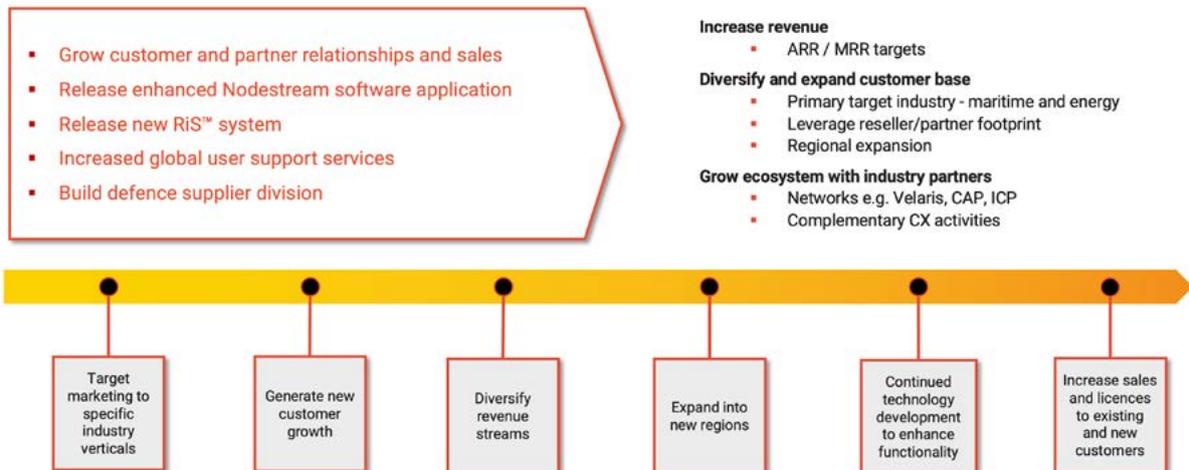
During the latter part of the FY, we experienced a significant increase in opportunities for our Infinity product sales pipeline. These opportunities were predominantly generated through direct sales from our expanded regional sales team, enhanced focus on opportunities in the marine and energy sectors, and growth our relationships with channel partners.

To ensure the Group can optimise its ability to develop opportunities to meet near-term targets, we seized on the opportunity to leverage the growing interest in the Infinity product line. This included taking action by adapting our operational structure to reduce cost exposure and to balance growth and future product development with available resources.

Key changes involved:

- ◇ The U.S. team redirecting its focus to building and supporting sales of the Infinity products throughout the Americas, whilst development work will resume later in the year on the Opsivity™ platform to ready it for integration as an industry specific plugin with the enhanced Nodestream™ software. Once released this will provide Opsivity™ with a very competitive market differentiator.
- ◇ The enhanced Nodestream™ cloud application due for release in FY2023/24 which has been designed to significantly increase the Group’s operational footprint by enabling IoT edge operations through cloud-based networks.
- ◇ Increasing on-ground capacity in the U.K. to support sales and business development activities for Infinity products across the U.K., Europe, Middle East, and Africa regions.
- ◇ The Company’s headquarters in Perth becoming the Centre of Excellence for the Infinity product line, championing key research and development activities and providing corporate, commercial, and marketing support to all three regions.

Throughout, our team has remained agile and resilient and worked hard to increase cash flow, grow our customer base and establish a vigorous pipeline of new business opportunities.





In the year ahead we will remain focused on execution of our Phase 2 strategy, continuing our momentum to grow and diversify our customer base, exercise disciplined focus on spending, progressively reduce our quarterly cash burn rate whilst continuing to develop innovative technology solutions. We plan also to:

- ◇ Continue focus on building and supporting sales of the Infinity product line across our key regions, APAC, U.K./EMEA and the Americas, driven by our recently expanded sales and business development team.
- ◇ Actively seek opportunities to expand market penetration and leverage our technologies into new markets and applications.
- ◇ Establish new long-term strategic partner relationships and expansion of our existing channel partner network across key end-customer channels and regions.
- ◇ Invest in targeted research and development initiatives as we progress hardware and software development projects for specific customer/end-market uses, introduce added functionality to our existing product range, and successfully complete Beta trials with pilot customers for new products to help drive future growth.
- ◇ Seek further opportunities to embed our technology within products and solutions provided by third-parties, similar to current initiatives with Cisco and Inmarsat.

# PEOPLE SYSTEMS & INFRASTRUCTURE

## PEOPLE & CULTURE

FY2022 has been a year of significant change for the Group. In October 2021, we pivoted from vessel operations to become a business solely focused on delivering best-in-class innovative technology. At the same time, we evolved from Phase 1 to Phase 2 of our Strategic Plan, which triggered personnel changes as vessel-associated positions transitioned out of the business.

In line with Phase 2 of our Strategic Plan and to facilitate regional expansion in the Americas, UK and EMEA regions, during FY2022, the sales and marketing team almost tripled from a team of three to a team of eight. The finance team has increased by 25 per cent to support increased activity.

Given the state of the employment market and the increasing need for technology to mitigate operational risks and costs, the ability to source experienced and motivated people has not been without its challenges with recruitment agency costs have increased by up to 25 per cent in FY2022.

Overall, since June 2020, the number of personnel in the Group has increased by 100 per cent, with a 340 per cent increase in software and hardware development personnel for R&D and embedded systems, and integration personnel for Opsivity™ platform development.

It is imperative that we continue to develop a culture of trust, collaboration, and transparency among our people to maintain the foundation for our values to grow. Consolidating our personnel into our Centre of Excellence at our new headquarters in Technology Park (Bentley, WA) in August 2021 was a key step towards making this happen.

Our aim is to reward performance and offer our personnel opportunities to participate in the Group's success. Accordingly, this year we finalised the implementation of our employee remuneration framework. We recognise that fixed remuneration rewards only one part of an employee's value proposition, and in a tight labour market it is important to have robust remuneration practices to ensure pay is competitive with the market and aligned with our strategy.

We offer the chance to work with some of WA's best developers, be involved in the delivery of game-changing technology and participate in a dynamic work environment with flexible arrangements. Further, our Employee Incentive Plan (EIP) introduced in FY2021, saw the first pay-outs made during this year, and we also introduced a new Retention Incentive Plan (RIP) for FY2022 for both existing employees demonstrating exceptional performance and new positions requiring additional incentive.



## INCLUSION & DIVERSITY

We strive toward an inclusive, diverse workplace in which our people can achieve their full potential. We do this by employing, developing, and promoting employees based on merit in a workplace free of discrimination, bullying and harassment. This is reflected in our Diversity and Discrimination and Harassment Policies, and in our hiring practices.

This table provides a breakdown of our employees, senior management team and the Board for the financial years to FY2022.

	FY2019	FY2020	FY2021	FY2022
Female employees	1	2	10	13
Male employees	7	16	30	32
Female executives/senior management	1	1	1	2
Male executives/senior management	3	3	7	4
Female group board members	0	0	0	0
Male group board members	3	4	4	5

There has been a 30 per cent increase in the number of female employees within the business in the past year, lifting the number of female employees to 29 per cent of our workforce at the end of FY2022.

We have also seen an increase of 7 per cent in the number of male employees, primarily in technology development and sales and marketing functions. At the end of FY2022, we had 45 personnel employed across the globe.

Our Diversity Policy is described in the Sustainability section on page 42 and can be located on our website at [harvest.technology/investors](https://harvest.technology/investors).

## LOCAL ENGAGEMENT

We strive to provide employment opportunities that contribute to sustainable social and economic benefits for local people.

During VOS Shine's engagement in Australia, we are proud to have completed all projects and operations utilising 100 per cent local personnel. Additionally, during this time, and working with our crewing partner, we have been a strong advocate for equal employment opportunities deploying crew from a diverse and inclusive cross-section of Australian Maritime crew. We encouraged and supported an inclusive culture that welcomed crew onboard VOS Shine from diverse religious, social and gender backgrounds and of varied ethnicities. We are happy to have had the opportunity to provide employment for five indigenous Seafarers onboard the Shine during her two years in Australia.

For our Australian vacancies, we strive to hire locally from the Western Australian community and were 100 per cent successful during the FY. This was due to a targeted approach to our advertising and utilising local recruitment agencies.

## SYSTEMS & INFRASTRUCTURE

### SYSTEMS

The power of information, innovation, and technology, together with our business management systems, have helped accelerate continuous improvement across our value chain, from the technical requirements of assembly through to the marketing and delivery of our products and solutions.

Continued improvement of the operations systems used within the business remains a focus. Personnel have invested significant time and effort in the development of systems around technology quality assurance and control (QA/QC) and product compliance, as well as the ongoing improvements to the enterprise resource planning system, SAP Business By Design (SAP) to prepare for scalability. Implementation of SAP was finalised in the US operations in July 2021.

In March 2022, the Customer Relationship Management (CRM) module underwent a significant process and capability overhaul, allowing the sales team to utilise it as a single source of truth for opportunity and pipeline management and reporting.

## INFRASTRUCTURE

At the end of July 2021, the Group finalised the refurbishment and fit out of its new premises located in Technology Park, Bentley. Perth based personnel took up residence during a staggered move from existing facilities, with all corporate and R&D operations centrally located at the premises from mid-August 2021.

Located near Curtin University campus, the premises has been purpose designed and developed to support continued growth in resources during FY2022 and provide a campus-style setting to foster innovation and development.

A year into the lease, personnel are well settled into their base of operations. It boasts high security and workspaces for technology development, testing, and collaboration, including a full complement warehouse, enabling the Group to bring products to the market more efficiently.

The lease agreement is for a 7-year period, with a 5-year option.



## HEALTH, SAFETY, ENVIRONMENT & QUALITY

### SAFETY

Safety of personnel, assets, and operating environment remains the Group's top priority.

During FY2022 and since commencing operations in 2019, our people have demonstrated their ongoing commitment to safety with:

- ♦ **Zero** LTIFR (Loss Time Injury Frequency Rate)
- ♦ **Zero** TRIFR (Total Recordable Injury Frequency Rate)
- ♦ **Zero** reportable incidents



On March 31, 2022, the harmonised Workplace Health and Safety (WHS) Act and accompanying regulations came into effect, replacing the OSH Act of 1984 and requiring WA businesses to review their compliance to the new obligations. The Group commenced its risk assessment against its obligations and the impact to the business and is currently managing the efficient revision of its policies and procedures to ensure compliance, as well as rolling out training sessions for all personnel.

## HEALTH

We are committed to protecting the health and wellbeing of our people from the potential of occupational injury. The incidence of employee occupational illness in FY2022 carried through from FY2021 with a Zero incidence per million hours worked.

Our workplace health risks have been reassessed on multiple occasions through this year, with the move to centralised premises and the removal of the marine operations service line from the business. The recent introduction of the new WHS Act has redefined responsibilities and obligations as well as several guidance materials related to psychosocial hazards in the workplace.

We have put in place controls to identify and manage health risks for our people and contractors including occupational exposures to noise, diesel particulate matter (DPM) (vessel related only), musculoskeletal stressors and mental health impacts. The effectiveness of these controls is regularly reviewed and subject to periodic verification.

Our offshore personnel were subject to stringent medical surveillance and testing prior to working on an offshore project. Flag state and Maritime Labour Convention requirements ensured that crew remained medically fit, in keeping with the limitations specified, to remain working on a vessel.

The mental and physical wellbeing of our people is a supreme focus. In FY2022, we continued to raise awareness of mental wellbeing, reduce stigma, and increase the capacity of our leaders to recognise and support individuals experiencing mental illness. We continue to advocate for and accelerate positive change for mental health in our workplace. To support the proactive management of mental wellbeing and give our people the tools and skills needed to build resilience and positive mental health, we provide and promote the Employee Assistance Program, and associated education and awareness campaigns. We maintained support global mental health campaigns during FY2022, including World Mental Health Day, R U OK? Day, and Movember.

In FY2022 we continued to navigate the challenges of the global COVID-19 pandemic, including high community transmissions and variants that are more transmissible. During the year we adapted COVID-19 controls based on scientific evidence and medical advice designed to protect our workforce and minimise the risk of workplace transmission. We also implemented a testing regime aimed at reducing workplace transmissions.

0

Incidences of employee occupational illness since 2019\*

*Per million hours worked*

## ENVIRONMENT

Through FY2022, we continued to review and update our environmental governance documents and legal and obligations register to reflect recent changes to our Risk Register, including the removal of marine operations from the business.

Emissions from the vessel and our onshore assets were below the facility and corporate thresholds for operational emissions during FY2022, and as such, we were not required to report energy usage or emissions levels.

## QUALITY

Our purpose is to deliver technology that transforms how our customers manage their remote operations. Success for our customers is the highest level of satisfaction with the output of our people, products, services, and solutions. This is a primary operating objective of the company. Having internal control systems significantly supports efficiency, reliability, and integrity for our customer's operations.

Our Group Business Management System (BMS) is a robust integrated system built to comply with the requirements of ISO14001, ISO9001 and ISO45001, certified to ISO9001:2015, and centred around continuous improvement.



We pursue technological reliability, excellence, and innovation, with the best possible user experience for our customers. This requires a steadfast commitment to continuous improvement across the entire business and is reflected in the policies, practices, and tools contained within our business management system.

Business management systems underwent a successful ISO9001:2015 annual surveillance audit in September 2021 (delayed due to movement into our new premises), and once more in July 2022. Zero non-conformances and 9 observations were raised in the 2022 audit.

## SOCIAL RESPONSIBILITY

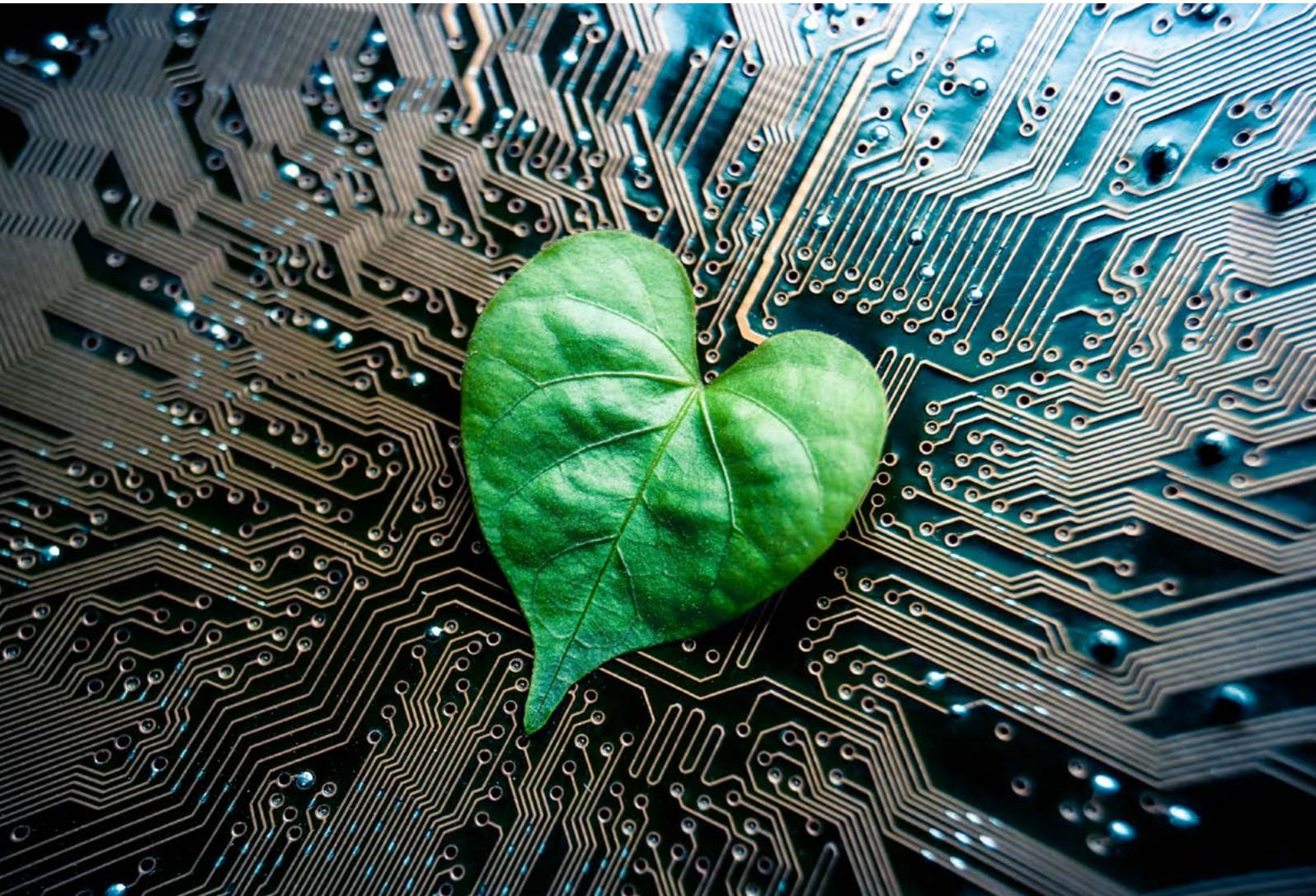
**Leveraging technology, we enable safer, greener, and more efficient remote operations to make a better tomorrow for people and the environment. Our products are proven to reduce carbon footprint, remove people and assets from harm's way in remote hazardous environments, as well as ensure operational efficiencies and cost reduction.**

We believe our products and solutions provide a significant competitive advantage and are vital to delivering long-term sustainable value for our customers.

In September 2021, we joined forces with Innovation Central Perth (ICP) to conduct a Proof of Concept (PoC) study to integrate our unique bandwidth optimisation technology with WebEx by Cisco by leveraging its existing open Application Programming Interface (API). ICP develops technology to solve real business problems through a collaborative community of student talent and professional expertise in electronic, communications, network and software engineering, computer, and data science. Our partnership with ICP involved successful placement for PhD and graduate students on the project working alongside experienced software developers and engineers.

In FY2021 we began planning our Science, Technology, Engineering and Mathematics (STEM) Program to support the development of the next generation of technology-oriented personnel in Western Australia. This is achieved by providing STEM students with real-life technology-oriented projects where they can apply, leverage, and develop the skills, knowledge, and abilities they are developing within the university framework. Further, it provides us with an ability to assess potential future graduate candidates in a real-world environment and the ability to develop and maintain a relationship with such candidates to become the employer of choice. The program has been designed and implementation is underway.

We aim to create social value and be responsible for the impact of our technology and operations, which is the positive contribution we can make to our people, partners, the economy, the environment, and local communities for the mutual benefit of shareholders and the community. We see this as fundamental to our long-term growth and success.



# INNOVATION & DEVELOPMENT

As industries continue with their transformation initiatives to create safer working environments, reduce operating costs, increase situational awareness, and gather more meaningful operational intelligence, FY2022 has been yet another pivotal year in our start-up journey.

This year we continued to invest in the Infinity technology platform, making significant progress in the improvement of our hardware products, development of new products and enhancements to existing products to drive diversification of our customer base, provide innovative and unique solutions to the market, and help penetrate new geographic and market sectors. Notable developments include:

- ◇ Continued development of Nodestream™ hardware and software applications, with several key releases to market, including the Nodestream™ Windows downloadable and the new V2 protocol which offers significant advantages over its market leading predecessor and will be phased into all Nodestream™ products; further reinforcing our technological advantage over rivals in this space.
- ◇ Developing our proven Remote Inspection System (RiS™) solution ahead of its global launch in March 2022.
- ◇ Continued development of new products, advancing towards Beta trials with pilot customers later in 2022 and early 2023.
- ◇ Phase 2 of the Webex integration proof-of-concept development for Cisco to connect the Nodestream™ and Webex ecosystems and create a scalable dedicated API for end user on-demand use.
- ◇ Working with Inmarsat and their partner network to support the scalable potential of the UAV market by leveraging the Group's existing connectivity solutions.

## PRODUCT FOCUS

### RIS™ LAUNCH

Using our proprietary protocols, our flagship Remote Inspection System (RiS™), provides a complete vision of a remote operation from single or multiple command centres with the ability to switch between command locations via our Deliverer™ control application.

The frameworks supporting our protocols are data-type agnostic, able to transmit and receive mission critical information from a wide range of sources with minimal overhead at unrivalled efficiency. Our protocols are also extremely resilient on limited networks, maintaining functional dissemination of data with high levels of packet loss enabling operations in the most demanding of environments.

Typical remote operations and inspection campaigns require specialised personnel to be at the remote site during the works. They must become familiar with the work scope, infrastructure, and location, and have a certain fitness level, pass a medical, undertake safety training, along with gaining clearances before they are allowed onsite. If a campaign has multiple tasks or projects, personnel may be deployed onsite for weeks or months at a time.

RiS™ enables customers to remove their assets, engineers and inspection surveyors from offshore platforms, vessels, and rigs around the world to local onshore operation centres or even their offices, where they receive the video and data to carry out real-time inspections.

A big line of effort this year was transitioning RiS™ from exclusivity with the largest geotechnical/geophysical survey company in the world, to a scalable production version of the product suite. Successfully completed in March 2022, RiS™ was released to market the same month at the Oceanology International exhibit in London. We are currently in dialogue with many of the leading service providers in the asset integrity space.

The RiS™ product range includes four, eight and the world-first 12-channel encoder and decoder units, allowing multiple HD or IP cameras encoded simultaneously in a single-system and transmitted together at ultra-low

bandwidth along with synchronised data.

RiS™ remains the class leading solution for enablement of remote inspection operations and our ambition is for RiS™ to become an industry standard as we work with our customers to implement this transformative technology.

## HARDWARE DEVICES

Macro social and supply-side challenges notwithstanding, we have made significant progress with our hardware offerings across design, prototyping and verification of three new solutions as well as complete rationalisation of the product nomenclature and branding. We have also made further refinement of our development and compliance systems, enabling us to bring solutions to market faster than ever before.

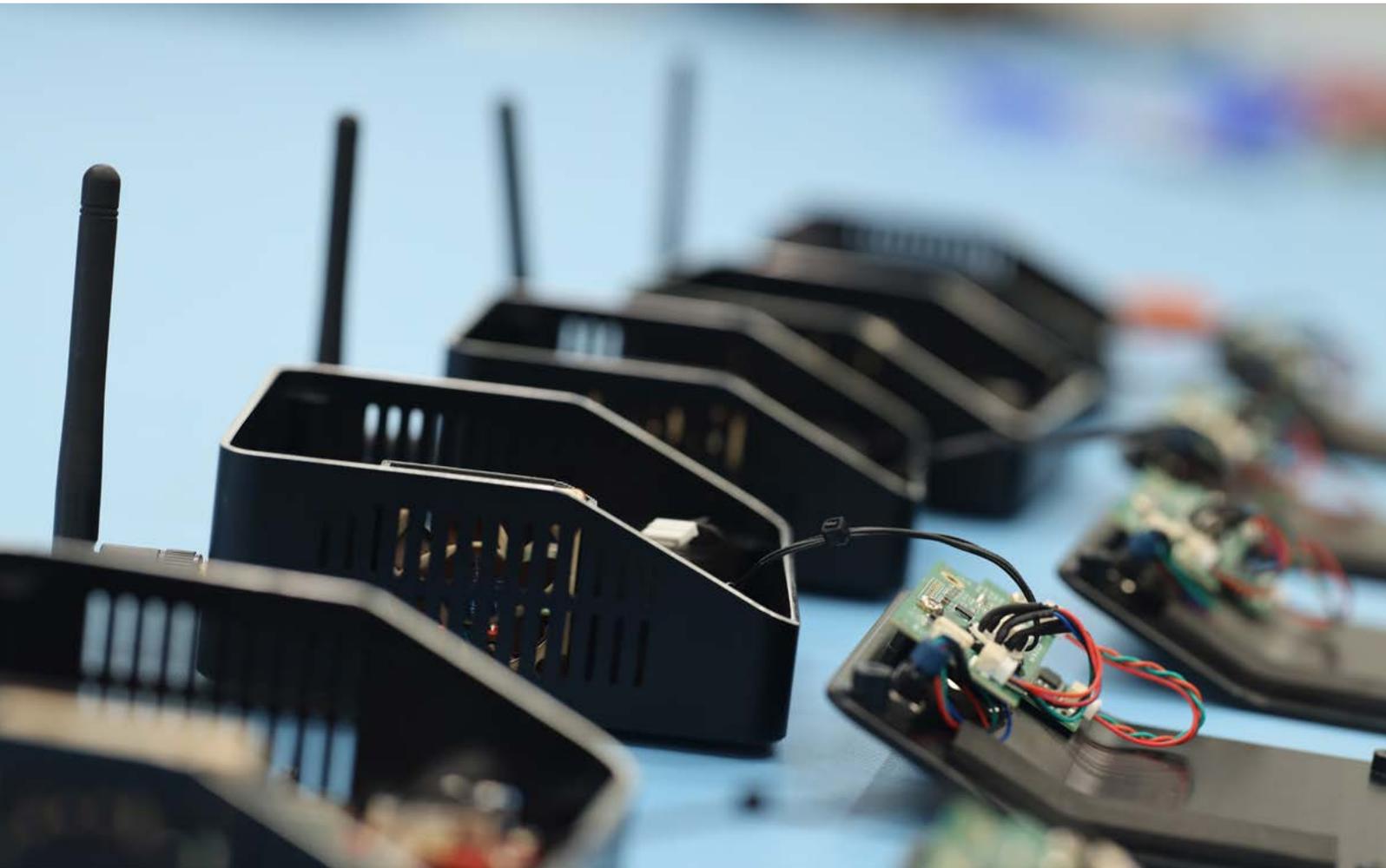
Of note is the compact and powerful NSX range of products, our new ruggedised encoder specifically designed for harsh environments and the all new NodeCom™ range, delivering IP-based intercom styled audio communications over satellite. This has given users vastly more connectivity options to support their operations.

## SOFTWARE INTERFACES

Another big line of effort during the past year has been consolidation and unification of the existing software infrastructure, our systems and how we bring software products to market. As well as allowing further automation of testing for QA/QC purposes, this work will also help facilitate transition of the entire ecosystem to the next revision of our more efficient and secure protocol. This ensures maximum efficiency and compatibility between interfaces.

There has also been inclusion of additional feature sets within our Android, Microsoft Windows, and wearable applications, delivering new functionality and allowing for several new-use cases as well as implementation of a web interface within the ecosystem to provide more flexibility with configuration, performance monitoring, support, and maintenance.

The team has also completed the first deployment of artificial intelligence within the Nodestream ecosystem. This system detects presence of vehicles and/or personnel inside exclusion zones and can be programmed to complete several actions dependant on conditions.. This translates to far more commercially efficient monitoring of remote sites as the system will only transmit data when necessary. With applications across a wide range of industries and use cases, it will form a core component of system functionality into the future.



## EMBEDDED SYSTEMS & SPECIAL PROJECTS

### UAV DIRECT-TO-SATELLITE DECISION-MAKING QUALITY VIDEO BELOW 100KBPS

The scope of this project was to prove that using our protocol and systems we could enable satellite-direct UAV BVLOS capability, meaning we can facilitate control functions and delivery of live video via a small form factor satellite antenna situated on a light commercial grade drone platform.

Using our updated Nodestream™ protocol, the POC demonstrated direct-to-satellite video streaming and control functionality on a Matrice 600 UAV, with streams near real-time (1-2 second latency) at less than 100kbps over the Inmarsat ELERA network via GEO constellation.

Weighing less than 15 kilograms and including an onboard satellite terminal and all associated hardware, the UAV was locally controlled with no additional hardware or connectivity required at ground control station.

Together with Inmarsat, we believe that UAV adoption will accelerate through resilient and secure connectivity to enable real-time data and video streaming during BVLOS flights where traditional networks do not exist or are unreliable.

By delivering commercial advantage and sustainability pathways to organisations that adopt the new technology, UAVs will revolutionise a wide number of sectors, including emergency services, first responders, energy, air transport, logistics, delivery, mining, and infrastructure. .

We continue to work together with Inmarsat to further develop this innovation and its future opportunities.



### BEACH ENERGY SUBSEA ACOUSTIC MONITORING SOLUTION

We have been contracted by Beach Energy to deliver a solution for the relay of subsea data using acoustic modems. The solution will be deployed in Q4 CY2022 and will be used for integrity related monitoring of their subsea assets.

### EMBEDMENT OPPORTUNITIES

We continue to work closely with several partners on embedment opportunities, including both software and hardware embedment options for the Nodestream™ solution and embedment/integration of our RemTeq™ offering.

RemTeq™ is a remote-control platform enabling the physical separation of control systems from machines or robots, allowing them to be controlled from anywhere in the world. This system is designed to be industry agnostic for interface control of remote robotic systems and like the existing Nodestream™ product range, the RemTeq™ encrypted protocol utilises the next generation 384-bit encryption to achieve unmatched levels of security and high performance.

Currently, we are working with senior technical personnel within Cisco's Webex team to explore further integration options of our protocols and services within the Webex ecosystem. This will form part of a wider discovery process in transition from proof-of-concept to operational deployment.

## RESEARCH & DEVELOPMENT

Research and development efforts have been focused on further improvements to our core protocol, development of new feature sets to expand the functionality of Nodestream™ and RiS™ product lines and advancements in our RemTeq™ remote control functionality.

We will continue to release updates to our core product line during FY2023 in line with our strategic goals while also developing the products of the future.

# CUSTOMER EXPERIENCE

## DIVERSIFYING OPPORTUNITY

The key to realising the conditions of Phase 2 of the Strategic Plan is the development of actionable integrated strategic efforts to diversify our income and customer base and expand our ecosystem with global industry partners.

Phase 2 shifts our current primary focus away from the energy sector towards driving customer and income diversity across multiple sectors including maritime, aviation, utilities, broadcasting and conferencing, and defence and government.

In mid-October 2021 we entered our first reseller arrangement with Speedcast to resell our Infinity suite of products, and in March 2022, we executed a global reseller agreement with Marlink. In addition, during the year we partnered with Inmarsat on a number of its industry partner networks, including Velaris, CAP and ASP. Together, all three of our partners have thousands of customers across global maritime, defence, government, energy, and utilities sectors.

		
<p>Leading communications and IT services provider, Speedcast delivers critical communications services to the maritime, energy, mining, cruise, NGO, media, telecommunication, government, and enterprise sectors, leveraging its Unified Global Network Platform (UGP) to provide fully connected systems that harness technology and applications to transform remote operations.</p> <p>Speedcast has the world's most comprehensive network, enabling faster, seamless pole-to-pole coverage from a global hybrid satellite, fibre, cellular, MPLS, microwave, and IP transport network with direct access to public cloud platforms, and backed by 24/7 multilingual technical support centres across six continents.</p> <p>Speedcast will resell Infinity products as part of its "SmartView Solution".</p>	<p>Inmarsat is the world leader in global, mobile satellite communications. It owns and operates the world's most diverse global portfolio of mobile telecommunications satellite networks, and holds a multi-layered, global spectrum portfolio, covering L-band, Ka-band and S-band, enabling unparalleled breadth and diversity in the solutions it provides.</p> <p>Inmarsat's long-established global distribution network includes not only the world's leading channel partners but also its own strong direct retail capabilities, enabling end-to-end customer service assurance.</p> <p>Inmarsat is a major driving force behind technological innovation in mobile satellite communications, sustaining leadership through substantial investment and a powerful technology and manufacturing partner network.</p>	<p>Marlink is the world's leading provider of end-to-end managed smart network solutions. Marlink offers business-critical intelligent hybrid networks and digital solutions to empower the remote operations of a wide range of maritime, enterprise, energy, humanitarian, and government customers around the world.</p> <p>Marlink offers a comprehensive set of smart network solutions combining the entire spectrum of satcom and terrestrial connectivity, IT, Cloud, cyber security and IoT managed services.</p> <p>With the most extensive multi-technology satellite footprint, Marlink connects people and assets globally across all markets where conventional connectivity cannot reach or is not available with a focus on B2B customers in the maritime and enterprise verticals.</p>

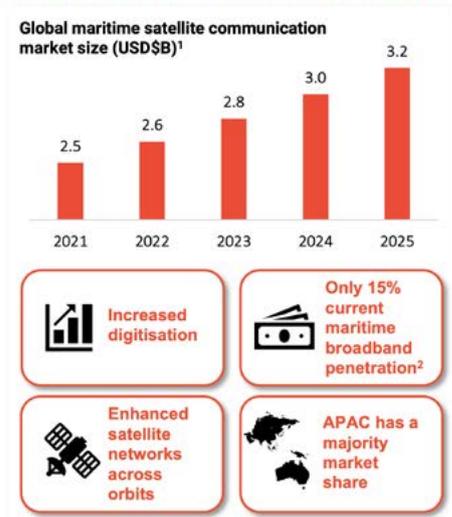
## KEY FOCUS: GLOBAL MARITIME SECTOR

It is a new era in connectivity with technology-based applications and solutions enabling the transition towards digitisation and automation of several global industries. This new era brings with it an unprecedented demand for satellite and terrestrial communications.

In the global maritime sector, a key focus industry for the Group, the demand for secure trusted communications for delivery of enriched data and real time interaction over satellite, congested and unreliable networks, is rapidly expanding. The maritime sector operates across some of the world's most remote environments.

The overall market size is expected to grow from US\$2.6B in 2022 to US\$3.2B by 2025. The solutions segment is estimated to dominate the maritime satellite communication market with a project market size of US\$2.0B by 2025. The services segment is expected to grow to US\$1.18B by 2025. The APAC and North American regions remain the main revenue contributors to the maritime satellite communication market.<sup>1</sup>

### Unprecedented demand for maritime satellite communications



1. MarketsandMarkets™ Report, Maritime Satellite Communications, Market Value by Service 2022, Published Date: June 2020 | Report Code: TC 4008  
2. Northern Sky Research, Maritime Satcom Markets 9th Edition, Published Date: July 2021

### Maritime satellite communications partner market access

Harvest Channel Partners		
	Status	Ships in existing networks <sup>3</sup> (#)
	Executed reseller agreement	~10,000
	Master Services Agreement	~45,000
	Executed reseller agreement	~20,000

3. McKinsey Global Institute Connected World discussion paper Published Feb 2020, McKinsey Global Institute & World Economic Forum Future of Jobs report Oct 2020

With the objective of increasing income and customer diversity throughout 2022 and 2023, in the maritime sector alone, our partnerships with the three global leaders provide us the opportunity of accessing at least 75,000 vessels across the world.

The global maritime fleet is substantial and has an unprecedented demand for maritime satellite communications in several areas. Establishing reliable connectivity is a daily challenge for most operating vessels.

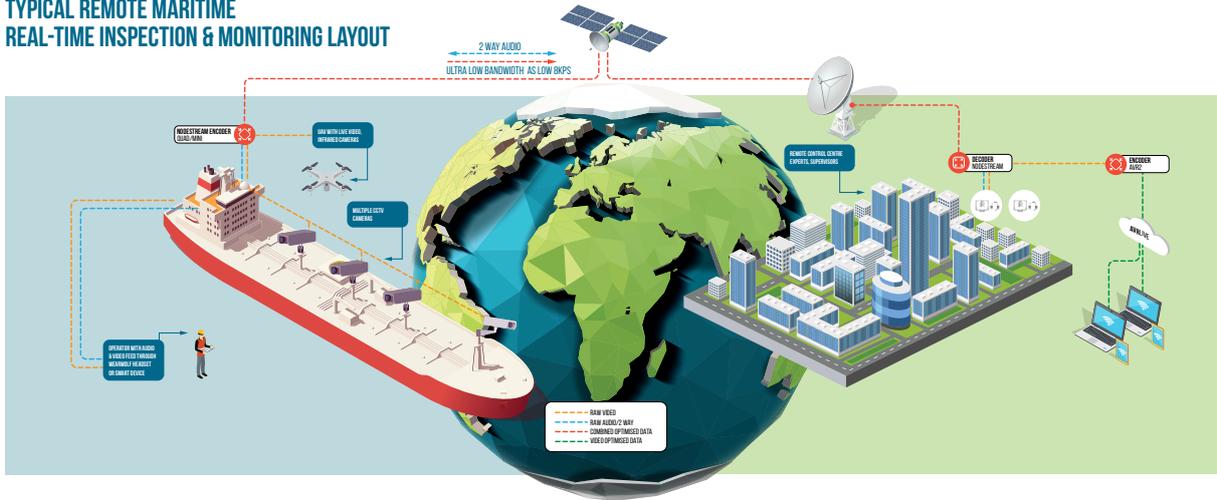
The secure transfer of high-fidelity, real-time voice, video, and data over ultra-low bandwidths from anywhere in the world via our Infinity suite of products can improve, support, and complement multiple onboard applications such as crew welfare and entertainment systems, ship management systems, monitoring systems, and communications systems.

Considering the pressure of global fuel prices and continuing impacts from the war in Ukraine and COVID pandemic on the maritime sector, providing vessel owners with greater access to live HD video over lower bandwidth services, enabling instantaneous decision making, is an ideal way to minimise costs and reduce vessel downtime.



<sup>1</sup> Source: Maritime Satellite Communication Market Global Forecast To 2025 - MarketsandMarkets Research Private Ltd June 2020

## TYPICAL REMOTE MARITIME REAL-TIME INSPECTION & MONITORING LAYOUT



Building commercial arrangements with Inmarsat, Speedcast and Marlink, provides us with increasing opportunities to significantly penetrate this sector by leveraging the extensive sales capabilities of our partners and their promotional support in the global rollout of our products and solutions. We are actively working with our partners to provide them with a resale framework and integrated support system and provide their customers with value-added products under 12-month licensing plans.

Additional revenue opportunities will come from offering our Infinity products together with Inmarsat's Fleet Connect dedicated bandwidth as a one-stop-shop packaged service direct to Inmarsat's customers, with Inmarsat marketing the solution and supplying us with qualified leads.

## EXPANDING OUR ECOSYSTEM

A strong strategic effort was made to establish ecosystem partnerships to help elevate the importance of our technology with a view to expanding our customer base. In FY2022, we have partnered with Cisco, Innovation Central Perth, Speedcast, Marlink and Inmarsat.

In September 2021, we partnered with Innovation Central Perth (ICP), which is led by Cisco and Curtin University, to conduct a Proof of Concept (PoC) to integrate our unique bandwidth optimisation technology with WebEx by Cisco by leveraging its existing open Application Programming Interface (API). The joint project was aimed at tackling one of the world's biggest challenges - to extend global connectivity.

We are exploring a wider discovery process in transition from proof-of-concept to operational deployment for the proposed Nodestream™/Webex by Cisco integration and have held meetings with senior technical personnel within Cisco's Webex team through FY2022 and will continue meetings through FY2023 to identify further integration options of Nodestream™ protocols and services within the Webex ecosystem.





Together with Inmarsat, we have long shared a vision of delivering innovative end-to-end technology solutions to customers with a view to driving long-term strategic and industry change within industry.

On October 19, 2021, we entered a Memorandum of Understanding (MOU) with Inmarsat Global as a development partner of its VELARIS Partner Network. At the same time, announcing that

Inmarsat Enterprise had welcomed us as a member of its Application Solution Provider (ASP) programme.

The VELARIS Partner Network is designed to establish an ecosystem of expert Unmanned Aerial Vehicle (UAV) partners, developers, and integrators with industry-leading knowledge to ensure the promise of the commercial UAV market is fully realised. The network is designed to support the scalable potential of the UAV market by overcoming barriers to mainstream rollout, improving connectivity, removing line of sight restrictions, and developing reliable in-flight UAV identification, security, and segregation.

In response to the limitations facing UAVs, Inmarsat developed Inmarsat Velaris (Velaris), a bespoke connectivity service designed specifically for the commercial UAV sector. A global, reliable, and totally scalable command and control service, Velaris enables UAVs to be trackable and controllable beyond visual line of sight (BVLOS). Powered by the Inmarsat ELERA global satellite network, Velaris will provide reliable and consistent connectivity solutions to allow UAVs to fly securely BVLOS and integrate with other air traffic.

During the latter half of FY2022, we worked closely with Inmarsat Aviation to deliver a new Unmanned Aerial Vehicle (i.e. drone), facilitating complete proof-of-concept realisation of a satellite terminal with embedded Nodestream™ technology capabilities demonstrating UAV direct-to-satellite video and control streaming functionality at less than 100kbps. This ground-breaking achievement has set the stage for simple and clean BVLOS operations for small commercially deployed UAVs anywhere in the world.



We have also agreed to join Inmarsat in engaging with regulators and associated administrations to drive required change within the UAV industry.

The ASP programme provides access to Inmarsat's global satellite connectivity and regional presence, enabling the opportunity to scale our solutions into new sectors and geographies. The ASP programme is open to new entrants, disruptors and established brands who have developed an innovative digital product or service but may need additional support to exploit the benefits of satellite-enabled Internet of Things (IoT) solutions. Inmarsat provides dedicated technical guidance on how to integrate and support its highly reliable satellite services, go-to-market strategy planning and exposure to the Inmarsat distribution channel to enable access to new markets.

Companies operating in locations and regions without reliable connectivity, or which have mission-critical connectivity needs, use the Inmarsat ASP programme to access a broad choice of satellite-enabled IoT solutions developed by a range of member providers that enhance the efficiency, safety, and sustainability of their businesses. Focus vertical markets for the programme include agriculture, aid and NGO, energy, exploration, leisure, media, mining, transport, and utilities.

In January 2022, we entered a Master Services Agreement (MSA) with Inmarsat Global to become a member of its maritime Certified Application Provider (CAP) network. Inmarsat is the world leader in maritime satellite communications connecting more than 45,000 vessels worldwide.

Created by Inmarsat, the CAP network is an ecosystem of innovative and emerging market-leading providers offering dedicated applications for use with Inmarsat's Fleet Connect service to make data capture, analysis, and intelligence easier, and enhance efficiency, safety, and sustainability for ship owners and operators. Fleet Connect is a dedicated bandwidth service that provides global connectivity to the maritime sector and is independent of a vessel's primary bandwidth and allows application providers to have an always-on, or on-demand, two-way communication channel to a vessel. Applications include fleet management, fuel efficiency, telehealth, equipment monitoring, remote training, and cyber security solutions. Other applications include performing onboard remote surveys without the need to send survey personnel offshore, enabling land-based experts anywhere in world to provide live support and crew welfare support (real-time two-way audio and video) via our wearable and mobile camera solutions over the Inmarsat Maritime satellite network. Benefits of remote support to the vessel brings increased speed to resolution, reduction in safety and environmental risks, and reduction in carbon footprint.

Developing these networks will have us working together with Inmarsat on joint marketing and promotional activities, leading to sales integration for program-generated sales, and creating further awareness of our solutions with Inmarsat's customers and distribution partners globally.

During the first half of 2022, the Group also executed a non-exclusive reseller agreement with RSM Australia (RSM). The agreement focuses on developing sales opportunities for the Infinity suite of products as part of RSM's value proposition, ensuring their clients are at the forefront of best practice, technology and innovation in a rapidly changing world economy and helping them improve efficiencies, reduce costs, and meet sustainability goals. RSM has more than 100 years' experience in Australia, and provides audit, tax, and consulting solutions to small, large, and international businesses across a range of industries as well as government agencies



## BUILDING A GLOBAL FOOTPRINT

To maximise our ability to meet opportunities and our revenue targets, the Group has expanded its regional operations in FY2022 to maintain momentum and focus on conversion to monetised sales. The focus of a regional structure and product strategy is to prioritise growth in revenue and customers for the Infinity suite of products across a global footprint.

Demand is growing throughout the U.K. and EMEA as organisations across multiple industries look for solutions to deliver remote operations, drive efficiencies, reduce costs and lower carbon footprint, all securely and reliably.

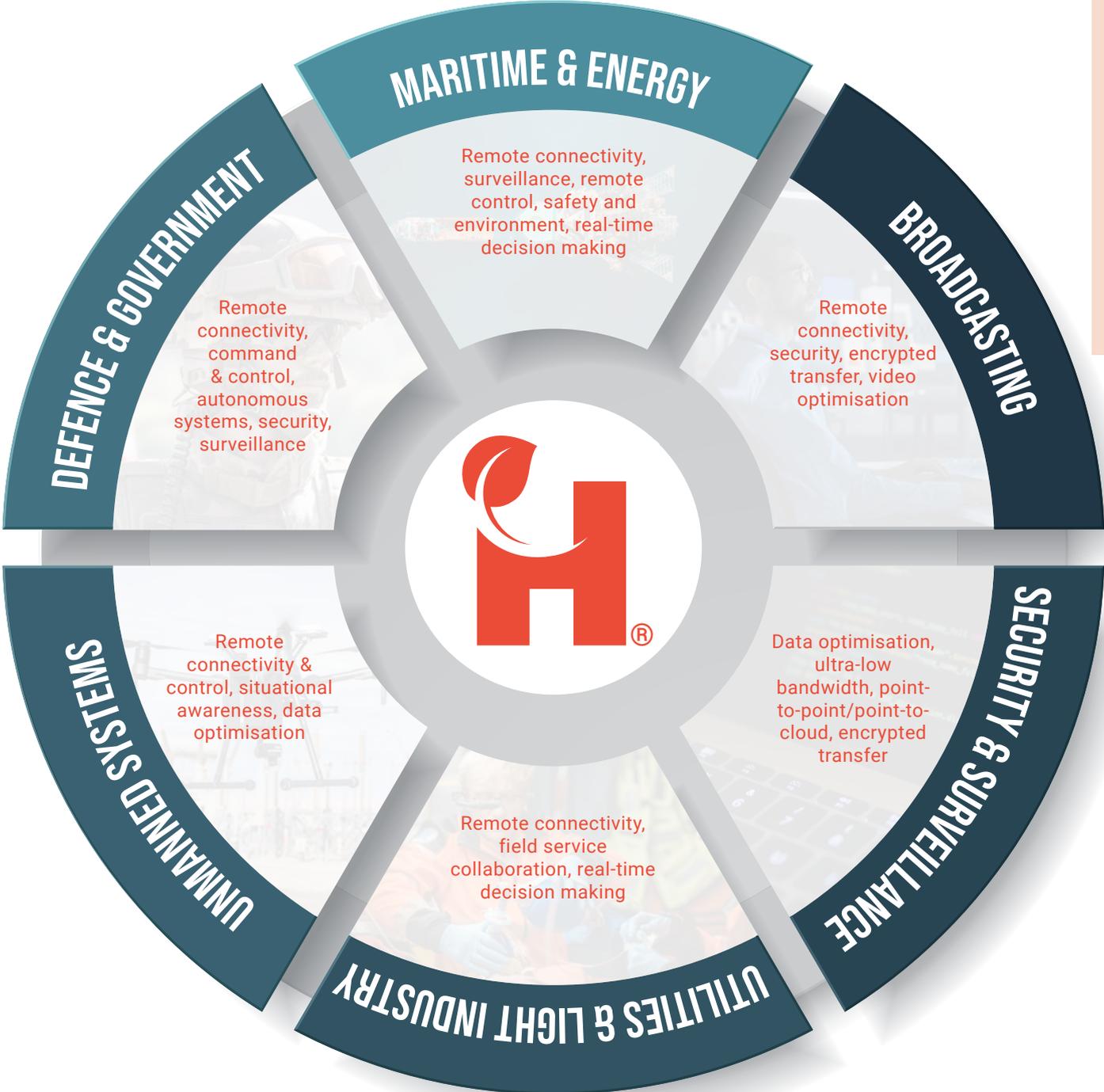
To maximise value and use of resources, we reshaped the customer experience team to become a centralised function managed from Australia, working closely with the product and development teams, to ensure a consistent and streamlined approach to managing our relationships with customers, partners, and service providers, and ensure we enhance satisfaction by delivering fully supported best-in-class technology.

We commenced expanding our presence into the U.K., Europe, Middle East, and Africa (EMEA) and U.S. regions during Q4 FY2022, welcoming three key personnel to the global sales team: Martyn Hopkins, Head of Sales – EMEA, Andy Freeman, Technical Sales Manager – EMEA and Brandon Mercer, Head of Sales – Americas.

The U.K. and U.S. teams intend to expand our channel partner network in support of expanding the Group's global footprint in the Americas, U.K. and EMEA regions.

The majority of our sales in FY2022 were derived from the energy sector within the APAC region. Leveraging the resources within our new regional operations, we expect a dramatic change to our global customer-base with diversification into new sectors and international energy sectors.

# SECTOR FOCUS



## NEW MAJOR CUSTOMERS

New major customers include DOF Subsea, Technip, Vallianz, and Beach Energy.

In December 2021, we announced a sales and licensing agreement with TechnipFMC for twelve Nodestream™ Quad (NSQ) systems for use across eight vessels in its fleet.

TechnipFMC is a global leader in subsea, onshore/offshore and surface projects within the energy industry, operating in forty-one countries. Pioneering integrated technology ecosystems, such as iEPCI™, iFEED™ and iComplete™, with its proprietary technologies and comprehensive solutions, TechnipFMC designs, develops, integrates, and industrialises innovations that drive change in the energy industry, boosting productivity and mitigating risk.

TechnipFMC has further plans in 2022 to continue system deployment to the remainder of their eighteen vessel fleet with expansion of their remote operations centres beyond the centres based in the U.K., U.S., and Brazil.

As a leading provider of integrated subsea projects and marine services in all major offshore regions worldwide, Norway-headquartered DOF Subsea (DOF) is facing the need to use technology to perform smarter offshore remote operations that meet client expectations and improve safety, cut costs, and reduce environmental impact.

The Group has won a three-year contract with DOF on Esso Australia's project for decommissioning of their extensive oil and gas infrastructure in the Bass Strait. Decommissioning of offshore facilities involves highly hazardous tasks for people, assets, and the environment, and requires technical and engineering experts to safely manage the process.

DOF chose our AVR2™ solution to support its offshore inspection, repair, and maintenance activities on the project at the request of the Client. The technology will be installed on Multi-Purpose Supply Vessel, 'Skandi Darwin' which means subject matter experts, task specialists and project managers as well as the Client, can view work remotely, without the need for large numbers of personnel to be situated on the vessel. This not only decreases delays and reduces need for port visits and expensive travel costs, but also improves project safety and schedule achievement.

The self-contained streaming solution allows onshore personnel to log in via the web and watch live video using any device to provide a secure, ultra-low bandwidth optimised video live-streaming from their Remotely Operated Vehicles (ROVs) from anywhere in the world.

It is our intent to further expand our footprint across the DOF fleet with AVR2™, Nodestream™ and RiS™ technology through FY2023.

The sales team continues to work with Ocean Infinity and Fugro on their growing USV fleets as well as other major customers in their efforts to introduce smarter remote operations across the globe.





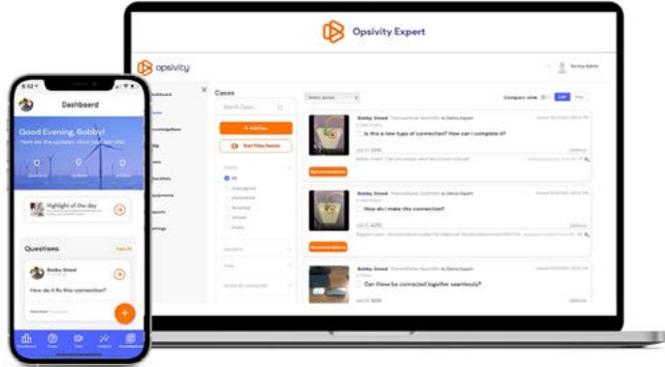
## PRODUCT LAUNCHES

### OPSVIVITY™

In October 2021, the US team relaunched Harvest Technology Group Inc, the Group's wholly owned US based subsidiary, as Opsivity Inc., in conjunction with the new SnapSupport SaaS product identity, Opsivity™.

Opsivity™ is a SaaS-based mobile platform with enhanced User Interface (UI) and integration with leading job and project management software, simPRO.

Opsivity™ is designed to run on smartphones, tablets, laptops, and wearables, and provides significant operational support to field teams in three ways:



1. Artificial Intelligence (A.I) enabled Smart Recommendation helps solve field issues in real-time and avoids costly downtime. Field Technicians can easily access checklists, procedures, articles, and previous solutions to aid problem resolution.
2. Augmented Reality (AR) Field Collaboration features ensure Technicians are never alone in their effort to solve issues. Technicians are automatically connected to Subject Matter Experts via live chat or video, where annotated photos of the situation are shared, and solutions are achieved.
3. Proactive operational Knowledgebase gives organisations the ability to retain, grow and share field expertise of their most seasoned technicians while enhancing ramp-up of new hires. Every support interaction is stored, searchable, and utilises AI algorithms to propagate time saving expertise on demand with the entire field team.

Opsivity™ has identified specific market segments in the field service management space with multiple opportunities for growth, and the sales team are initially targeting the heavy industry field support sector which has approximately 100 million workers worldwide and the light-industrial category with approximately 500 million workers worldwide. Other applicable industries include oil and gas, utilities, offshore marine, transport and logistics, telecommunications, and repair services.

Due to external market conditions and the U.S. team redirecting its focus to building and supporting sales of the Infinity products throughout the Americas, development work on the Opsivity™ platform will resume later in the year to ready it for integration as an industry specific plugin with the enhanced Nodestream™ software, to coincide with the launch of our new cloud-based platform in 2023. Once released this will provide Opsivity™ with a very competitive market differentiator.

### RIS™ - REMOTE INSPECTION SYSTEM

Our proprietary flagship product RiS™, which stands for Remote Inspection System, was released from exclusivity in February this year, and launched into the global market in March 2022.



For the prior three years, RiS™ has been successfully deployed and proven in the global offshore sector, exclusively by the world's leading geo-data specialist, resulting in cost reduction of approximately 50 per cent, delivery of unprecedented reliability and security over ultra-low-bandwidth connections, and no loss of control even in circumstances of up to 90 per cent packet loss.

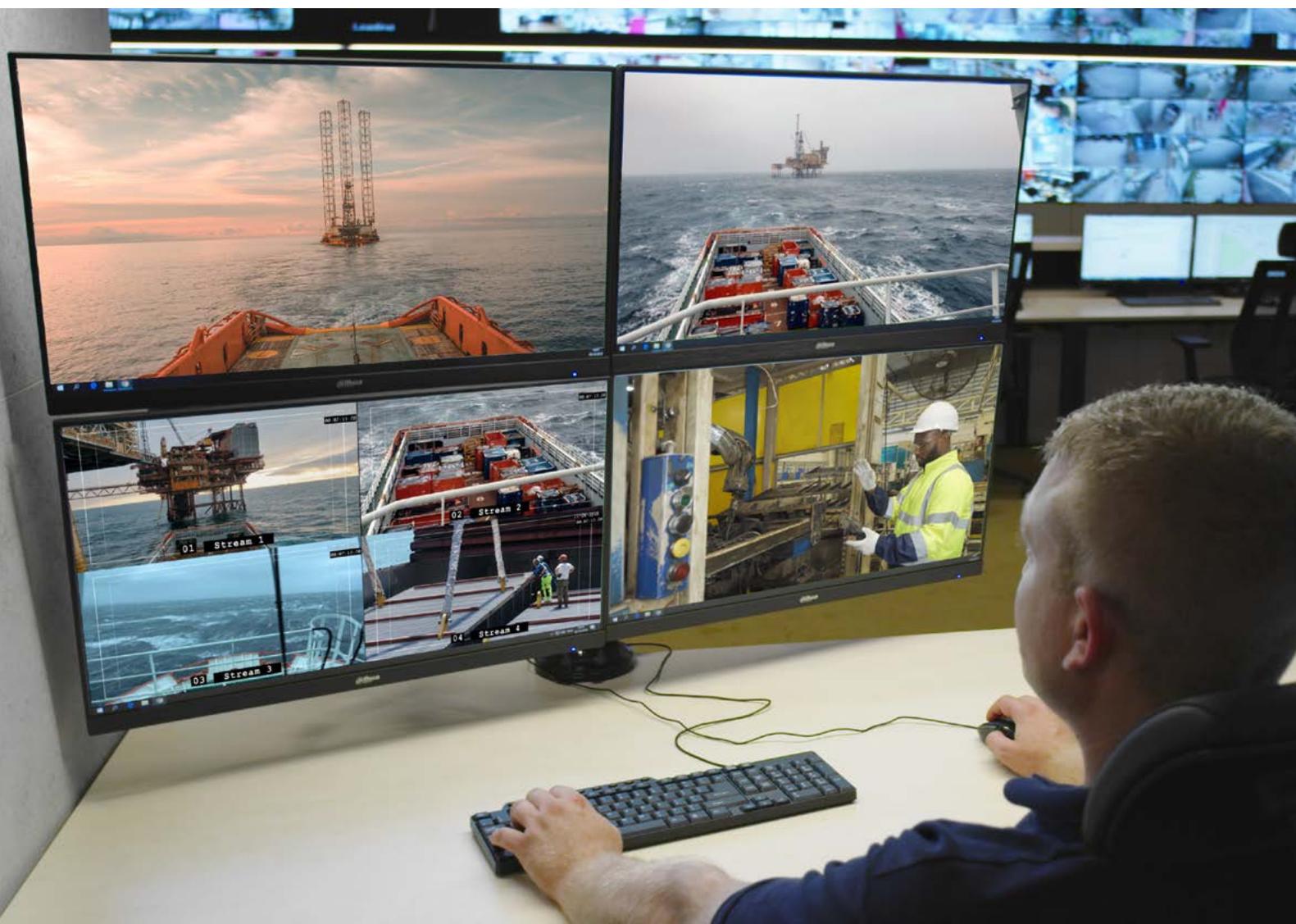
RiS™ offers high-fidelity video, synchronised data, and high-quality audio transmission from any site to another via a secure "closed" Local Area Network (LAN) using military grade encryption and providing a complete vision of a remote operation from single or multiple command centres with the ability to switch between command locations via our Deliverer™ control system and enable critical decision-making on the fly from anywhere in the world. It is contested and congested network optimised to enable operations in the most demanding arenas.



RiS™ was launched during Oceanology International in London, UK, between March 15-18, 2022. There were over 400 exhibitors and more than 10,000 attendees including most of the major ROV, AUV and USV manufacturers, satellite communications companies, offshore service companies, sensor and tooling providers and inspection/ survey providers. The event generated a large number of high-potential leads, which are being qualified..

Customers worldwide can now efficiently enable remote operations through RiS™ to make secure, real-time decision making within a closed network over ultra-low bandwidth. Initial targets for RiS™ opportunities are the energy, government, and defence sectors, primarily across our key regions.

The sales team are assisting some of the world's largest energy industry companies in their planning to implement RiS™ and supporting command centres.

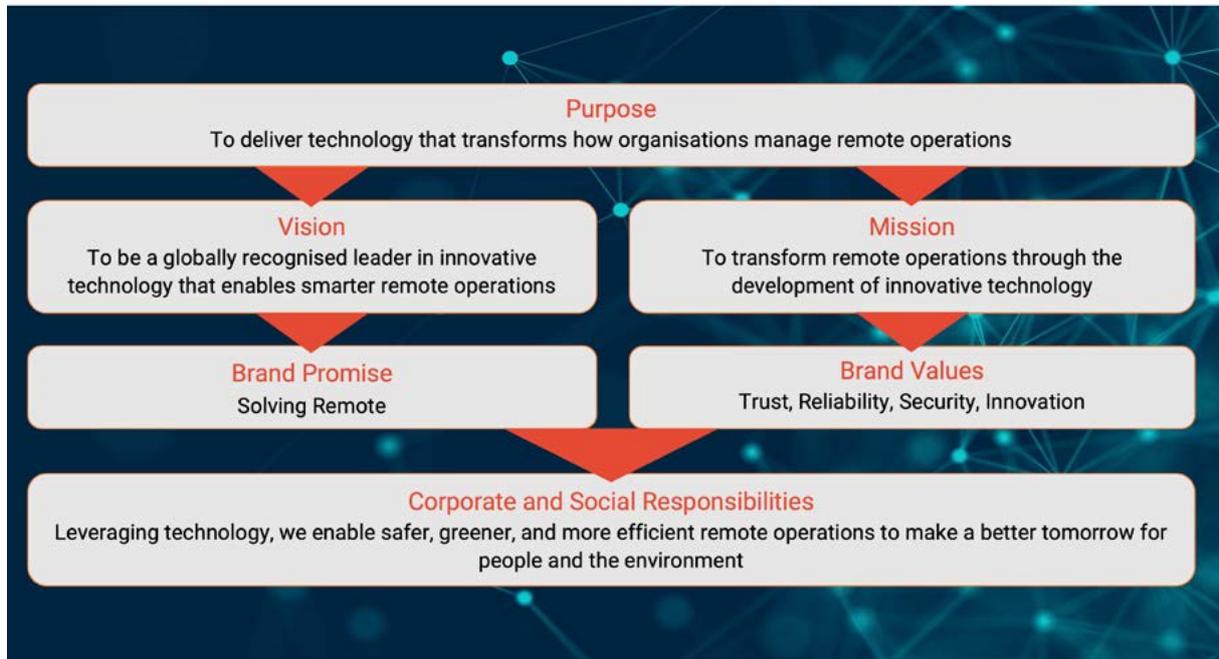


## STRATEGISING FOR GLOBAL RECOGNITION

Following the release of Opsivity™, the redelivery of the VOS Shine, global launch of RiS™, and the Group's expansion into the U.S., U.K. and EMEA regions, the last quarter of FY2022 saw the team and our communications consultant, Loud Whispers, re-evaluate our corporate branding and messaging hierarchy, and subsequently revise our marketing and communications strategies.

With the business shifting to a sole technology focus, we believed it important to take it back to basics to redefine our forward strategies. In 2018, we forever changed industry connectivity by solving the problem of connecting people, platforms, and systems in demanding remote austere environments to facilitate the removal of personnel from these environments where possible.

On completion of a series of workshops with the customer experience, product and technology teams and our external consultants, we delivered our new framework.



The key objectives of our strategies have remained largely unchanged with the intent to increase awareness and relevance of what we do and what we deliver, extend outreach to growth markets, and scaling up of global teams and tools.

With the redefinition of our messaging and branding comes the revision and update of our collateral to support sales and marketing activities. We've begun number of implementation initiatives, including redesign of our website, increased presence at international trade shows and conferences, development of thought leadership content along with industry partners, as well as a growing list of media interviews and communications. Opportunities for joint marketing activities with Inmarsat and other industry partners are quickly taken advantage of as a means for global credibility. Targeted digital campaigns and development of a partner framework are also advanced.

In addition to these initiatives, we have made significant effort to increase news flow to customers and shareholders, to drive better awareness of our products and technology, our customers and development projects, as well as information about the evolving remote operations landscape, key developing trends, and backstories on team members leading growth and innovation.



# VESSEL OPERATIONS

## DISCONTINUATION OF VESSEL OPERATIONS

On August 16, 2021, we announced the upcoming completion of the long-term charter of offshore support vessel VOS Shine (Shine). The two-year charter would cease on redelivery and off-hire of the vessel in Singapore. Redelivery was planned for mid-September 2021, however, the changing landscape and restrictions around COVID-19 in both Australia and Singapore created a delay in handover. The Shine was off-hired to its owners on Monday October 4, 2021.

During her time in Australia, the Shine safely and effectively performed a pipeline of successful projects for major operators such as Beach Energy, Cooper Energy, Inpex, Esso Australia, Santos, and Shearwater GeoServices, and prior to departing Darwin for redelivery to her Owners, completed her last project, an offshore survey campaign for Carnarvon Petroleum Timor at Buffalo-10 field in Timor-Leste.

The offshore industry was heavily impacted by the pandemic in FY2021, which led to a challenging landscape borne of travel restraints, lack of availability of crew and offshore personnel, and project schedule delays into FY2022. Despite this, the Shine was hugely successful in her deployment in the APAC region during the two-year charter - a testament to the excellence of the team supporting its operations in Australia. Pre-loaded with Infinity technology, the Shine became a formidable go-to platform for enabled optimisation of projects that were previously offshore personnel intensive. As a result, some of the Company's customers will never revert to traditional means of working, adopting the Infinity video and audio-streaming technology as an ongoing requirement for their future projects.

In line with the Group's Strategic Plan, a key component of Phase 1 was the movement away from vessel operations. The return of the Shine was a pivotal transition point for the Group in its transition into Phase 2 of the Strategic Plan, directing focus entirely on improving the speed to market for new applications, regional expansion, and growth of income streams and customer diversification.





# **FY2022 OPERATING RESULTS & FINANCIAL REVIEW**

# FY2022 OPERATING RESULTS & FINANCIAL REVIEW

Revenue for the financial year ended June 30, 2022, from continuing and discontinued operations was \$4,836,301 (2021: \$8,293,375). Revenue decreased due to the discontinuation of vessel operations following the redelivery of the VOS Shine vessel to Singapore in October 2021, which reduced the revenue contribution from vessel operations by \$3,512,462 compared to prior year.

Revenue earned from the sale of remote communications technology was marginally higher at \$2,145,455 (2021: \$2,090,067). Whilst first-half results were adversely impacted by travel restrictions for the sales team due to the COVID-19 pandemic, there was sustained growth in technology revenues as travel opened up during the second-half of the year despite headwinds caused by economic and geopolitical instability, customer project delays, extended time in conversion of some maritime opportunities due to assets being located offshore for longer periods and made inaccessible for installation, and delays to supplies of hardware componentry and casings due to the continuing impact of the COVID-19 pandemic on supply chains.

The Group has a growing opportunity pipeline across multiple end-customer markets and during the year commenced servicing important new customers such as TechnipFMC, DOF Subsea and Beach Energy, who are expected to continue to expand their need for our remote technology solutions as they progressively roll-out across their fleet and/or remote operations centres across the globe.

The Group incurred a loss after income tax from continuing and discontinued operations of \$14,500,660 (2021: loss of \$10,238,659). The results include a loss from the discontinued vessel operations division of \$790,324 (2021: loss of \$3,365,386). The reported loss included significant pre-tax non-cash expenses of Intellectual Property Amortisation of \$1,219,800, Depreciation/Amortisation of \$625,420 and Share Based Payments of \$384,634.

The increased loss was reflective of continued investment in research and development activities \$961,596 (2021: \$277,657) for the technology business, and growth in people and capability \$3,691,867 (2021: \$1,071,370) across the organisation to cater for the expansion in commercial operations, including the opening of a U.K. sales branch to focus on the U.K./EMEA region and installing a dedicated Infinity sales team in the Americas region. Total marketing and business development expenditure increased to \$913,867 (2021: \$161,358), to facilitate the growth of sales and business development activities across all regions.

The focus of research and development activities during the year included:

- ◊ Continued development of Nodestream™ hardware and software applications, with several key releases to market, including the Nodestream™ Windows downloadable and the new V2 protocol which offers significant advantages over its market leading predecessor and will be phased into all Nodestream™ products which will further reinforce our technological advantage over rivals in this space.
- ◊ Development of our Remote Inspection System (RiS™) solution ahead of its global launch in March 2022.
- ◊ Continued development of new products, advancing towards Beta trials with pilot customers later this calendar year and into 2023.
- ◊ Phase 2 of the Webex integration proof-of-concept development for Cisco to connect the Nodestream™ and Webex ecosystems and create a scalable dedicated API for end user on-demand use.
- ◊ Working with Inmarsat and their partner network to support scalable potential of the UAV market by leveraging the Group's existing remote connectivity solutions.

Our ongoing investment in research and development activities culminated in the submission of our annual R&D Tax Claim in July 2022, with the expectation of a conservative cash refund of approximately \$750,000, which has not been recognised in our reported financial results as at June 30, 2022. The exact quantum and timing of the refund is subject to review and approval by the Australian Tax Office.

The Group recorded a reduced net cash outflow for the year of \$2,265,312 (2021: \$4,549,310). The cash balance as at June 30, 2022, was \$4,497,315 (2021: \$6,756,988). The net movement in cash reserves included payment of the final tranche of deferred consideration of \$750,000 related to the acquisition of Harvest Infinity Pty Ltd (Advanced Offshore Streaming Pty Ltd) and net inflows of \$9,858,229 from proceeds of share issues during the year. There was also significant investment in the purchase of new plant and equipment \$821,580 (2021: \$387,321), which was mainly utilised in the relocation to the Group's purpose-designed central innovation hub at Technology Park in Bentley, WA.

## 5-YEAR GROUP PERFORMANCE SUMMARY AND SHAREHOLDER RETURNS

	2022	2021	2020	2019	2018
Revenue from ordinary activities (\$)*	4,836,301	8,293,375	11,765,947	124,643	143,092
(Loss) / profit before income tax (\$)*	(14,362,267)	(11,806,382)	(7,326,976)	(1,633,529)	(2,527,886)
Net (loss) / profit attributable to equity	(14,500,659)	(10,238,659)	(6,149,727)	(1,454,431)	(2,238,553)
Share price at year end (cents)	9.00	32.00	18.50	2.20	2.50
Number of listed ordinary shares	588,926,643	522,049,444	436,378,203	257,856,338	106,505,829
Weighted average number of shares	550,550,745	481,510,939	330,099,996	136,678,041	76,869,895
Basic loss per share EPS (cents)	(2.63)	(2.13)	(1.86)	(1.06)	(2.91)
Unlisted options	5,760,000	6,260,000	38,281,667	28,523,336	27,365,000
Listed options	38,520,166	-	-	-	-
Performance shares	-	-	17,398,710	17,698,710	17,698,710
Performance rights	56,000,000	69,016,287	67,710,526	80,000,000	-
Market capitalisation (\$)	53,003,398	167,055,822	80,729,968	5,672,842	2,662,648
Net tangible assets (NTA) (\$)	2,312,668	5,533,224	4,851,078	2,347,326	824,502
NTA banking (cents)	0.39	1.06	1.11	0.91	0.77

\* Revenue from ordinary activities and pre-tax losses for financial years 2020,2019 and 2018 are inclusive of discounted operations. During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to shareholders. *Note: Financials are supplied in Australian Dollar currency (AUD)*

## CAPITAL RAISE

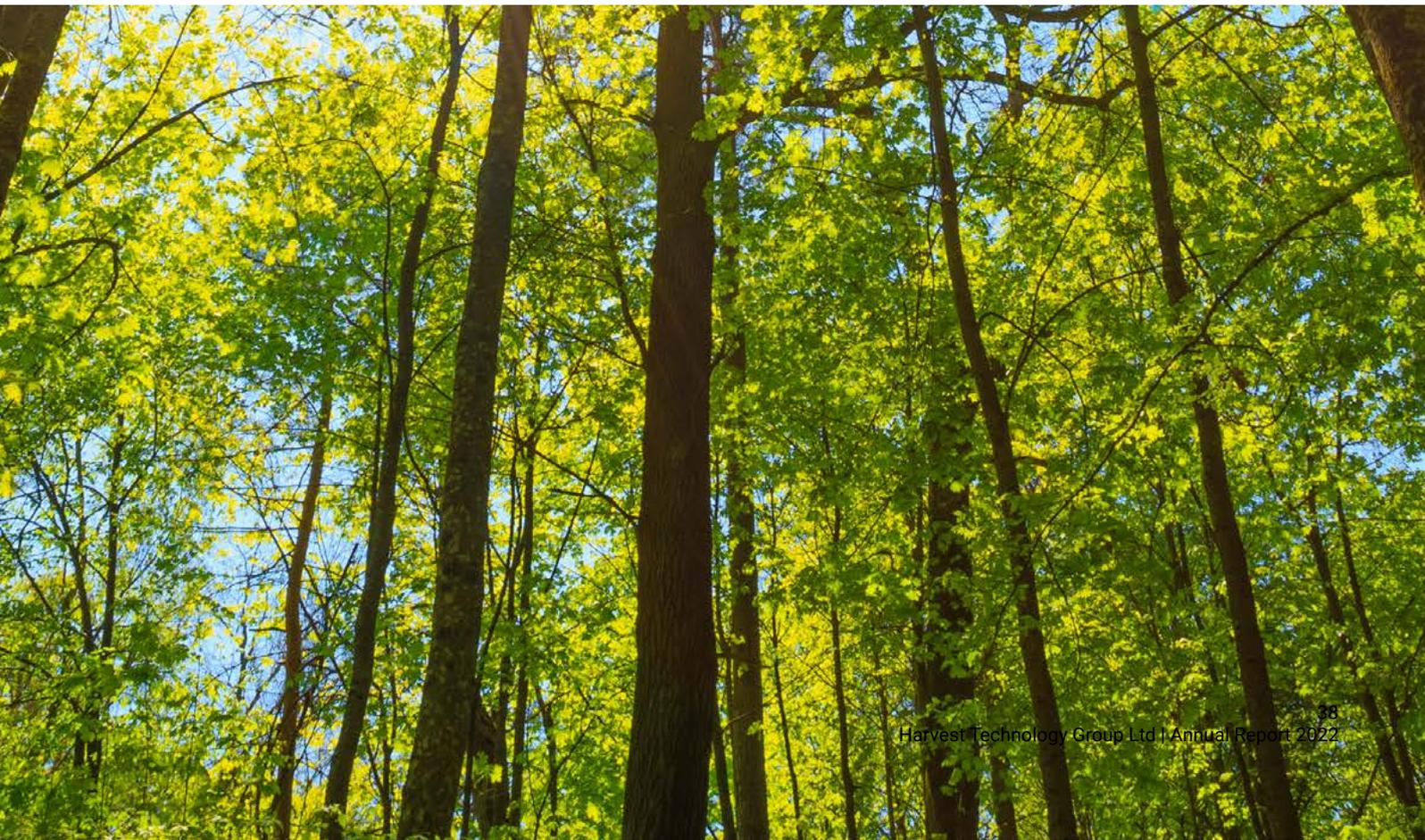
In February 2022, the Group announced it had successfully raised \$9.8m (before costs) to help accelerate global growth ambitions and fund working capital requirements. This included:

- ◊ \$4.1m (before costs), including \$1.1m from retail entitlement offer and \$3.0m from institutional investors, which was raised through a 1-for-10 accelerated non-renounceable entitlement offer; and
- ◊ \$5.7m (before costs) was raised through a placement conducted at \$0.15/share which was well-supported by existing investors, family offices and sophisticated investors. Each placement share included a 1-for-1 free attaching option, exercisable at \$0.25/share, with an expiry date 24 months from the date of issuance. The options were issued subsequent to the placement, under a prospectus and were listed on the Australian Securities Exchange (ASX).

In addition, the Group has a binding commitment from Directors, Mr. Paul Guilfoyle and Mr. Marcus Machin, or their nominees, to contribute a further \$1.0m as part of the placement conducted in February 2022, which is subject to shareholder approval at the next Annual General Meeting in November 2022. These placement shares will also carry the right to receive 1-for-1 free attaching options consistent with the terms of the placement.



# SUSTAINABILITY



# HOW WE MANAGE RISK

Central to achieving our strategic objectives is the identification and management of risks. It protects us against potential negative impacts, enables us to take risk for strategic reward and improves our resilience against emerging risks.

We maintain policies and practices designed to identify and manage significant risks including:

- ◇ Regular budgeting, forecasting and financial reporting.
- ◇ Procedures and controls to manage financial exposures and operational risks.
- ◇ The Group business plan.
- ◇ Corporate strategy guidelines and procedures to review and approve the Group's strategic plans.
- ◇ Establish and continuously assess a Group Risk Profile which identifies all significant risk to the Group and controls that are in place to minimise or mitigate the risk.
- ◇ Insurance and risk management programs which are reviewed by the Board.

Effective risk management is to have a single, consolidated view of risks across the business to understand the Group's full risk exposure and to prioritise risk management and governance activity. As such, we have a Group Risk Register for all risks. Our Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings.

The Board's review of business risk is also based on reports from the Audit and Risk Management Committee as well as information from Internal Audit and Third-Party Audit reports and annual Management Review meetings.

The Board receives regular reports about the financial condition and operating results of the consolidated Group. Our Group CEO and CFO annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- ◇ Group financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with relevant accounting standards; and
- ◇ Group risk management and internal control systems are sound, appropriate, and operating efficiently and effectively.

We assess our exposure to economic, environmental, technology, security, and social sustainability risks. The Board assesses the likely impact of changes and implements strategies to minimise exposure to these specific risks. Due to risk processes and mitigation measures adopted by the Group, we do not believe we have any material exposure to these risks.

## INTERNAL CONTROLS

We have a qualified internal auditor for ISO requirements. Established internal controls for the Group, combined with the work of the Audit and Risk Management Committee, at this stage satisfactorily address requirement for internal audit capability.

Procedures have been established at Board and Executive levels that are designed to safeguard the assets and interests of the Group, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures.

To ensure these established procedures are being followed, our Directors:

- ◇ Ensure appropriate follow up of significant audit findings and risk areas identified;
- ◇ Review the scope of the external audit to align it with Board requirements; and
- ◇ Conduct a detailed review of published accounts.

## AUDIT & RISK MANAGEMENT COMMITTEE

The role of our Audit and Risk Management Committee is documented in a Charter which is approved by our Board of Directors. In accordance with this Charter, all members of the Committee must be Non-Executive Directors.

The primary role of the Audit function of the Committee is to:

- ◇ Assist the Board in fulfilling its overview of the audit process;
- ◇ Assist the Board in overseeing financial reporting;
- ◇ Assist the Board in fulfilling its overview of the systems of internal control which the Board and management have established;
- ◇ Monitor, review and recommend the adoption of the financial statements of the Group;
- ◇ Regularly review the adequacy of accounting, internal controls, reporting and other financial management systems and practices of the Group;
- ◇ Review the financial report and other financial information distributed externally;
- ◇ Review any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- ◇ Review audit reports to ensure that if major deficiencies or breakdowns in controls or procedures are identified, appropriate and prompt remedial action is taken by management;
- ◇ Review the nomination and performance of the auditor;
- ◇ Liaise with external auditors and ensure that the annual and half-year statutory audits are conducted in an effective manner;
- ◇ Monitor the establishment of appropriate ethical standards;
- ◇ Monitor the procedures in place to ensure compliance with the Corporations Act 2001, Australian Accounting Standards, ASX Listing Rules and all other regulatory requirements;
- ◇ Address any matters outstanding with the auditors, the Australian Taxation Office, the Australian Securities and Investments Commission, the ASX and financial institutions; and
- ◇ Improve the quality of the accounting function.

The primary role of the risk function of the committee is to assist the Board in its oversight of the Group's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

Risk assessment and risk management are the responsibility of the Executive Team and senior management. The Committee has an oversight role and in fulfilling that role, it relies on the reviews and reports received from management. The Committee shall have the following authority and responsibilities:

- ◇ Review and discuss with management the Group risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes in place for risk management;
- ◇ Review and discuss with management the Board's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks;
- ◇ Discuss with the Executive team the Group's risk assessment and risk management guidelines, policies and processes, as the case may be. The Audit & Risk Committee meets separately at least once a year with the Executive Team;
- ◇ Receive, as and when appropriate, reports from the Group's Managing Director on the results of risk management reviews and assessments;
- ◇ Review disclosure regarding risk contained in the Group Annual Report;
- ◇ Review and assess the nature and level of insurance coverage;
- ◇ Initiate and monitor special investigations into areas of corporate risk or breakdowns in internal controls;
- ◇ Discharge any other duties or responsibilities delegated to the Committee by the Board;
- ◇ Delegate any of its responsibilities to subcommittees as the Committee may deem appropriate;
- ◇ Retain such outside counsel, experts and other advisors as the committee may deem appropriate in its sole discretion and approve related fees;
- ◇ Report its actions and any recommendations to the Board; and
- ◇ Review at least annually the adequacy of the Charter and recommend any proposed changes for board approval.

Given the size of the Board and the Company, the Board fulfils the role of the Audit & Risk Management Committee. The auditors and the Group CEO are invited to attend Audit and Risk Management Committee meetings at the discretion of the Committee. The Audit and Risk Management Committee met twice during the year.

# HOW WE DO BUSINESS

## CODE OF CONDUCT

In pursuit of the highest level of ethical standards, the Group has adopted a Code of Conduct which establishes the standards of behaviour required of Directors and employees in the conduct of the Group's affairs. This code is provided to all Directors and employees and is central to our business. It articulates the values we uphold, our strategy and how we measure success. The code stipulates that any unethical behaviour is to be reported to the Group CEO as soon as possible.

The Code of Conduct is based on respect for the law and the rights of individuals, and acting accordingly, dealing with conflicts of interest appropriately, using the consolidated entity's assets responsibly and in the best interests of the Company, acting with integrity, being fair and honest in dealings, treating other people with dignity and being responsible for actions and accountable for the consequences. It sets out standards of behaviour for our people when using the Group's resources, in their dealings with governments and communities, third parties and each other. Our Code describes the behaviours expected to support a safe, respectful and a legally compliant working environment.

Our Code is accessible to all our people and external stakeholders online at [harvest.technology/investors](https://harvest.technology/investors).

## SECURITIES DEALING BY DIRECTORS AND EMPLOYEES

The Board has adopted a policy in relation to dealings in the securities of the Group which applies to all Directors and employees. Under the policy, Directors and employees are prohibited from short-term or "active" trading in the Group's securities and Directors and employees are prohibited from dealing in the Group's securities whilst in the possession of price sensitive information. There are specific provisions within the policy for approval from the Group CEO with respect to proposed transactions in the Company's shares above a certain value.

Any Director or employee receiving shares pursuant to the Company's equity-based remuneration scheme (refer to the remuneration report) is not permitted to enter into transactions which limit the economic risk of participating in the scheme.

This policy is provided to all Directors and employees. Compliance with it is reviewed on an on-going basis in accordance with the Company's risk management systems. A copy of our Securities Dealing policy is publicly available online at [harvest.technology/investors](https://harvest.technology/investors).

## MARKET DISCLOSURE

To safeguard the effective dissemination of information, we have developed a policy for market disclosure, which outlines how we identify and distribute information to shareholders and market participants. A copy is provided to all Group officers and employees who may from time to time be in possession of undisclosed information that may be material to the price or value of the Group's securities. A copy of our Market Disclosure policy is publicly available online at [harvest.technology/investors](https://harvest.technology/investors).

The continuous disclosure policy aims to ensure timely compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules and to ensure officers and employees of the Group understand these obligations.

The procedure adopted by the Group is essentially that any information which may need to be disclosed must be brought to the attention of the Board (where practicable) and any other appropriate personnel (including external advisors if deemed appropriate) will consider the information and whether disclosure is required. If disclosure is deemed necessary, an appropriate announcement will be prepared for release to the market as soon as possible.

At least once every twelve months, the Board will review the company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

## COMMUNICATION WITH SHAREHOLDERS

The Board aims to ensure that Shareholders are kept fully informed of all major developments affecting the Group. Information is communicated to Shareholders as follows:

- ◇ As a disclosing entity, regular announcements are made to the ASX in accordance with the Group's Market Disclosure policy, including the half-year review, the year-end audited accounts and an Annual Report;
- ◇ The Board ensures the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments;
- ◇ Shareholders are advised in writing of key issues affecting the Group by effective use of the Group's share registry, electronically via the website and through quarterly webinars (commencing from September 2022);
- ◇ Shareholders are provided the opportunity to receive communications electronically through the Company's share registry;
- ◇ Any proposed major changes in the Group's affairs are submitted to a vote of Shareholders, as required by the Corporations Act 2001 and the ASX Listing Rules;
- ◇ The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Group's strategies and goals. All Shareholders who are unable to attend these meetings are encouraged to communicate or ask questions in writing to the Group;
- ◇ The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report; and
- ◇ The Board seeks feedback from proxy advisers to assess the appropriateness and adequacy of its reporting to shareholders.

The Board reviews this policy and compliance with it on an ongoing basis.

## DIVERSITY POLICY

The Group is committed to workplace diversity at all levels and recognises the benefits arising from employee and Board diversity. The benefits include a broader pool of high-quality employees, improved employee retention, accessing different perspectives and ideas, and benefiting from all available talent.

The Group recognises that diversity includes matters of age, disability, ethnicity, marital and family status, religion and culture, sexual orientation, and gender identity. The Group strives to:

- ◇ Recruit and manage based on an individual's competence, qualification and skills and performance;
- ◇ Create a workplace culture characterised by inclusive practices and behaviors for the benefit of all staff;
- ◇ Appreciate and respect the unique aspects that an individual brings to the workplace;
- ◇ Where possible and practicable, increase participation and employment opportunities for indigenous people;
- ◇ Create a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences, and perspectives through improved awareness of the benefits of workplace diversity and successful management of diversity, and always recognising that employees may have restrictions placed on them by domestic responsibilities outside the workplace;
- ◇ Take action to prevent discrimination, harassment, vilification, or victimisation;
- ◇ Create awareness of rights and responsibilities regarding fairness, equity, and respect for diversity; and
- ◇ Identify and implement programs to assist in the development of a more diverse pool of skilled and experienced employees, and to offer employees opportunities to reach management levels with the Group.

The Board is committed to workplace diversity and has an objective of providing a balanced representation of employees from a diversity stance across the Group. The Board has also implemented strategies to support the framework and objectives of the Diversity Policy and is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanism.

For the 2022 financial year, the Boards' objectives were met by the Group. The Board assesses annually the progress and achievement of the objectives.

Pursuant to ASX Corporate Governance Recommendation 1.5, the Company discloses the information in the table to the right as at the date of this report.

A copy of our Diversity policy is publicly available online at [harvest.technology/investors](https://harvest.technology/investors).

	Female	Male
Employees	29%	71%
Executives / Senior Management	33%	67%
Group Board Members	-	100%



# **CORPORATE GOVERNANCE STATEMENT**



# BOARD OF DIRECTORS

Our 2022 Corporate Governance Statement is dated as at October 10, 2022, and reflects the corporate governance practices in place throughout the 2022 financial year.

We are committed to achieving and demonstrating the highest standards of Corporate Governance. The Board continues to review the framework and practices to ensure that they meet the interests of shareholders. In this statement, Harvest Technology Group Limited and its controlled entities are together referred to as the Group, and our Board of Directors is referred to as the Board.

A description of the Group's main corporate governance practices is set out in this section. All these practices, unless otherwise stated, were in place for the entire year. Additionally, they comply with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

A copy of our Corporate Governance policies can be obtained online at [harvest.technology/investors](https://harvest.technology/investors).

## JEFFERY SENGELMAN

### CHAIRMAN & INDEPENDENT NON-EXECUTIVE DIRECTOR



Jeffery Sengelman DSC AM CSC MAICD is a retired Major General in the Australian Defence Force, with 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.

Jeffery holds a Bachelor of Arts, a Master of Arts in International Relations and a Master of Arts in Strategic Studies, and is a graduate of the Australian Command and Staff College, United States Army War College and a Fellow of the Harvard Kennedy School of Government.

## PAUL GUILFOYLE

### MANAGING DIRECTOR, GROUP CHIEF EXECUTIVE OFFICER



Paul Guilfoyle is a motivated leader with a reputation for turning vision into reality and has the ability to identify and enable threads of opportunity to bring together strategic partners.

Paul is very much a people-centred individual and is distinguished by his talent for creating and investing in highly-engaged teams. A great believer in thinking outside the box, he is an enabler of innovation and inspires team members to extend their thinking beyond current practice.

Having been involved in a number of senior roles throughout his career and with a proven track record in business transformation, he is well-versed in spearheading strategic shifts within an organisation to drive future competitive advantage and profit performance, and ensure customers receive top-notch service quality.



## MARCUS MACHIN

### NON-EXECUTIVE INDEPENDENT DIRECTOR

A law graduate from Cambridge University, Marcus Machin has extensive international experience in finance, shipping and oil and gas. Based in Dubai for the past 25 years, initially as the Finance Director for a major regional participant in oil services, engineering, vessel-owning and investment, Marcus established arabCapital in 2000 as a corporate finance and advisory practice focused primarily on the international shipping and oil services sectors.

Since 2000, arabCapital has worked in association with the Tufton Oceanic Finance Group (Tufton) London, a finance house focused on shipping and oil services and together with Tufton has concluded over US\$1.0 billion of institutional investments in managed investment fund vehicles.



## ROD EVANS

### NON-EXECUTIVE INDEPENDENT DIRECTOR<sup>1</sup>

Rod is an experienced company director and has been involved in successful start-ups, turnarounds and business growth across medium and large-scale businesses. Rod currently chairs the boards of Cranecorp Australia, a crane services business, and Ashburton Assurance Australasia, a quality assurance audit business. He has held previous board positions in civil, financial services, water supply, venture capital and community not-for-profit.

Rod has held a range of executive roles in strategy and investment. These appointments have included as Managing Director of an ASX listed venture capital provider, and senior executive roles in corporate strategy with Alinta Limited and Neptune Marine Service Limited. He has also headed the resource sector investment attraction program for the Western Australian Government. He is currently the principal of The Ideas Factory Australia, a specialist ideation and strategy business. During his career Rod has worked on mergers, acquisitions and new initiatives in Australia and overseas with values up to AUD\$20 billion.



## STUART CARMICHAEL

### NON-EXECUTIVE INDEPENDENT DIRECTOR<sup>2</sup>

Stuart Carmichael has extensive international corporate advisory, mergers and acquisitions, and operational experience. Stuart has held various senior executive leadership positions with UGL, Cushman & Wakefield (formerly DTZ), AJG and KPMG Corporate Finance. Stuart has extensive corporate and operational experience across multiple geographies having lived and worked in the US, UK, Europe, the Middle East and Australia.

Stuart's sector experience includes the construction, transportation and logistics, facilities management, corporate real estate, and professional services sectors. He graduated from the University of Western Australia with a Bachelor of Commerce degree, majoring in Accounting and Finance and is a qualified Chartered Accountant.

<sup>1</sup> Resigned effective October 3, 2022

<sup>2</sup> Resigned effective October 3, 2022

# LEADERSHIP TEAM



## LINDA SHIELDS

### CHIEF OPERATING OFFICER, FOUNDER

With 30 years' experience spanning retail, hospitality, finance, property, marine, oil & gas, and mining and technology sectors, Linda Shields has spent the majority of her career in key roles involving marketing services, customer relations, business system development and implementation, and contract and commercial management.

A responsible leader and confident communicator, Linda is renowned for her strong work ethic. Valued by colleagues and clients for being a consistent performer, she is dedicated to shaping and delivering commercial strategy to improve growth and business performance



## CRAIG BYRON

### CHIEF FINANCIAL OFFICER

Over 30 years' experience across a wide variety of industry sectors in senior finance, business development and commercial roles, including the last decade as a CFO/Finance Director for several highly diversified and acquisitive groups. A Chartered Accountant with extensive international experience providing financial, M&A, capital raising and restructuring services to a variety of private equity firms, public companies, and private enterprises.

Craig holds a Bachelor of Commerce from Deakin University and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia (FINSIA). He is also a Fellow of Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors.



## PATRICK NEISE

### CHIEF TECHNOLOGY OFFICER

A nuclear submariner in the U.S Navy and Red Team Member of the U.S National Security Agency (NSA). Joined RealWear as Chief Information Security Officer and Chief of Engineering.

Patrick holds a doctorate in Engineering, master's in information security engineering, master's in information technology management, and bachelor's in electrical engineering.



## JARON WARBURTON

### HEAD OF INNOVATION, FOUNDER

Experienced leader in innovation with a strong engineering background and history of software and firmware innovations and advancements in the energy sector.

Skilled in Petroleum, Gas, Safety Management Systems, Electronics Hardware Design and Java.



## JIMMY DEAN

### HEAD OF SOLUTION ARCHITECTURE, FOUNDER

Proven innovative manager and problem solver with an extensive 28-year remote environment career in offshore oil and gas, mining and the Royal Australian Navy.

Key driver of enabling customers with innovative solutions to grow their business whilst getting personally involved with their journey.



## DAMIAIN BROWN

### CHIEF PRODUCT OFFICER

Damiaín started his career in broadcast engineering before transitioning to subsea asset integrity. He brings over 20 years of technical, operational and management experience to his role and has a demonstrated track record in scaling business and delivering large scale projects.

In his role with Harvest Technology Group Damiaín leverages his knowledge and experience to drive products and solutions to market as well as servicing enterprise, bespoke and augmented systems requirements.



## SALLY CRAWFORD

### CHIEF FINANCIAL OFFICER - AMERICAS

Sally is a cross-functional executive with proven results leading growth, integration, change management and relationship building across all levels of organisations. Her early career in sales, marketing and business development built the foundation for her ability to understand and develop strategic performance indicators to drive growth.

Sally holds a Master of Science Finance from Portland State University and a Bachelor of Science Chemical Engineering from Purdue University.

## ROLE OF THE BOARD

Our Board Charter and the Guidelines for the Operation of the Board of Directors provide statement of the practices and processes the Board has adopted to discharge its responsibilities. It includes:

- ◇ Establishment of long-term goals of the Group and strategic plans to achieve these goals;
- ◇ Monitoring the achievement of these goals;
- ◇ Review of the management accounts and reports to monitor the progress of the Group;
- ◇ Review and adoption of budgets for the financial performance of the Group and monitoring the results on a regular basis to assess performance;
- ◇ Review and approval of the annual and interim financial reports;
- ◇ Nominating and monitoring the external auditor;
- ◇ Approving all significant business transactions;
- ◇ Appointing and monitoring senior management;
- ◇ All remuneration, development and succession issues;
- ◇ Ensuring the Group has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities;
- ◇ Overseeing the process for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Group's securities;
- ◇ Ensuring that the Group has a suitably qualified Company Secretary who shall be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board; and
- ◇ Ensuring that the Group reports on its measurable objectives in relation to gender diversity and assesses annually both the objectives and progress in achieving gender diversity.

The Board delegates day-to-day operational and administration matters to the Group Chief Executive Officer (CEO).

The Board evaluates the Board Charter policy on an ongoing basis. Board Charter and Guidelines for the Operation of the Board of Directors can be found online at [harvest.technology/corporate-governance](https://www.harvesttechnology.com/corporate-governance)

## BOARD COMPOSITION

The Board seeks to establish a Board that consists of Directors with an appropriate range of experience, skill, knowledge, and vision to enable it to operate the Group's business with excellence. To maintain this, the Group's policy is that non-executive Directors should serve at least 3 years. At the completion of the first 3 years, the position of the Director is reviewed to ascertain if circumstances warrant a further term.

The specific skills that the Board collectively bring to the Group include:

- ◇ Industry Experience/ technical qualification
- ◇ Commercial experience
- ◇ Public company experience
- ◇ Analytical expertise
- ◇ Financial expertise
- ◇ Risk Management experience
- ◇ Strategic planning experience
- ◇ Strategic leadership experience
- ◇ Corporate Governance expertise
- ◇ Communications experience
- ◇ Interpersonal experience

The chair of sub-committees formed by the Board has specific skills in the area for which they are responsible. The Board does not have a Director with legal experience. Any legal work is outsourced to external legal advisers.

At year end, the Board was comprised of five (5) members; four independent non-executive Directors and one executive Director. Directors' details are set out in our Directors' Report page 52.

The Board believes there is an appropriate balance between Executive and Non-executive Directors to promote shareholder interests and govern the Group effectively, given its current market capitalisation and business capacity. The Board's composition is in accordance with Australian-listed company practice. In addition, the Board has extensive access to members of senior management who frequently attend Board meetings (by invitation), where they make presentations and engage in discussions with Directors, answer questions and provide input and perspective on their areas of responsibility. The CFO attends all Board meetings. The Board, led by the Chairman, periodically holds discussions in the absence of management at Board meetings.

The Board is primarily responsible for identifying potential new Directors and has the option to use an external consulting firm to identify and approach possible new candidates for Directorship. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new Director with specific skills, candidates with the appropriate experience, expertise and diversity are considered. Each incumbent Director is given the opportunity to meet with each candidate on a one-to-one basis. The full Board then appoints the most suitable candidate.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to shareholders a candidate for election as a Director.

The Board ensures that shareholders are provided with all material information in the Board's possession relevant to a decision on whether, or not to elect or re-elect a Director.

The appointment of the Directors must be approved by a majority of the Shareholders at the first Annual General Meeting after the appointment.

For more information on board membership, refer to Board Charter and Guidelines for the Operation of the Board of Directors online at [harvest.technology/investors](http://harvest.technology/investors).

## INDEPENDENCE, RELATIONSHIP & ASSOCIATIONS

The Board is committed to ensuring a majority of Directors are independent.

In accordance with the Board Charter, the Board has adopted a policy which it uses to determine the independence of its Directors. This determination is carried out upon appointment, annually and at any other time where the changed circumstances of a Director warrant reconsideration. In considering whether a Director is independent, the Board has regard to the independence criteria in ASX Corporate Governance Principles and Recommendations Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other Directors, as appropriate.

At the conclusion of FY2022, there were four non-executive Directors and one executive Director comprising the Board. The Board has reviewed the position and association of each of the Directors in office at the date of this report and considers that non-executive Directors Mr. Machin, Mr. Evans, and Mr. Carmichael are deemed independent. The Chairman, Jeffery Sengelman, is also an independent non-executive Director.

Executive Director, Mr. Guilfoyle, is not considered independent because of his executive responsibilities. Mr Guilfoyle does not hold directorships in any other ASX listed company.

Directors' details are set out in our Directors' Report page 52. Refer to our Board Charter and Conflict of Interest policy online at [harvest.technology/investors](http://harvest.technology/investors).

## RETIREMENT & RE-ELECTION OF DIRECTORS

In accordance with the Board Charter and the Group's constitution, one third of Directors (or the number nearest one third, rounded up), other than the Group CEO, must retire from office at each AGM. No Director (other than the Group CEO) shall hold office for a period of more than three years without seeking re-election.

Directors who have been appointed by the Board are required to retire from office at the AGM following their appointment and are not considered when determining the number of Directors to retire at that AGM. Retiring Directors are eligible for re-election by Shareholders.

## INDEPENDENT PROFESSIONAL ADVICE

With prior approval of the Board, each Director has the right to seek independent legal and other professional advice at the Group's expense concerning any aspect of the Group's operations or undertakings to fulfil their duties and responsibilities as Directors.

## BOARD PERFORMANCE REVIEW

The performance of all Directors is assessed through a review of the whole-of-board performance, which includes Member's attendance at and involvement in Board meetings, their performance and other matters identified by the Board or other Directors. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a Director's performance.

The Directors conducted an internal performance evaluation of Board Members during the reporting period.

## DIRECTOR REMUNERATION

Details of the Group's remuneration policies are included in our Remuneration Report (page 60).

Non-executive Directors will be remunerated by cash payments (including statutory superannuation) and may receive equity performance incentives but will not be provided with any benefits for ceasing to be a Director.

An executive Director can be remunerated by both fixed remuneration and equity performance-based remuneration, subject to obtaining all regulatory approvals from shareholders. A reasonable period of notice of termination is required and is detailed in the Executive's employment contract.

## SHAREHOLDER ENGAGEMENT

We take a coordinated approach to engagement on corporate governance and during FY2022, in addition to the AGM in November 2021, the Group provided two general market/investor briefings. These are an important part of the governance and investor engagement process.

We also had regular monthly informal meetings and communications with a wide range of shareholders and their representatives to understand and respond to shareholder queries. The Group CEO and CFO meet regularly with retail shareholder representatives and their members.

Commencing September 2022, the Chairman and Group CEO host a quarterly webinar to provide an operational update to shareholders.

The purpose of these meetings is to discuss Group governance, operational updates and forward strategy. The meetings are an important opportunity to build relationships and to engage directly with brokers, fund managers, governance advisors and investors.

## SHAREHOLDER COMMUNICATIONS

Shareholders can communicate with us and our registrar electronically.

Shareholders can contact us at any time through our Investor Relations team, with contact details available online at [harvest.technology/investors](https://harvest.technology/investors). Shareholder and analyst feedback is shared with the Board through the Chairman, Group CEO, CFO and Company Secretary. This approach ensures that Directors are aware of issues raised and have a good understanding of current shareholder views.

## ANNUAL GENERAL MEETINGS

The 2021 Annual General Meeting was held on November 30, 2021, at the Crown Perth Convention Centre. The AGM was conducted face-to-face and supported via video conference links with remote members of the Board utilising Nodestream™ products to stream video from their location and demonstrate the capability of the technology to attending investors. All resolutions were passed.

The AGM provides a forum to facilitate the sharing of shareholder views and are important events in the Group's calendar. These meetings provide an update for shareholders on our performance and offer an opportunity for shareholders to ask questions and vote. Key members of management, including the Group CEO and CFO, are present and available to answer questions. The External Auditor attends the AGM and is also available to answer questions.

Copies of speeches delivered by the Chairman and Group CEO to the AGM are available on request. A summary of proceedings and the outcome of voting on the items of business are released to the ASX and posted on our website as soon as they are available following completion of the AGM.

Subject to any imposed restrictions associated with COVID and travel, proceedings at AGMs will also involve webcast/video conference.





# DIRECTORS REPORT



The Directors present their report together with the financial statements of Harvest Technology Group Limited (“Company”) and the entities it controls (together, “the Group”) for the financial year ended 30 June 2022. To comply with the provisions of the Corporations Act 2001, the Directors report as follows:

## DIRECTORS DETAILS

The names of Directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

### JEFFERY SENGELMAN

#### CHAIRMAN & INDEPENDENT NON-EXECUTIVE DIRECTOR

Jeffery Sengelman DSC AM CSC MAICD is a retired Major General in the Australian Defence Force, with 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.

Jeffery holds a Bachelor of Arts, a Master of Arts in International Relations and a Master of Arts in Strategic Studies and is a graduate of the Australian Command and Staff College, United States Army War College and a Fellow of the Harvard Kennedy School of Government.

Interest in shares:	500,000 fully paid ordinary shares
Interest in performance rights:	500,000 Class B Performance Rights
	500,000 Class C Performance Rights

### PAUL GUILFOYLE

#### MANAGING DIRECTOR, GROUP CHIEF EXECUTIVE OFFICER

Paul Guilfoyle is a motivated leader with a reputation for turning vision into reality and has the ability to identify and enable threads of opportunity to bring together strategic partners. This has earned him the respect of, and a seat at the table, with key industry players.

Paul is very much a people-centred individual and is distinguished by his talent for creating and investing in highly engaged teams. A great believer in thinking outside the box, he is an enabler of innovation and inspires team members to extend their thinking beyond current practice.

Having been involved in a number of senior roles throughout his career and with a proven track record in business transformation, he is well-versed in spearheading strategic shifts within an organisation to drive future competitive advantage and profit performance, and ensure Clients receive quality service.

Interest in shares:	33,337,846 fully paid ordinary shares
Interest in performance rights:	11,000,000 Class 2 Performance Rights
	13,200,000 Class 3 Performance Rights

# MARCUS MACHIN

## NON-EXECUTIVE INDEPENDENT DIRECTOR

A law graduate of Cambridge University, Marcus Machin has extensive international experience in finance, shipping and oil and gas. Based in Dubai for the past 25 years, initially as the Finance Director for a major regional participant in oil services, engineering, vessel-owning and investment, Marcus established arabCapital in 2000 as a corporate finance and advisory practice focused primarily on the international shipping and oil services sectors.

Since 2000, arabCapital has worked in association with the Tufton Oceanic Finance Group (Tufton) London, a finance house focused on shipping and oil services and together with Tufton has concluded over US\$1.0 billion of institutional investments in managed investment fund vehicles.

Interest in shares:	15,583,959 fully paid ordinary shares
Interest in performance rights:	2,500,000 Class 2 Performance Rights
	3,000,000 Class 3 Performance Rights

# ROD EVANS

## NON-EXECUTIVE INDEPENDENT DIRECTOR<sup>1</sup>

Rod is an experienced company director and has been involved in successful start-ups, turnarounds and business growth across medium and large-scale businesses. Rod currently chairs the boards of Cranecorp Australia, a crane services business, and Ashburton Assurance Australasia, a quality assurance audit business. He has held previous board positions in civil, financial services, water supply, venture capital and community not-for-profit.

Rod has held a range of executive roles in strategy and investment, including Managing Director of an ASX listed venture capital provider, senior executive roles in corporate strategy with Alinta Limited and Neptune Marine Services Limited. He has also headed the resource sector investment attraction program for the Western Australian Government. He is currently the principal of The Ideas Factory Australia, a specialist ideation and strategy business. During his career Rod has worked on mergers, acquisitions and new initiatives in Australia and overseas with values up to AUD\$20 billion.

Interest in shares:	3,047,553 fully paid ordinary shares
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# STUART CARMICHAEL

## NON-EXECUTIVE INDEPENDENT DIRECTOR<sup>2</sup>

Stuart Carmichael has extensive international corporate advisory, mergers and acquisitions, and operational experience. Mr Carmichael held various senior executive leadership positions with UGL, DTZ, AJG, and KPMG Corporate Finance. He has extensive corporate and operational experience across multiple geographies having lived and worked in the US, UK, Europe, the Middle East and Australia.

Stuart's sector experience includes the construction, transportation and logistics, facilities management, corporate real estate and professional services sectors. He graduated from the University of Western Australia with a Bachelor of Commerce degree, majoring in Accounting and Finance and is a qualified Chartered Accountant.

Stuart was appointed as a Non-Executive Independent Director on July 8, 2021.

Current listed company directorships:

- ◇ Non-Executive Chairman – K-TIG Limited (ASX:KTG)
- ◇ Non-Executive Director – De.mem Limited (ASX:DEM)
- ◇ Non-Executive Director – ClearVue Technologies Limited (ASX:CPV)
- ◇ Non-Executive Director – Orexplora Technologies Limited (ASX:OXT)

<sup>1</sup> Resigned effective October 3, 2022

<sup>2</sup> Resigned effective October 3, 2022

Previous listed company directorships:

- ◇ Non-Executive Chairman – Schrole Limited (ASX:SCL)
- ◇ Non-Executive Director – Swick Mining Services Limited (ASX:SWK)
- ◇ Non-Executive Director – Osteopore Limited (ASX:OSX)

Interest in shares:	646,849 fully paid ordinary shares
Interest in performance rights:	750,000 Class 2 Performance Rights
	900,000 Class 3 Performance Rights

## COMPANY SECRETARIES

Jack Rosagro was appointed to the role of Joint Company Secretary on October 8, 2021, with Joel Ives continuing to act as Joint Company Secretary until resigning on March 30, 2022.

Jack Rosagro continues to act as Company Secretary.

## BOARD MEETINGS AND ATTENDANCE

The Board is required to meet a minimum of 6 times per year. Directors are required to allocate sufficient time to perform their responsibilities effectively, including adequate time to prepare for Board meetings.

During the reporting year, the Board met 16 times. The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

Director	Full meeting of Directors	Meeting of Audit & Risk Management Committee
	Number of meetings attended	Number of meetings attended
Jeff Sengelman	14	2
Paul Guilfoyle	13	2
Rod Evans	14	2
Marcus Machin	13	2
Stuart Carmichael	14	2

## PRINCIPAL ACTIVITIES

The principal activities of the entities within the Group during the year were the:

- ◇ Development and delivery of proprietary software, products and services enabling the secure encrypted transfer of data, including high-definition video and audio, from anywhere via satellite or congested networks at ultra-low bandwidths
- ◇ Provision of a SaaS-based mobile technology platform to provide enhanced connectivity and operational support to field technicians with enhanced user interface and integration with job and project management software
- ◇ Provision of offshore solutions and engineering services for subsea intervention projects and asset integrity risk mitigation (discontinued operation)

The above products and services are provided primarily to the energy, maritime, resources, field service and renewable energy sectors.

## REVIEW OF OPERATIONS

### KEY ACHIEVEMENTS DURING THE YEAR

Key priorities for the Group entering FY2022 were continuing to target the speed to market for new applications, expansion into the USA market to capitalise on available opportunities, establishment of global reseller/strategic partner relationships, intensifying innovation through research and development and the implementation of production and management systems to support global scalabilities of its leading-edge technology.

The main highlights during FY2022 include:

- ◇ Achieving final milestones to transition the Group from Phase 1 to Phase 2 of its Three-Phase Strategic Plan:
  - Successful redelivery of VOS Shine vessel to Singapore on completion of its two-year charter, pivoting the Group to transition away from vessel operations to focus on its network optimised, remote operations technology solutions
  - Relocated the Group to purpose-designed central innovation hub at Technology Park in Bentley, WA
  - Launched US based Opsivity Inc., and rebranded SnapSupport products as Opsivity™
- ◇ Successfully raised \$9.8m (before costs) through a separate placement and accelerated non-renounceable entitlement offer during the year to accelerate expansion and fund working capital needs.
- ◇ Signed a number of key reseller agreements during the year, including with Speedcast (global satellite provider), Marlink (a leading global provider of end-to-end smart network solutions) and RSM Australia (a leading professional services firm).
- ◇ Memorandum of Understanding signed with Inmarsat for Harvest to become a development partner for Inmarsat VELARIS partner network for the Unmanned Aerial Vehicle (UAV) sector which provides access to Inmarsat's global satellite connectivity and the opportunity for the Group to scale its solutions into new sectors and geographies.
- ◇ Entered a Master Services Agreement with Inmarsat, a world-leader in communications at sea, to join its new maritime initiative as a Certified Application Provider.
- ◇ Launched our proven flagship Remote Inspection System (RiS™) into the global marine market.
- ◇ Harvest and Inmarsat Aviation delivered a new innovative solution for Beyond Visual Line of Sight (BVLOS) operations for small commercially deployed Unmanned Aerial Vehicles (UAVs) (i.e. drones) livestreaming high-quality video at less than 100kbps.
- ◇ Commenced operational deployment studies to explore opportunities to integrate our unique Nodestream™ bandwidth optimisation technology with Cisco's Webex connectivity platform.
- ◇ Established a new division to focus on, and take advantage of, the growing demand for connectivity and control solutions from defence and government organisations.
- ◇ Established a UK sales branch to support sales activities across the UK, Europe, Middle East and Africa regions to complement our existing teams across the Asia-Pacific and Americas regions.
- ◇ Continued to invest in research and development initiatives consistent with our technology roadmap and made significant progress in advancing key new product developments towards Beta trials ahead of commercialisation.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the Group decided to discontinue vessel operations activities in line with Phase 1 of the Group's Strategic Plan. On Monday October 4, 2021, the offshore support vessel VOS Shine was successfully redelivered to its Owners in Singapore, ending the vessel's two-year charter, and pivoting the Group to transition away from vessel operations through to Phase 2 of the Strategic Plan, and its core focus on providing technology solutions for remote operations.

### DIVIDENDS

The Directors recommend that no dividend be paid for the year ended 30 June 2022 (2021: nil).

## SIGNIFICANT EVENT AFTER BALANCE DATE

There has been no matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

## LIKELY DEVELOPMENTS

Notwithstanding the economic challenges and expectation that trading conditions may remain volatile, we believe demand will continue to grow for our products and services across our target markets as organisations across multiple industries look for solutions to securely and reliably deliver remote operations, drive greater efficiencies, increase worker safety, reduce operating costs, increase the use of digitisation and lower their carbon footprint.

In the year ahead we will remain focused on execution of our Phase 2 strategy, continuing our momentum to grow and diversify our revenue/customer base, exercise disciplined focus on spending, progressively reduce our quarterly cash burn rate whilst continuing to develop innovative technology solutions.

We plan to also:

- ◇ Continue to focus on building and supporting sales of the Infinity product line across our three key regions – namely APAC, UK/EMEA and the Americas, driven by our recently expanded sales and business development team.
- ◇ Actively seek opportunities to expand market penetration and leverage our technologies into new markets and applications.
- ◇ Establishment of new long-term strategic partner relationships and expansion of our existing reseller network across key end-customer channels and regions.
- ◇ Invest in targeted research and development initiatives as we progress hardware and software development projects for specific customer/end-market uses, introduce added functionality to our existing product range and successfully complete Beta trials with pilot customers for new products to help drive future growth.
- ◇ Seek further opportunities to embed our technology within products and solutions provided by third-parties, similar to current initiatives with Cisco and Inmarsat.

## UNISSUED SHARES UNDER OPTION

At the date of this report, unissued ordinary shares of the Company under option are:

Date option granted	Number of shares under option	Exercise price of option (cents)	Expiry date of option
18-Feb-20	3,840,000	6.5	18-Feb-23
18-Feb-20	1,920,000	10	18-Feb-23
7-Apr-22	38,520,166	25	7-Apr-24
	44,280,166		

These options do not entitle the holder to participate in any share issue of the Company.

During or since the end of the financial year, 500,000 shares were issued as a result of the exercise of options (2021: 32,021,667).

No options expired or lapsed during or since the end of the reporting period.

## PERFORMANCE SHARES

At the date of this report, no performance shares were on issue.

No performance shares expired or lapsed during or since the end of the reporting period (2021: 17,398,710).

Issue date	Expiry date	Number of performance shares
26-Apr-19	26-Apr-22	25,000,000
26-Apr-19	26-Apr-23	30,000,000
10-Nov-20	10-Nov-25	500,000
10-Nov-20	10-Nov-25	500,000
		56,000,000

These performance rights do not entitle the holder to participate in any share issue of the Company. During the financial year, 6,945,306 shares were issued as a result of the conversion of performance rights (2021: 9,486,339).

No performance rights expired or lapsed during or since the end of the reporting period (2021: nil). Milestones for conversion of performance rights are detailed in note 7.1.

## ENVIRONMENTAL LEGISLATION

The Group is not subject to any Environment Approvals, however, is aware of and maintains compliance to applicable environmental legislations during the performance of its daily operations.

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the Company incurred an insurance premium of \$65,220 (2021: \$57,991) in respect of a policy insuring the Directors and Officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001.

No agreements have been entered into to indemnify the Group's auditors.

## NON-AUDIT SERVICES

No non-audit services were provided by the auditor during the year.

## REMUNERATION REPORT

The Remuneration Report, page 60, outlines the remuneration arrangements in place for the key management personnel of the Group for the financial year ended 30 June 2022.

## PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied under section 237 of the Corporations Act 2001 for leave of Court to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

## AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

## AUDITOR INDEPENDENCE

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. The Independence Declaration for the year ended 30 June 2022 is set out on page 115.

Signed in accordance with a resolution of the Directors.



**JEFFERY SENGLMAN**  
Chairman

Dated in Perth, Western Australia, this 29th day of August 2022.



# REMUNERATION REPORT



This report outlines the remuneration arrangements in place for the Directors of Harvest Technology Group Limited (the Group) for the year ended 30 June 2022. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The Remuneration Report details the remuneration arrangements for the Directors who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, whether executive or otherwise.

## REMUNERATION PHILOSOPHY

The performance of the Group depends upon the quality of the Executives and Key Management Personnel (KMP). The philosophy of the Group in determining remuneration levels is to:

- ◇ Set competitive remuneration packages to attract and retain high calibre people;
- ◇ Link Executive and KMP rewards to shareholder value creation; and
- ◇ Establish appropriate, demanding performance hurdles for variable Executive and KMP remuneration.

## REMUNERATION & NOMINATION COMMITTEE

The Remuneration & Nomination Committee is responsible for determining and reviewing compensation arrangements for the Key Management Personnel. The Remuneration & Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Key Management Personnel on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

The Remuneration & Nomination Committee operates in accordance with its Charter. The main responsibilities of the Committee are:

- ◇ Determine remuneration policies and remuneration of Directors;
- ◇ Evaluate and approve incentive policies/schemes for Key Executives;
- ◇ Ensure all Directors and senior executives have a written agreement setting out the terms of their appointment;
- ◇ Evaluate the Managing Director's performance on an annual basis – a review was performed subsequent to the 2022 financial year;
- ◇ Determine and review professional indemnity and liability insurance for Directors and senior management;
- ◇ Review the Board composition to ensure the Board has the correct balance of skills and expertise;
- ◇ Identify, evaluate and recommend candidates for the Board, the position of Managing Director and the position of Company Secretary;
- ◇ Appointment of the Managing Director and the Company Secretary; and
- ◇ Succession planning for Board members and the Managing Director.

The Remuneration & Nomination Committee can seek independent external advice from consultants with specific industry experience relevant to the Group's remuneration assessment. Specific policies and procedures regarding remuneration determination is contained within the Directors Report.

Given the size of the Board, the Board fulfils the role of the Remuneration and Nomination Committee. The Committee did not meet during the year.

## REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of Executive Director and Non-Executive Director remuneration is separate and distinct.

## EXECUTIVE DIRECTOR AND KMP REMUNERATION

Remuneration can consist of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

### Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

### Variable Remuneration - Short-Term Incentive Scheme

The objective of the short-term incentive program is to link the achievement of the Group's operational targets with the remuneration received by Key Management Personnel charged with meeting those targets.

The total potential short-term incentive available may be set at a level so as to provide sufficient incentive to the Executive Directors and other Key Management to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

### Variable Remuneration - Long-Term Incentive Scheme

The Group also makes long-term incentive payments, such as performance rights, to reward Directors and other Key Management Personnel in a manner that aligns this element of remuneration with the creation of shareholder wealth.

## NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was on 10 May 2016 when the Company was admitted to the Official ASX List and an aggregate remuneration of \$350,000 per annum was set. Any future changes would be approved by shareholders at an Annual General Meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the way it is apportioned amongst Non-Executive Directors is reviewed annually. The Remuneration & Nomination Committee considers advice from external advisors as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Non-Executive Director receives a fee for being a Director of the Company which is inclusive of statutory superannuation and membership of sub-committees.

The Remuneration & Nomination Committee reviewed the expected commitments of each Director relative to the activities of the Company and agreed Non-Executive Directors' fees of \$50,000 per annum for the 2022 financial year and \$75,000 for the Chairperson's fees. This is considered commensurate with the size and activity levels of the Group.

## EMPLOYMENT CONTRACTS

Remuneration and other terms of employment of Executive Directors and other Key Management Personnel are formalised in employment contracts. The major provisions of the agreements related to remuneration are set out below.

Name	Terms of agreement	Employee notice period	Employer notice period	Base salary *	Termination Benefit **
Paul Guilfoyle	Ongoing	6 months	6 months	\$325,000	6 months base salary
Linda Shields	Ongoing	6 months	6 months	\$250,000	6 months base salary
Colin Napier	Ongoing***	3 months	3 months	\$200,000	3 months base salary
Craig Byron	Ongoing	3 months	3 months	\$236,364	3 months base salary
Patrick Neise ****	Ongoing	3 months	3 months	\$240,000 USD	3 months base salary

\* Base salary is exclusive of the superannuation guarantee charge rate applicable at the time (currently 10.5%).

\*\* Termination benefits are payable upon early termination by the Group, other than for gross misconduct. They are equal to base salary and superannuation payable for the notice period.

\*\*\* Colin Napier resigned from the Company on 13 March 2022.

\*\*\*\* Patrick Neise is employed in the USA and is paid in USD.

## REMUNERATION OF DIRECTORS

Name	Year	Short-term employee benefits		Post - employment benefits	Share - based payments	Total \$	Performance Related %
		Cash salary and fees (A) \$	D&O Insurance Premiums	Superannuation \$	Rights \$		
<b>Executive Directors</b>							
Paul Guilfoyle	2022	336,539	40,517	32,500	-	409,556	-
	2021	348,077	39,228	30,875	-	418,180	-
<b>Non-Executive Directors</b>							
Jeffery Sengelman	2022	75,000	8,234	-	70,893	154,127	46
	2021	81,250	8,411	-	253,507	343,168	74
Rod Evans	2022	50,000	5,490	-	-	55,490	-
	2021	50,000	5,176	-	-	55,176	-
Marcus Machin	2022	50,000	5,490	-	-	55,490	-
	2021	50,000	5,176	-	-	55,176	-
Stuart Carmichael (Appointed 8 July 2022)	2022	45,455	5,490	4,545	-	55,490	-
	2021	-	-	-	-	-	-
Sub-total Non-Executive Directors' remuneration	2022	220,455	24,704	4,545	70,893	320,597	22
	2021	181,250	18,763	-	253,507	453,520	56
Total Directors' Remuneration	2022	556,994	65,221	37,075	70,893	730,153	22
	2021	529,327	57,991	30,875	253,507	871,700	29

(A) Includes movements in accruals for annual leave and salary for Executive Directors

The options and performance rights tabled above were provided at no cost to the recipients. The granting of the performance rights was approved the Annual General Meeting held on 10 November 2020.

## REMUNERATION OF OTHER KEY MANAGEMENT PERSONNEL

Name	Year	Short-term employee benefits		Post - employment benefits	Share - based payments	Total \$	Performance Related %
		Cash salary and fees (A) \$	D&O Insurance Premiums				
<b>KMP</b>							
Linda Shields COO	<b>2022</b>	<b>256,731</b>	-	<b>25,000</b>	<b>111,760</b>	<b>393,491</b>	<b>28</b>
	2021	235,071	-	21,558	524,075	780,704	67
Colin Napier CFO (Resigned 13 March 2022)	<b>2022</b>	<b>153,469</b>	-	<b>14,615</b>	<b>101,213</b>	<b>269,297</b>	<b>38</b>
	2021	207,035	-	19,000	524,075	750,110	70
Craig Byron CFO (Started 4 January 2022)	<b>2022</b>	<b>114,686</b>	-	<b>10,818</b>	-	<b>125,504</b>	-
	2021	-	-	-	-	-	-
Diranne Lee-Renwick CTO (B) (Resigned in June 2021)	<b>2022</b>	-	-	-	-	-	-
	2021	199,882	-	19,000	-	218,882	-
Patrick Neise CTO (C) (Started 8 June 2021)	<b>2022</b>	<b>356,000</b>	-	<b>10,288</b>	<b>63,000</b>	<b>429,288</b>	<b>15</b>
	2021	-	-	-	-	-	-
<b>Total Other KMP Remuneration</b>	<b>2022</b>	<b>880.886</b>	-	<b>60,721</b>	<b>275,973</b>	<b>1,217,580</b>	<b>23</b>
	2021	641,986	-	59,558	1,048,150	1,749,696	60

- (A) Includes movements in accruals for annual leave.
- (B) All short-term and post-employment benefits accrued to the date of resignation were recognised in FY 2021.
- (C) Patrick Neise remuneration has been translated to AUD for the purpose of this report.

In 2020, performance rights were issued to KMP's that required a minimum share price of 4 cents to qualify for conversion into shares in 2020/21, 7 cents in 2021/22 and 10 cents in 2022/23. Refer note 7.1.

## OPTIONS

### GRANTED AS COMPENSATION

No share options were granted to the Directors of the Company as part of their remuneration in FY 2022 or FY 2021.

## PERFORMANCE RIGHTS

Performance rights were granted to Jeffery Sengelman as part of his remuneration in FY 2021.

The performance rights tabled below were provided at no cost to the recipients. During the year, 11,000,000 performance rights for Paul Guilfoyle, 2,500,000 performance rights for Marcus Machin, 750,000 performance rights for Stuart Carmichael and 1,000,000 performance rights for Jeffery Sengelman did not meet the performance conditions.

In the prior year, 500,000 performance rights were converted to shares to Jeffery Sengelman following the achievement of the performance conditions.

	Number of performance rights grants	Grant date	Value per performance right at grant date cents	Value of performance rights at grant date \$	End of performance period	Expiry date
<b>Name</b>						
Paul Guilfoyle *	11,000,000	26-Apr-19	0	0	26-Apr-22	
Paul Guilfoyle *	13,200,000	26-Apr-19	0	0	26-Apr-23	
Marcus Machin *	2,500,000	26-Apr-19	0	0	26-Apr-22	
Marcus Machin *	3,000,000	26-Apr-19	0	0	26-Apr-23	
Stuart Carmichael *	750,000	26-Apr-19	0	0	26-Apr-22	
Stuart Carmichael *	900,000	26-Apr-19	0	0	26-Apr-23	
Jeffery Sengelman	500,000	23-Nov-20	24.73	123,650	1-Mar-21	10-Nov-25
Jeffery Sengelman	500,000	23-Nov-20	21.41	107,050	1-Sep-21	10-Nov-25
Jeffery Sengelman	500,000	23-Nov-20	18.74	93,700	1-Mar-22	10-Nov-25

\* Performance rights for Paul Guilfoyle, Marcus Machin and Stuart Carmichael were granted as part of a business combination in FY 2019, and the value at the time was \$0.

## SHARE-BASED REMUNERATION GRANTED AS COMPENSATION

For details of share-based payments granted during the year, refer note 7.1.

## OTHER INFORMATION

### ORDINARY SHARES HELD BY KMP

	Held at 1 July 2021	Purchases	Sales	Conversion of Performance Rights & Options	Held at 30 June 2022
<b>Executive Directors</b>					
Paul Guilfoyle	32,871,779	466,067	-	-	33,337,846
<b>Non-Executive Directors</b>					
Jeffery Sengelman	500,000	-	-	-	500,000
Rod Evans	3,047,553	-	-	-	3,047,553
Marcus Machin	15,203,864	380,095	-	-	15,583,959
Stuart Carmichael	601,720	45,129	-	-	646,849
<b>Other KMP</b>					
Linda Shields	18,172,336	170,000	(470,000)	2,063,887	19,936,223
Colin Napier	5,730,736	136,202	(296,202)	2,005,293	7,576,029
Craig Bryon	-	300,379	-	-	300,379
Patrick Neise	-	-	-	-	-

### OPTIONS HELD BY DIRECTORS

No options were held by Directors at any time during the financial year, nor at year end.

### PERFORMANCE SHARES HELD BY DIRECTORS

No performance shares were held by Directors at any time during the financial year, nor at year end.

### PERFORMANCE RIGHTS HELD BY KMP

	Held at 1 July 2021	Granted during the year	Converted during the year	Held at 30 June 2022
Paul Guilfoyle	24,200,000	-	-	24,200,000
Jeffery Sengelman	1,000,000	-	-	1,000,000
Marcus Machin	5,500,000	-	-	5,500,000
Stuart Carmichael	1,650,000	-	-	1,650,000
Linda Shields	14,239,491	-	(1,929,967)	12,309,524
Colin Napier	3,239,491	-	(1,929,967)	1,309,524

At 30 June 2022, 11,000,000 performance rights for Paul Guilfoyle, 2,500,000 performance rights for Marcus Machin, 750,000 performance rights for Stuart Carmichael, 1,000,000 performance rights for Jeffery Sengelman, 6,309,524 performance rights for Linda Shields and 1,309,524 performance rights for Colin Napier did not meet the performance conditions.

Key management personnel not disclosed above did not hold performance rights at any time during the financial year, nor at year end.

## **OTHER TRANSACTIONS WITH DIRECTORS OR KEY MANAGEMENT PERSONNEL**

Details of other transactions with Directors or Key Management Personnel not involving remuneration are disclosed in note 7.4.

The Group has a binding commitment from Paul Guilfoyle and Marcus Machin to contribute \$1.0m (6,666,666 shares), in total, as part of the placement conducted in February 2022, which is subject to shareholder approval at the next Annual General Meeting in November 2022. These placement shares also carry the right to receive 1-for-1 free attaching options (6,666,666 options) consistent with the terms of the placement.

## **VOTING AND COMMENTS AT THE COMPANY'S 2021 ANNUAL GENERAL MEETING**

The Company received 98.59% of "yes" votes on its remuneration report for the 30 June 2021 financial year.



# AUDITOR INDEPENDENCE DECLARATION



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Harvest Technology Group Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

**Perth, Western Australia**  
**29 August 2022**



**D I Buckley**  
**Partner**

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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# **CONSOLIDATED FINANCIAL STATEMENTS**



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>Assets</b>			
Cash and cash equivalents	5.1	4,497,315	6,756,988
Trade and other receivables	5.2	709,708	5,805,238
Inventory	5.3	559,635	189,802
Prepayments		160,986	168,640
Other bonds and deposits	4.4	443,163	576,633
Derivative financial assets		145,159	-
Current tax receivables		35,216	32,893
<b>Total current assets</b>		<b>6,551,182</b>	<b>13,530,194</b>
Intangible assets	4.1	9,106,144	10,301,724
Property, plant and equipment	4.2	1,378,095	429,487
Right of use leased assets	4.3	1,493,081	88,003
Other bonds and deposits	4.4	218,444	250,914
<b>Total non-current assets</b>		<b>12,195,764</b>	<b>11,070,128</b>
<b>Total assets</b>		<b>18,746,946</b>	<b>24,600,322</b>
<b>Liabilities</b>			
Trade and other payables	5.4	646,545	2,672,737
Other liabilities	5.5	132,256	5,077
Borrowings	6.2	100,406	-
Employee entitlements	2.4	648,039	476,620
Lease liabilities	6.4	251,657	490,266
Deferred consideration	6.3	-	729,325
Derivative financial liabilities		132,188	-
Provisions	6.5	-	768,415
<b>Total current liabilities</b>		<b>1,911,091</b>	<b>5,142,440</b>
Lease liabilities	6.4	1,581,839	3,783
Provisions	6.5	120,610	-
Borrowings	6.2	3,714,594	3,619,151
<b>Total non-current liabilities</b>		<b>5,417,043</b>	<b>3,622,934</b>
<b>Total liabilities</b>		<b>7,328,134</b>	<b>8,765,374</b>
<b>Net assets</b>		<b>11,418,812</b>	<b>15,834,948</b>
<b>Equity</b>			
Issued capital	6.1	41,254,787	31,671,048
Unissued capital	6.1	2,112,761	2,028,761
Reserves		5,854,232	5,437,477
Accumulated losses		(37,802,968)	(23,302,308)
<b>Total equity attributable to equity holders of the Company</b>		<b>11,418,812</b>	<b>15,834,948</b>

The accompanying notes are an integral part of these financial statements

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>Revenue</b>			
Sales	2.2	2,145,455	2,090,067
Other income	2.3	15,955	222,595
		<b>2,161,410</b>	<b>2,312,662</b>
<b>Expenses</b>			
Cost of good sold		(622,233)	(238,326)
Marketing and business development		(913,867)	(161,358)
Personnel expenses - other	2.4	(5,783,466)	(5,916,136)
Personnel expenses - research and development	2.4	(3,691,867)	(1,071,370)
General and administration		(370,805)	(786,438)
Professional fees		(821,879)	(673,911)
Depreciation and amortisation		(1,845,220)	(1,061,625)
Research and development		(961,596)	(277,657)
Goodwill impairment		-	-
Finance expenses	2.5	(603,856)	(566,837)
Other losses		(118,565)	-
		<b>(13,571,944)</b>	<b>(8,440,996)</b>
Income tax benefit / (expense)	2.6	(138,392)	1,567,723
<b>Net loss for the year from continuing operations</b>		<b>(13,710,336)</b>	<b>(6,873,273)</b>
<b>Loss after tax from discounted operations</b>	3	<b>(790,324)</b>	<b>(3,365,386)</b>
<b>Loss attributable to owners of the Company</b>		<b>(14,500,660)</b>	<b>(10,238,659)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign operations - foreign currency translation differences		32,151	(2,202)
<b>Total comprehensive loss for the year</b>		<b>(14,468,509)</b>	<b>(10,240,861)</b>
<b>Total comprehensive loss attributable to owners of the Company</b>		<b>(14,468,509)</b>	<b>(10,240,861)</b>
Loss for the year is attributable to:			
Continuing operations		(13,710,336)	(6,873,273)
Discounted operations		(790,324)	(3,365,386)
		<b>(14,500,660)</b>	<b>(10,238,659)</b>
Total comprehensive loss for the year is attributable to:			
Continuing operations		(13,678,185)	(6,875,476)
Discounted operations		(790,324)	(3,365,386)
		<b>(14,468,509)</b>	<b>(10,240,861)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)	2.7	(2.63)	(2.13)
Basic and diluted loss per share (cents per share) from continuing operations	2.7	(2.49)	(1.43)
Basic and diluted loss per share (cents per share) from discounted operations	2.7	(0.14)	(0.70)

The accompanying notes are an integral part of these financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Issued Capital	Unissued Capital	Share-based Payment Reserve	Equity Component of Convertible Note	Foreign Exchange Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>20,666,186</b>	<b>1,738,628</b>	<b>2,801,621</b>	<b>499,385</b>	-	<b>(13,063,649)</b>	<b>12,642,171</b>
Net loss for the year	-	-	-	-	-	(10,238,659)	(10,238,659)
Foreign exchange translation	-	-	-	-	(2,202)	-	(2,202)
Total comprehensive loss for the year	-	-	-	-	(2,202)	(10,238,659)	(10,240,861)
Shares issued during the period	10,507,639	-	-	-	-	-	10,507,639
Share issue costs (net of tax benefit)	(449,427)	-	-	-	-	-	(449,427)
Deferred consideration on acquisition of subsidiary	750,000	528,761	-	-	-	-	1,278,761
Funds received for options yet to issued	-	(41,978)	-	-	-	-	<b>(41,978)</b>
Expiry and vesting of options	-	-	2,746	-	-	-	2,746
Shares in lieu of bonus	196,650	(196,650)	-	-	-	-	-
Share-based payments (Refer note 7.1)	-	-	2,135,897	-	-	-	2,135,897
<b>Balance at 30 June 2021</b>	<b>31,671,048</b>	<b>2,028,761</b>	<b>4,940,264</b>	<b>499,385</b>	<b>(2,202)</b>	<b>(23,302,308)</b>	<b>15,834,948</b>
<b>Balance at 1 July 2021</b>	<b>31,671,048</b>	<b>2,028,761</b>	<b>4,490,264</b>	<b>499,385</b>	<b>(2,202)</b>	<b>(23,302,308)</b>	<b>15,834,948</b>
Net loss for the period	-	-	-	-	-	(14,500,660)	(14,500,660)
Foreign exchange translation	-	-	-	-	32,151	-	32,151
Total comprehensive loss for the year	-	-	-	-	32,151	(14,500,660)	(14,468,509)
Shares issued during the period	9,858,229	-	-	-	-	-	9,858,229
Share issue costs (net of tax benefit)	(766,119)	-	-	-	-	-	(766,119)
Shares in lieu of bonus	491,629	84,000	-	-	-	-	575,629
Share-based payments (Refer note 7.1)	-	-	384,634	-	-	-	384,634
<b>Balance at 30 June 2022</b>	<b>41,254,787</b>	<b>2,112,761</b>	<b>5,324,898</b>	<b>499,385</b>	<b>29,949</b>	<b>(37,802,968)</b>	<b>11,418,812</b>

The accompanying notes are an integral part of these financial statements

## CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		10,269,511	3,981,485
Payments to suppliers and employees		(18,655,445)	(12,543,017)
Interest paid		(416,185)	(391,688)
Interest paid on lease liabilities		(69,929)	(106,832)
Interest received		5,901	19,524
Income taxes paid		(138,392)	(1,260)
<b>Net cash used in operating activities</b>	<b>5.1(b)</b>	<b>(9,004,539)</b>	<b>(9,041,788)</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(821,580)	(387,321)
Proceeds from sale of plant and equipment		1,690	15,472
Payments to acquire subsidiary - deferred consideration	6.3	(750,000)	(750,000)
Payments for security deposits		-	(219,296)
Proceeds from security deposits		44,015	-
Acquisition of cash in business combination		-	826
<b>Net cash used in investing activities</b>		<b>(1,525,875)</b>	<b>(1,340,319)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of share capital and options exercise	6.1	9,858,229	9,201,498
Proceeds from sales of investment in FVTPL		-	22,759
Payment of capital raising costs	6.1	(766,119)	(599,236)
Repayment of principle lease liabilities	6.4	(782,883)	(2,676,704)
Repayment of borrowings and premium funding facility	6.2	(44,125)	(115,520)
<b>Net cash from financing activities</b>		<b>8,265,102</b>	<b>5,832,797</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at 1 July		6,756,988	11,306,298
Effect of exchange rate fluctuations on cash held		5,639	-
<b>Cash and cash equivalents at 30 June</b>	<b>5.1(a)</b>	<b>4,497,315</b>	<b>6,756,988</b>

The accompanying notes are an integral part of these financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## SECTION 1: BASIS OF PREPARATION

The notes to the consolidated financial statements have been grouped into sections under seven key categories:

- Basis of preparation
- Results for the year
- Business Combination
- Assets and Liabilities
- Working capital disclosures
- Equity and funding
- Other disclosures

Significant accounting policies specific to one note are included within that note and where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies during the year.

### 1.1 GENERAL INFORMATION

The Company, Harvest Technology Group Limited, is a for-profit, listed public company domiciled in Australia. The Company's registered office is located at Ground Floor, 16 Ord Street, West Perth, WA 6005.

The Group is primarily involved in:

- remote communications technology based around data transmission protocols; and
- bespoke solutions for the offshore energy, resources and renewables sectors, specialising in subsea and asset integrity risk mitigation technology.

The consolidated financial statements of the Group as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and were authorised for issue by the Board of Directors on 29 August 2022. The financial statements are general purpose financial statements which:

- have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- have been prepared on a historical cost basis, except for financial assets held at fair value through profit or loss. The basis of measurement is discussed further in the individual notes;
- are presented in Australian Dollars;
- adopt all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2021; and,
- do not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective.

### 1.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 June each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability, to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### 1.3 FOREIGN CURRENCY TRANSLATION

The primary economic environment in which the Group operates is Australia. The consolidated financial statements are therefore presented in Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated into Australian dollars at the year-end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year-end, a foreign exchange gain or loss may arise. Any such differences are recognised in the profit or loss. Non-monetary assets and liabilities measured at historical cost are translated into Australian dollars at the exchange rate on the date of the transaction.

The functional currency of the Group's US based subsidiaries, Opsivity, Inc and SnapSupport, Inc, is US Dollars (USD). The functional currency of the Group's UK based subsidiary, Harvest Technology (UK) Ltd, is British Pound Sterling (GBP).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Harvest Technology Group Limited at the rate of exchange ruling at balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

### 1.4 RESEARCH AND DEVELOPMENT EXPENDITURE TAX OFFSET

The Group undertakes expenditure on activities that are categorised as 'eligible expenditure' under the Research & Development Tax Concession which, dependent upon certain criteria, may be subject to a tax offset. The Group has submitted a claim for the 2021 financial year and have not recognised a receivable pending the review and approval of the claim by the Australian Taxation Office. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

### 1.5 IMPAIRMENT

#### NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amount of its non-financial assets, other than deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

### 1.6 NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

#### STANDARDS AND INTERPRETATIONS APPLICABLE TO 30 JUNE 2022

The Directors have reviewed all Standards and Interpretations on issue not yet adopted for the period ended 30 June 2022. As a result of this review, the Directors have determined that there is no material impact of the Standards and Interpretations on issue not yet adopted by the Company, and therefore, no change is necessary to Group accounting policies. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have a material impact on Group Accounting policies.

## 1.7 ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

- Note 2.6 - Income tax expense
- Note 4.1 - Intangibles
- Note 5.2 - Recoverability of Trade Receivables
- Note 6.2 - Borrowings
- Note 7.1 - Share-based payments

## 1.8 GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business and at the amounts stated in the financial statements. Notwithstanding the fact that the Group incurred a loss of \$14,500,660 and a net cash outflow of \$2,265,312 for the period, the Directors are of the opinion that the Company is a going concern for the following reasons:

- The cessation of the loss-making subsea and asset integrity risk mitigation operating segment;
- The strong interest from industry-leading global resellers and customers in the Group's technology and services during the past 12 months which supports our strategy to diversify our revenue base and enter into development agreements for embedded systems with several companies. This requires continued investment in research and development activities and resources to support our expansion;
- The Group's ability to raise capital when required. During the past year, the Group successfully raised \$9.8m (before costs) through a separate placement and accelerated non-renounceable entitlement offer to accelerate expansion and fund working capital needs.

After consideration of the above factors together with a review of the Group's financial position and forecast cash flows, the Directors reasonably expect the Group will be able to generate sufficient future cashflows to ensure the Group is able to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. However, should results be materially less than expected and/or the Group is unable to generate any additional funding required, there would exist a material uncertainty which could cast significant doubt as to whether the Group would in such circumstances be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

## SECTION 2: RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group, with disclosures including segment information, components of the operating profit, taxation and earnings per share.

### KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

#### DEFERRED TAXATION

The Group has unrecognised carried forward tax losses which can be utilised against future taxable profits.

### 2.1 OPERATING SEGMENTS

The Group's operating segments have been determined with reference to the management accounts used by the Chief Operating Decision Maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole, has been determined as the Chief Operating Decision Maker.

The Group operated in two distinct segments during the past year:

- Remote communications technology sector; and
- Subsea and asset integrity risk mitigation technology-based solutions within the energy, resources and renewables sectors.

The remote communications technology segment generates income from the provision of data transfer, encryption and compression services to clients operating in offshore and remote environments.

The offering of bespoke subsea and asset integrity risk mitigation technology-based solutions segment generates income from subsea infrastructure and assets in the energy, resources and renewables sectors. This segment is now discontinued.

### SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable operating segment as at the end of the reporting period:

	Assets		Liabilities	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$	\$	\$	\$
Remote communication technology	10,386,283	11,589,149	(760,821)	(292,778)
Subsea and asset integrity risk mitigation	443,163	5,387,536	(20,678)	(3,013,970)
<b>Total segment assets and liabilities</b>	<b>10,829,446</b>	<b>16,976,685</b>	<b>(781,499)</b>	<b>(3,306,748)</b>
Corporate and other segment assets/ liabilities	7,917,500	7,623,637	(6,546,635)	(5,458,626)
<b>Total</b>	<b>18,746,946</b>	<b>24,600,322</b>	<b>(7,328,134)</b>	<b>(8,765,374)</b>

## SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results from continuing operations by reportable operating segment.

	Revenue		Segment Profit / (Loss)	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$	\$	\$	\$
Remote communication technology <sup>(1) (2)</sup>	2,145,455	2,090,067	(6,923,072)	(1,594,709)
<b>Total for continuing operations</b>	<b>2,145,455</b>	<b>2,090,067</b>	<b>(6,923,072)</b>	<b>(1,594,709)</b>
Subsea and asset integrity risk mitigation (discounted operations) <sup>(2)</sup>	2,690,846	6,203,308	(790,324)	(3,365,386)
<b>Total for continuing and discounted operations</b>	<b>4,836,301</b>	<b>8,293,375</b>	<b>(7,713,396)</b>	<b>(4,960,095)</b>
Other income			6,590	203,071
Finance income			9,365	19,524
Central and administration expenses			(6,060,971)	(6,502,045)
Finance expense			(603,856)	(566,837)
<b>Loss before tax</b>			<b>(14,362,268)</b>	<b>(11,806,382)</b>
Income tax benefit / (expense)			(138,392)	1,567,723
<b>Loss after tax</b>			<b>(14,500,660)</b>	<b>(10,238,659)</b>

(1) The remote communications technology segment result includes an expense of \$1,219,800 for amortisation of intellectual property.

(2) Revenue from the use of remote communications technology hardware by subsea and asset integrity risk mitigation customers is recognised within the subsea and asset integrity risk mitigation revenue.

Segment revenues represent revenue generated from external customers. There were no inter-segment revenues in the current period.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Management do not consider the cashflows of each segment separately.

## GEOGRAPHICAL INFORMATION

	Sales to External Customers		Geographical Non-Current Assets	
	2022	2021	2022	2021
	\$	\$	\$	\$
Australia	4,583,067	8,288,550	9,199,153	7,727,808
United States	253,234	4,825	2,993,663	3,342,320
United Kingdom	-	-	2,948	-
	<b>4,836,301</b>	<b>8,293,375</b>	<b>12,195,764</b>	<b>11,070,128</b>

## 2.2 REVENUE

### ACCOUNTING POLICY

Revenue from contracts with customers is recognised in consolidated statement of profit or loss and other comprehensive income when the performance obligations are considered met, per the specific requirements of contract for the goods or services being provided by the Group, as disclosed further below. Revenue is recognised at an amount that reflects the consideration the Group expects to be entitled to, net of goods and services tax.

#### A. RENDERING OF SERVICES

##### *Harvest Infinity (Infinity) – Remote communications technology services*

Sales revenue from rendering of services in relation to the provision of remote communications technologies to customers operating in offshore and remote locations is recognised when the performance obligations to the customer have been fulfilled.

The Group determines whether each performance obligation within a contract is satisfied over time or at a point in time.

The Group has determined that the majority of contractual works that Infinity engages in incorporate components of satisfaction of performance obligations at a point in time as well as satisfaction of performance obligations over time. All point in time obligations refer to preparatory works to enable compatibility of customer operations with the requisite systems for service provision. After initial preparatory works, performance obligations are satisfied over time with the continuing fulfillment of telecommunication services relevant to customers.

Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternate use to the Group and it has an enforceable right to payment for performance completed to date.

##### *Harvest Technology (Harvest) – Offshore Subsea Services*

Sales revenue from rendering of services in relation to provision of technology-based solutions for subsea and asset integrity risk mitigation is recognised when the specific performance obligations to the customer have been fulfilled. The Group determines whether each performance obligation within a contract is satisfied over time or at a point in time. Criteria for determination if performance obligations are satisfied at a point in time or over time are noted above.

The Group has determined that the majority of contractual works Harvest engages in is over time rather than at a point in time as the contractual work for inspection, maintenance and repair pertains to assessment of assets held by customers across an agreed period of time to ensure appropriate upkeep and repair of assets to maintain their working order. As such, the customers receive and consume the benefits provided by the Group's performance as it is performed. For this reason, contract revenue is recognised over time and is measured using the input method by reference to labour hours incurred and actual costs incurred, relative to the total expected inputs to the satisfaction of the individual performance obligations.

##### **Transaction price**

The total transaction price at the start of the contract is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, net of goods and services tax. The transaction price does not include estimates of consideration resulting from change orders for additional goods or services unless these are agreed. Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when or as those performance obligations are satisfied.

##### **Disaggregation of revenue**

AASB 15 requires entities to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has determined that a disaggregation of revenue using existing segments and the nature of revenue best depicts the Group's revenue.

	Provision of services		Hardware sales		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
<b>Revenue earned over-time</b>						
Remote communication technology	1,723,644	1,864,141	-	-	1,723,644	1,864,141
Offshore subsea services	2,690,846	6,203,308	-	-	2,690,846	6,203,308
<b>Total Revenue</b>	<b>4,414,490</b>	<b>8,067,449</b>	<b>-</b>	<b>-</b>	<b>4,414,490</b>	<b>8,067,449</b>
<b>Revenue at a point in time</b>						
Remote communications technology	-	-	421,811	225,926	421,811	225,926
Offshore subsea services	-	-	-	-	-	-
<b>Total Revenue</b>	<b>-</b>	<b>-</b>	<b>421,811</b>	<b>225,926</b>	<b>421,811</b>	<b>225,926</b>
	<b>4,414,490</b>	<b>8,067,449</b>	<b>421,811</b>	<b>225,926</b>	<b>4,836,301</b>	<b>8,293,375</b>

The Group has 2 customers where the revenue generated from these customers is more than 10% of the Group's revenue. Customer A generated 55% (2021: 0%) and Customer B generated 22% (2021: 12%) of the Group's revenue for the period.

## 2.3 OTHER INCOME

### ACCOUNTING POLICY

Other income is recognised when the amount can be reliably measured and control of the right to receive the income is passed to the Group.

#### Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to historical expenditure for Research & Development and Export Market Development are recognised in full in the period that they are received.

#### Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

	2022	2021
	\$	\$
Government incentives/grants	-	197,839
Interest income	6,445	19,524
Gain on fixed asset disposal	763	5,232
Finance income	2,920	-
Wage subsidy	5,600	-
Other	227	-
	<b>15,955</b>	<b>222,595</b>

## 2.4 PERSONNEL EXPENSE AND EMPLOYEE BENEFITS

### ACCOUNTING POLICY

#### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of the future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

#### Share-based payments

The policy relating to share-based payments is set out in note 7.1.

The table below sets out personnel costs expensed during the year.

	Note	2022 \$	2021 \$
Wage and salaries		5,726,244	2,753,791
Directors' remuneration	7.4	730,153	871,700
Other KMP remuneration	7.4	1,217,580	1,749,695
Contributions to superannuation		451,940	212,232
Increase in liability for annual leave		115,133	88,290
Equity-settled share-based payments		613,398	837,016
Fringe benefit tax		3,831	16,750
Other associated personnel expenses		617,054	458,032
		<b>9,475,333</b>	<b>6,987,506</b>
Shown as:			
Non-research and development expenses		5,783,466	5,916,136
Research and development related personnel expenses		3,691,867	1,071,370
		<b>9,475,333</b>	<b>6,987,506</b>

Further information relating to Directors' and KMP remuneration is set out in note 7.4.

The table below sets out employee benefits payable as at reporting date.

	2022 \$	2021 \$
<b>Current</b>		
Salary accrual	(227,833)	(218,948)
Superannuation	(45,348)	(4,384)
Liability for annual leave	(374,858)	(253,288)
	<b>(648,039)</b>	<b>(476,620)</b>

## 2.5 FINANCE COSTS

### ACCOUNTING POLICY

Finance costs comprise interest and other finance charges on borrowings and banking arrangements. Interest expense on short term borrowings is recognised as it accrues in profit or loss, using the effective interest method.

		2022	2021
	Note	\$	\$
<b>Interest expense on financial liabilities measured at amortised costs</b>			
Interest expense on convertible notes	6.2	455,443	443,434
Interest expense on deferred consideration	6.3	20,675	79,308
Interest expense on other borrowings		1,094	7,897
Interest on lease liabilities		67,200	12,406
Other finance charges		59,444	23,792
Finance expense recognised in profit or loss		<b>603,856</b>	<b>566,837</b>

## 2.6 INCOME TAX EXPENSE

### ACCOUNTING POLICY

Income tax expense comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is based on tax rates enacted or substantively enacted at the balance date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits. Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probably that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on substantively enacted rates at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

### (A) AMOUNTS RECOGNISED IN PROFIT OR LOSS

		2022	2021
		\$	\$
<b>Current tax benefit / (expense)</b>			
Current tax		(138,392)	-
Deferred tax		-	1,523,244
Over provision in prior year		-	44,479
Total income tax benefit / (expense)		<b>(138,392)</b>	<b>1,567,723</b>

## (B) RECONCILIATION OF INCOME TAX

	2022	2021
	\$	\$
Loss after tax*	(13,710,336)	(10,238,659)
Total income tax (benefit) / expense	138,392	(1,567,723)
Loss excluding income tax	(13,571,944)	(11,806,382)
Income tax at the Australian tax rate of 25% (2021: 26%)	(3,392,986)	(3,069,659)
<i>Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:</i>		
Entertainment	4,570	5,622
Share-based payments	96,158	556,055
Non assessable income	-	(27,344)
Amortisation of intellectual property	299,766	-
Other permanent differences	(167,768)	58,739
Change in corporate tax rate	-	(33,359)
Difference in foreign income tax rates	105,975	30,156
Under / (over) provision in prior years	-	(44,479)
Previously unrecognised deferred tax assets now brought to account	-	(348,669)
Foreign tax losses not brought to account	557,880	126,655
Deferred tax assets not brought to account	2,634,797	1,178,560
	<b>138,392</b>	<b>(1,567,723)</b>

\* Loss for the year is inclusive of continued operations only.

## (C) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities are attributable to the following:

	2022	2021
	\$	\$
<b>Deferred tax liabilities at 25% (2021: 25%)</b>		
Prepayments	38,073	38,539
Fixed Assets	76,083	28,054
Right of use assets	373,270	22,001
Intellectual property	2,197,521	2,507,186
Other temporary differences	2,170	-
	2,687,117	2,595,780
Offset of deferred tax assets	(2,687,117)	2,595,780)
Net deferred tax liability recognised	-	-

All movements are charged to income tax throughout the year.

**(D) DEFERRED TAX ASSETS**

Deferred tax assets have not been recognised in respect of the following items:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Deferred tax assets</b>		
Tax losses	1,697,794	1,902,579
Capital raising costs	332,769	252,353
Employee entitlements	93,691	64,394
Right of use assets lease liability	458,373	123,512
Provision for restoration	30,153	192,104
Other temporary differences	74,337	60,838
	<b>2,687,117</b>	<b>2,595,780</b>
Offset of deferred tax liabilities	(2,687,117)	(2,595,780)
Net deferred tax assets recognised	-	-
Net deferred tax assets unrecognised	<b>4,349,672</b>	<b>1,178,560</b>

**2.7 LOSS PER SHARE****BASIC AND DILUTED LOSS PER SHARE**

Earnings / (loss) per share (EPS) is the amount of post-tax profit or loss attributable to each share. The calculation of basic loss per share at 30 June 2022 has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Diluted EPS considers the dilutive effect of all potential ordinary shares, being share options on issue.

**LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Net loss for the year from continuing operations	(13,710,336)	(6,873,273)
Net loss for the year from discounted operations	(790,324)	(3,365,386)
Net loss for the year attributable to ordinary shareholders	<b>(14,500,660)</b>	<b>(10,238,659)</b>
Issued ordinary shares at 1 July	522,049,444	436,378,203
Effect of shares issued	28,501,301	45,132,736
Weighted average number of ordinary shares at 30 June	<b>550,550,745</b>	<b>481,510,939</b>
Basic and diluted loss per share from continuing operations (cents per share)	<b>(2.49)</b>	<b>(1.43)</b>
Basic and diluted loss per share from discounted operations (cents per share)	<b>(0.14)</b>	<b>(0.70)</b>
Basic and diluted loss per share (cents per share) *	<b>(2.63)</b>	<b>(2.13)</b>

\* At 30 June 2022, 44,280,166 options (2021: 6,260,000 options), nil performance shares (2021: nil performance shares), 181,181,182 convertible note shares (2021: 181,181,182), and 56,000,000 performance rights (2021: 69,016,287 performance rights) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

## SECTION 3: DISCONTINUED OPERATIONS

### ACCOUNTING POLICY

A discontinued operation is a component of the consolidated entity that has been disposed or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

On 16 August 2021, the Group announced the long-term charter of the offshore support vessel VOS Shine would finish on 16 September 2021 and the vessel would be returned to the vessel owner at that time. As such, the subsea and asset integrity risk management operations to which the VOS Shine was related, are shown as discontinued operations in this report. The Group anticipates that there will be minimal movement on these accounts during the upcoming period as the Group finalises payments and expenses in existence at the completion of the previous financial period.

### RESULTS FOR THE YEAR FROM DISCONTINUED OPERATIONS

	30 June 2022	30 June 2021
	\$	\$
Sales	2,690,846	6,203,308
Cost of goods sold	(3,122,815)	(6,306,225)
Personnel expenses - other	(190,129)	(574,875)
General and administration	(163,263)	(34,235)
Depreciation and amortisation	(2,234)	(2,558,932)
Finance expenses	(2,729)	(94,426)
<b>Loss after tax from discounted operations</b>	<b>(790,324)</b>	<b>(3,365,386)</b>

### CASH FLOW FROM DISCOUNTED OPERATIONS

	2022	2021
	\$	\$
<b>Cash flow from operating activities</b>		
Receipts from customers	7,518,305	1,847,664
Cash paid to suppliers and employees	(5,952,814)	(5,640,652)
Interest paid on lease liabilities	(2,729)	(94,426)
<b>Net cash from / (used in) operating activities</b>	<b>1,562,762</b>	<b>(3,887,414)</b>
<b>Cash flow from investing activities</b>		
Payments for plant and equipment	-	(1,234)
<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(1,234)</b>
<b>Cash flows from financing activities</b>		
Repayment for principal lease liabilities	(402,005)	(2,529,516)
<b>Net cash from / (used in) financing activities</b>	<b>(402,005)</b>	<b>(2,529,516)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,160,757</b>	<b>(6,418,164)</b>

## SECTION 4: ASSETS AND LIABILITIES

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing development as well as capital and other commitments existing at year end.

### KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

#### INDICATORS OF IMPAIRMENT

The Group has reviewed intellectual property for indicators of impairment in accordance with AASB 138 and concluded that impairment indicators existed at year end. An assessment for impairment of intellectual property has been undertaken under the requirements of AASB 136. No impairment was recognised as a result of this assessment.

#### 4.1 INTANGIBLE ASSETS

##### INFORMATION ABOUT INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

##### ACCOUNTING POLICY

###### **Research and development**

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intend to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a diminishing balance basis over three years, once the asset is ready for use.

###### **Patents and trademarks**

Significant costs associated with patents amortised on a straight-line basis over the period of their expected benefit, being their finite life of eight years.

Trademarks are not amortised as they have an indefinite useful life as the Company renews its trademark registration every ten years but are subject to impairment.

###### **Impairment**

Non-current assets are tested for impairment when facts and circumstances indicate that the carrying amount may exceed the recoverable amount.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than an area of interest. The Group performs impairment testing in accordance with note 1.5.

	Proprietary Information \$	Patents \$	Total \$
<b>Gross carrying amount</b>			
Balance at 1 July 2020	8,261,006	850	<b>8,261,856</b>
Additions <sup>(1)</sup>	3,346,441	-	<b>3,346,441</b>
Balance at 30 June 2021	<b>11,607,447</b>	<b>850</b>	<b>11,608,297</b>
Balance at 1 July 2021	11,607,447	850	<b>11,608,297</b>
Foreign currency translation	24,220	-	<b>24,218</b>
<b>Balance at 30 June 2022</b>	<b>11,631,667</b>	<b>850</b>	<b>11,632,515</b>
<b>Amortisation</b>			
Balance at 1 July 2020	470,764	-	<b>470,764</b>
Amortisation for the year	835,809	-	<b>835,809</b>
Balance at 30 June 2021	<b>1,306,573</b>	-	<b>1,306,573</b>
Balance at 1 July 2021	1,306,573	-	<b>1,306,573</b>
Amortisation for the year	1,219,800	-	<b>1,219,800</b>
<b>Balance at 30 June 2022</b>	<b>2,526,373</b>	-	<b>2,526,373</b>
<b>Carrying amounts</b>			
Balance at 30 June 2021	10,300,874	850	<b>10,301,724</b>
<b>Balance at 30 June<sup>(2)</sup></b>	<b>9,105,294</b>	<b>850</b>	<b>9,106,144</b>

(1) The addition in the previous year represents the SnapSupport, Inc. intellectual property acquisition.

(2) The Harvest Infinity and SnapSupport intangible assets of \$6.1M and \$3M, represent the intellectual property acquired via business combinations.

## 4.2 PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING POLICY

#### **Recognition and measurement**

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised net within "other gains and losses" in profit or loss.

#### **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a diminishing balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of the assets are as follows:

Plant and equipment	3 - 15 years
Motor vehicles	12 - 15 years
Computer equipment & software	2 - 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	Plant & Equipment	Fixtures & Fittings	Computer Equipment	Demonstration Equipment	Equipment for Hire	Leasehold Improvements	Under Construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>								
Balance at 1 July 2020	15,000	53,229	77,568	21,089	170,482	-	-	337,368
Additions	-	11,892	108,626	18,286	61,990	-	186,527	387,321
Disposals/Scrapping	(15,000)	-	(507)	(21,089)	-	-	-	(36,596)
<b>Balance at 30 June 2021</b>	-	<b>65,121</b>	<b>185,687</b>	<b>18,286</b>	<b>232,472</b>	-	<b>186,527</b>	<b>688,093</b>
Additions	3,200	171,337	121,617	37,413	68,133	1,056,406	-	1,458,106
Disposals/Scrapping	-	(10,874)	(6,881)	-	(509)	-	(186,527)	(204,791)
Foreign currency translation	-	-	1,834	155	133	-	-	2,122
<b>Balance at 30 June 2022</b>	<b>3,200</b>	<b>225,584</b>	<b>302,257</b>	<b>55,854</b>	<b>300,229</b>	<b>1,056,406</b>	-	<b>1,943,530</b>
<b>Depreciation</b>								
Balance at 1 July 2020	-	13,542	18,271	21,089	122,832	-	-	175,734
Depreciation for the period	-	17,637	40,679	10,069	35,674	-	-	104,059
Disposals/Scrapping	-	-	(98)	(21,089)	-	-	-	(21,187)
<b>Balance at 30 June 2021</b>	-	<b>31,179</b>	<b>58,852</b>	<b>10,069</b>	<b>158,506</b>	-	-	<b>258,606</b>
Depreciation for the period	160	44,209	81,096	40,929	29,045	123,474	-	318,913
Disposals/Scrapping	-	(8,056)	(4,189)	-	(106)	-	-	(12,360)
Foreign currency translation	-	-	108	155	13	-	-	276
<b>Balance at 30 June 2022</b>	<b>160</b>	<b>67,332</b>	<b>135,858</b>	<b>51,153</b>	<b>187,458</b>	<b>123,474</b>	-	<b>565,435</b>
<b>Carrying amounts</b>								
Balance at 30 June 2021	-	33,942	126,835	8,217	73,966	-	186,527	429,487
<b>Balance at 30 June 2022</b>	<b>3,040</b>	<b>158,252</b>	<b>166,399</b>	<b>4,701</b>	<b>112,771</b>	<b>932,932</b>	-	<b>1,378,095</b>

### 4.3 RIGHT-OF-USE ASSETS

	Plant & Equipment	Vessel	Buildings	Total
	\$	\$	\$	\$
<b>Gross carrying amount</b>				
Balance taken up 1 July 2020	9,144	5,714,810	328,257	6,052,211
Additions	-	3,361	-	3,361
Derecognition <sup>(1)</sup>	-	(425,396)	-	(425,396)
<b>Balance at 30 June 2021</b>	<b>9,144</b>	<b>5,292,775</b>	<b>328,257</b>	<b>5,630,176</b>
Additions	-	-	1,593,212	1,593,212
Derecognition <sup>(2)</sup>	-	(5,292,775)	(328,257)	(5,621,032)
Provision for restoration	-	-	120,610	120,610
<b>Balance at 30 June 2022</b>	<b>9,144</b>	<b>-</b>	<b>1,713,822</b>	<b>1,722,966</b>
<b>Amortisation</b>				
Balance at 1 July 2020	1,897	2,685,914	122,804	2,810,615
Amortisation for the period	1,892	2,606,861	122,805	2,731,558
<b>Balance at 30 June 2021</b>	<b>3,789</b>	<b>5,292,775</b>	<b>245,609</b>	<b>5,542,173</b>
Amortisation for the period	1,892	-	306,852	308,744
Derecognition <sup>(2)</sup>	-	(5,292,775)	(328,257)	(5,621,032)
<b>Balance at 30 June 2022</b>	<b>5,681</b>	<b>-</b>	<b>224,204</b>	<b>229,885</b>
<b>Carrying amounts</b>				
Balance at 30 June 2021	5,355	-	82,648	88,003
<b>Balance at 30 June 2022</b>	<b>3,463</b>	<b>-</b>	<b>1,489,618</b>	<b>1,493,081</b>

- <sup>1</sup> Derecognition of the vessel right-of-use asset is a result of the change in the provision of restoration for the redelivery and off-hire of the VOS Shine to Singapore (note 6.5).
- <sup>2</sup> Both the VOS Shine and the King St office building leases ended during the year and were derecognised from the right of use assets balances.

#### 4.4 OTHER BONDS AND DEPOSITS

	Note	2022 \$	2021 \$
Current			
Lease bonds		-	65,362
Deposit on VOS Shine work		-	443,163
Cash deposit to provide security over a bank guarantee	i	443,163	462,025
		<b>443,163</b>	576,633
Non-current			
Lease bonds		-	33,015
Cash deposit to provide security over new premises	ii	218,444	217,899
		<b>218,444</b>	<b>250,914</b>
		<b>661,607</b>	<b>827,547</b>

- i. Under the terms of the lease agreement of the VOS Shine, the Group was required to provide an on demand bank guarantee to Vroon Offshore Services B.V. ("Vroon"), the vessel owner, to secure its payment and performance obligations. The Group's bankers issued the guarantee secured by a cash deposit of 292,000 Euro. The cash deposit was due to be refunded on 1 January 2022 on expiry of the guarantee. This guarantee was called by Vroon prior to expiry, the validity of the call being a matter of dispute between the Group and Vroon. The position on the settlement of final contractual obligations is subject to negotiation, the contract having a framework for the resolution of disputes which ultimately includes an arbitration process. The Group will continue to avail itself of all available options to recover the funds drawn under the guarantee and remains confident of full recovery.
- ii. The Group was required to provide a bank guarantee of \$217,899 in respect of the lease of the new premises in Technology Park, Bentley, Western Australia.

## SECTION 5: WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Group and working capital position at year end.

### 5.1 CASH AND CASH EQUIVALENTS

#### ACCOUNTING POLICY

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

#### (A) RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash and cash equivalents in the statement of cash flows	4,497,315	6,756,988

#### (B) RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2022	2021
	\$	\$
<b>Cash flows from operating activities</b>		
Operating loss after tax	(14,500,660)	(10,238,659)
<b>Adjustments for:</b>		
Depreciation and amortisation	1,842,986	3,620,557
Equity-settled share-based payment transactions	468,634	2,138,643
Net finance expense	196,332	197,858
Loss/ (gain) on disposal of property, plant and equipment	(763)	(63)
Loss/ (gain) on cashflow hedge	(12,976)	-
Loss/ (gain) on disposal of Financial Asset held at FVTPL	-	(5,169)
<b>Change in operating assets and liabilities:</b>		
Change in trade and other receivables	5,095,529	(4,794,450)
Change in prepayments	7,654	(59,838)
Change in inventories	(369,833)	(110,667)
Change in other operating assets	(1,524)	-
Change in current tax assets	(2,323)	(1,568,983)
Change in trade and other payables	(2,026,192)	1,529,954
Change in contract liabilities	127,178	5,077
Change in employee entitlements	171,419	243,952
<b>Net cash used in operating activities</b>	<b>(9,004,539)</b>	<b>(9,041,788)</b>

## 5.2 TRADE AND OTHER RECEIVABLES

### ACCOUNTING POLICY

Trade receivables are measured on initial recognition at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from seven to thirty days.

Impairment of trade receivables is continually reviewed and those considered uncollectable are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will be unable to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

	2022	2021
	\$	\$
<b>Current</b>		
Trade debtors <sup>(1)</sup>	589,342	2,986,687
Allowance for expected credit losses	(138,743)	(36,550)
	<b>450,599</b>	<b>2,950,137</b>
Accrued income	15,645	2,820,845
Other receivables	243,464	34,256
	<b>709,708</b>	<b>5,805,238</b>

<sup>(1)</sup> The average credit period on sales of goods and rendering of services is 30 days. An allowance (2022: \$138,743, 2021: \$96,750) has been made for estimated unrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to AASB 9 requirements.

### ALLOWANCE FOR EXPECTED CREDIT LOSSES

The aging of the receivables and allowances for expected credit losses provided for above are as follows:

	Trade debtors		Allowance for expected credit losses	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current	353,115	2,548,999	-	-
1 to 30 days overdue	38,046	205,227	-	-
31 to 60 days overdue	13,680	179,734	-	-
61 to 90 days overdue	49,942	6,795	13,668	-
Over 90 days	134,559	45,932	125,075	36,550
	<b>589,342</b>	<b>2,986,687</b>	<b>138,743</b>	<b>36,550</b>

**MOVEMENTS IN ALLOWANCE FOR EXPECTED CREDIT LOSSES**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July	36,550	-
Impaired receivables written off	(36,550)	
Impairment losses recognised on receivables	138,743	36,550
<b>Balance at the end of the year</b>	<b>138,743</b>	<b>36,550</b>

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to COVID-19 pandemic. As a result, the Group have individually assessed the recoverability of each receivable balance based predominantly upon age of outstanding debt and communication with the debtor.

**5.3 INVENTORY****ACCOUNTING POLICY**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Goods in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Raw materials - at cost	363,671	80,525
Finished goods	195,964	109,277
<b>Total</b>	<b>559,635</b>	<b>189,802</b>

## 5.4 TRADE AND OTHER PAYABLES

### ACCOUNTING POLICY

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months

	2022	2021
	\$	\$
<b>Current</b>		
Trade payables	324,667	2,143,540
Authorised government agencies	132,389	112,114
Non-trade payables and accrued expenses	189,489	417,083
	<b>646,545</b>	<b>2,672,737</b>

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 7.2.

## 5.5 OTHER LIABILITIES

### ACCOUNTING POLICY

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. As a result of the contracts which the Group enters into, a number of different liabilities are recognised on the Group's balance sheet. These include but are not limited to Deferred income.

	2022	2021
	\$	\$
<b>Current</b>		
Revenue received in advance	132,256	5,077

## SECTION 6: EQUITY AND FUNDING

This section focuses on the debt and equity funding available to the Group at year end, most notably covering share capital and loans and borrowings.

### 6.1 CAPITAL AND RESERVES

#### ACCOUNTING POLICY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

## SHARE CAPITAL

	Ordinary Shares			
	Number of shares		Amount in \$	
	2022	2021	2022	2021
<b>Movement in ordinary shares on issue:</b>				
<b>On issue at 1 July</b>	<b>522,049,444</b>	<b>436,378,203</b>	<b>31,671,048</b>	<b>20,666,186</b>
<i>Share issued and expensed during the year</i>				
Issue of fully paid shares for cash	57,663,994	23,842,185	9,789,229	7,679,500
Issue of fully paid shares in business acquisition	-	22,491,283	-	2,028,761
Issues on conversion of performance rights	-	500,000	-	-
Issued on conversion of options	500,000	28,096,433	60,000	1,599,378
Issue of fully paid shares in lieu of bonuses	8,713,205	10,741,340	491,629	196,650
Capital rising costs incurred (net of tax benefit)	-	-	(766,119)	(499,427)
<b>On issue at 30 June</b>	<b>588,926,643</b>	<b>522,049,444</b>	<b>41,254,787</b>	<b>31,671,048</b>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

## UNISSUED CAPITAL

	2022	2021
	\$	\$
<b>Balance at 1 July</b>	2,028,761	1,738,628
Deferred consideration on acquisition of subsidiary <sup>(1)</sup>	-	1,278,761
Deferred consideration shares issued <sup>(2)</sup>	-	(750,000)
Options exercised	-	(41,978)
Share in lieu of bonus <sup>(3)</sup>	84,000	-
Share in lieu of bonus issued	-	(196,650)
Balance at 30 June	<b>2,112,761</b>	<b>2,028,761</b>

<sup>1</sup> Acquisition of SnapSupport, Inc. which was completed in June 2021.

<sup>2</sup> The first tranche of deferred consideration shares for Harvest Infinity Pty Ltd was issued in December 2020. The final deferred consideration tranche will be issued in December 2022.

\$63,000 relates to KMP Patrick Neise. A total of 750,000 shares valued at \$0.084 per share on grant date will be issued at a later date.

## SHARE OPTIONS

The Company has a share-based payment option scheme under which options to subscribe for the Company's shares have been granted to certain Directors and employees (see note 7.1).

## NATURE AND PURPOSE OF RESERVES

Movement in reserves are shown within the Statement of Changes in Equity.

## SHARE-BASED PAYMENT RESERVE

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to note 7.1 for further details of these plans.

## FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## 6.2 BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 7.2.

## ACCOUNTING POLICY

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

### **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

	2022	2021
	\$	\$
<b>Unsecured</b>		
Premium funding facility	100,406	-
	<b>100,406</b>	-
<b>Secured</b>		
Convertible notes <sup>(1)</sup>	3,714,594	3,619,151
<b>Total Borrowings</b>	<b>3,714,594</b>	<b>3,619,151</b>
Current	100,406	-
Non-current	3,715,594	3,619,151
	<b>3,815,000</b>	<b>3,619,151</b>

<sup>1</sup> There is a general security over the assets of the company.

## RECONCILIATION OF MOVEMENT IN BORROWING

	Premium funding	Convertible notes	Other borrowings
	\$	\$	\$
Balance at 1 July 2020	94,355	3,535,717	21,165
Interest costs charged	-	443,434	-
Less repaid <sup>(1)</sup>	(94,355)	(360,000)	(21,165)
Balance at 30 June 2021	-	3,619,151	-
Premium funding facility	143,437	-	-
Interest costs charged	1,094	455,443	-
Less repaid <sup>(1)</sup>	(44,125)	(360,000)	-
<b>Balance at 30 June 2022</b>	<b>100,406</b>	<b>3,714,594</b>	<b>-</b>

<sup>1</sup> Amounts repaid include interest and loan establishment costs;

The Company raised \$4,000,000 from the issue of 4,000,000 convertible notes on 28 November 2019 for the acquisition of Harvest Infinity Pty Ltd. Details of the convertible notes are as disclosed below. All convertible notes remain unconverted at period end.

## TERMS OF CONVERTIBLE NOTES ON ISSUE

- Interest rate: 9% per annum
- Maturity date: 28 November 2024
- Conversion price: 2.2 cents per share on or before the maturity date

## ACCOUNTING TREATMENT OF CONVERTIBLE NOTES

The net proceeds received from the issue of the convertible notes has been split between the financial liability component and an equity component, representing the residual amount attributable to the capacity to convert the financial liability in equity in the Company as follows:

The equity component of \$499,385 has been credited to equity. The liability component is measured at amortised cost. The effective interest expense for the year is calculated by applying an effective interest rate of 12.45% to the liability component of the notes. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the statement of financial position at 30 June 2022 represents the effective interest rate less interest paid to date. The value of the equity and liability components were determined at the date the instruments were issued.

### 6.3 DEFERRED CONSIDERATION

	2022	2021
	\$	\$
Balance at 1 July	729,325	1,400,017
Interest charges	20,675	79,308
Deferred consideration paid	(750,000)	(750,000)
<b>Balance at 30 June</b>	<b>-</b>	<b>729,325</b>
Current	-	729,325
Non-current	-	-
<b>Closing balance</b>	<b>-</b>	<b>729,325</b>

Deferred consideration of the acquisition of Harvest Infinity is payable in two \$750,000 tranches. Tranche one was paid in December 2020, and tranche two was paid in February 2022. The present value of the consideration payable was recognised at the acquisition date with an interest expense being charged each month until full payment.

### 6.4 LEASE LIABILITIES

	2022	2021
	\$	\$
Balance at 1 July	494,049	3,131,451
Lease inception	2,043,212	-
Increase in right-of-use asset	-	3,361
Principal repayments	(782,883)	(2,676,706)
Interest expense	69,929	106,904
Exchange differences	9,189	(70,961)
<b>Balance at 30 June</b>	<b>1,833,496</b>	<b>494,049</b>
Classification		
Current	251,657	490,266
Non-current	1,581,839	3,783
	<b>1,833,496</b>	<b>494,049</b>

Refer to Note 7.2 for further disclosures on lease liabilities.

## 6.5 PROVISIONS

	2022	2021
	\$	\$
Balance at 1 July	768,415	1,244,678
Recognition of provision for restoration requirements in regard of right-of-use assets	120,610	-
Derecognition of provision for changes in restoration requirements <sup>(1)</sup>	(768,415)	(476,263)
<b>Balance at 30 June</b>	<b>120,610</b>	<b>768,415</b>
Classification		
Current	-	768,415
Non-current	120,610	-
	<b>120,610</b>	<b>768,415</b>

- <sup>1</sup> Per the terms of the vessel charter lease, the Group has successfully restored the VOS Shine to the condition it was received in and sailed the vessel back to the port of choosing by the charterer, Vroon Offshore Services B.V. The vessel was returned to Singapore in October 2021. The provision above has been derecognised to reflect the costs incurred with this restoration requirement.

## SECTION 7: OTHER DISCLOSURES

The disclosure in this section focuses on share schemes in operation and financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

### KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

#### **Share-Based Payments**

The fair value of share options is measured using the Black-Scholes options pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the company's historic volatility, particularly over the historic period commensurate with the expected term) and weighted average expected life of the instruments (based on historical experience), expected dividends (if any) and the risk-free interest rate (based on government bonds). Service and non-market conditions are not considered in determining fair value.

In addition, the Group has on issue, performance shares and performance rights as detailed in note 7.1. Significant judgement is required in relation to assessing the degree of probability associated with the non-market vesting conditions being met.

### 7.1 SHARE-BASED PAYMENTS

#### ACCOUNTING POLICY

The share option programme allows Group employees to receive rights to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the fair value of an employee share option or performance right has been recognised as a share-based payment and the option or right lapses on expiry, the total amount of the share-based payment expense is transferred from the share-based payment reserve to accumulated losses. Where a share option or right has lapsed and the non-market vesting criteria has not been met, any previously recorded share-based payment expense is reversed through the consolidated statement of profit or loss and other comprehensive income.

The share-based payment expense included within the consolidated financial statements can be broken down as follows:

	2022	2021
	\$	\$
<b>(a) Expensed in personnel expenses</b>		
Options issued to Directors	-	2,776
Options issued to Employees	-	-
Rights to shares to Employees	313,741	1,882,390
Rights issued to Directors	70,893	253,507
<b>(b) Expensed in professional fees</b>		
Options issued to consultants of the Company	-	-

## EQUITY-SETTLED SHARE OPTION PROGRAMME

The Company adopted an Employee Share Options Scheme (ESOS) effective 24 August 2016. Under the ESOS, the Company may grant options and rights to Company eligible participants over a period of 3 years to acquire securities up to a maximum of 15% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is estimated using the Black-Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESOS and are granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is 5 years from grant date and the exercise price is settled in cash. Options may not be transferred other than to an associate of the holder.

## OPTIONS

The following tables illustrate the share-based payment arrangements in place, and the number and weighted average exercise prices of and movements in, share options. At 30 June 2022, a summary of the Group options issued and not exercised, excluding those options issued free attaching in share placements, are as follows:

Grant date	Vesting date	Expiry date	Exercise price (cents)	Balance at start of year	Granted during the year	Exercised/Expired during the year	Balance at the year-end	Vested and exercisable at year-end
22-Nov-18	22-Nov-20	30-Nov-21	12	500,000	-	(500,000)	-	-
18-Feb-20	18-Feb-20	18-Feb-23	6.5	3,840,000	-	-	3,840,000	3,840,000
18-Feb-20	18-Feb-20	18-Feb-23	10	1,920,000	-	-	1,920,000	1,920,000
<b>Total</b>				<b>6,260,000</b>	<b>-</b>	<b>(500,000)</b>	<b>5,760,000</b>	<b>5,760,000</b>
Weighted average exercise price (cents)				8.01	-	12.00	7.67	7.67
Weighted average remaining contractual life (years)				1.54	-	-	0.64	-

During the year ended 30 June 2022, nil options were forfeited, cancelled or lapsed (2021: nil). Options are settled by the physical delivery of shares.

At 30 June 2021, a summary of the Group options issued and not exercised, excluding those options issued free attaching in share placements, are as follows:

Grant date	Vesting date	Expiry date	Exercise price (cents)	Balance at start of year	Granted during the year	Exercised/Expired during the year	Balance at the year-end	Vested and exercisable at year-end
23-Nov-17	31-Dec-18	31-Dec-20	10	6,000,000	-	(6,000,000)	-	-
10-Apr-18	24-Apr-18	31-Dec-20	10	1,500,000	-	(1,500,000)	-	-
10-Apr-18	24-Apr-18	8-Feb-21	5	1,000,000	-	(1,000,000)	-	-
22-Nov-18	22-Nov-18	28-Nov-21	5	1,000,000	-	(1,000,000)	-	-
22-Nov-18	22-Nov-19	29-Nov-21	8	1,000,000	-	(1,000,000)	-	-
22-Nov-18	22-Nov-20	30-Nov-21	12	1,000,000	-	(500,000)	500,000	500,000
18-Feb-20	18-Feb-20	18-Feb-23	6.5	4,000,000	-	(160,000)	3,840,000	3,840,000
18-Feb-20	18-Feb-20	18-Feb-23	10	2,000,000	-	(80,000)	1,920,000	1,920,000
31-Mar-20	31-Mar-20	1-Apr-21	4	4,000,000	-	(4,000,000)	-	-
31-Mar-20	31-Mar-20	1-Apr-21	7	4,400,000	-	(4,400,000)	-	-
31-Mar-20	31-Mar-20	1-Apr-21	10	4,400,000	-	(4,400,000)	-	-
31-Mar-20	31-Mar-20	1-Apr-21	15	400,000	-	(400,000)	-	-
<b>Total</b>				<b>30,700,000</b>	<b>-</b>	<b>(24,400,000)</b>	<b>6,260,000</b>	<b>6,260,000</b>
Weighted average exercise price (cents)				8.07	-	8.09	8.01	8.01
Weighted average remaining contractual life (years)				1.51	-	-	1.54	-

During the year ended 30 June 2021, nil options were forfeited, cancelled or lapsed (2020: 4,400,000). Options are settled by the physical delivery of shares.

Key valuation assumptions made at valuation date for options still on issue at year-end are summarised below:

## VESTING CONDITIONS

	Tranche 6	Tranche 7	Tranche 8
Exercise price (cents)	12	6.5	10
Grant date	22-Nov-18	18-Feb-20	18-Feb-20
Expiry date	30-Dec-21	18-Feb-23	18-Feb-23
Life of the options (years)	3.02	5.00	5.00
Volatility	95.79%	101.46%	101.46%
Risk free rate	2.00%	0.76%	0.76%

Tranches 6 to 8

Each option vested and were exercisable immediately after they were issued.

## PERFORMANCE RIGHTS

At 30 June 2022, a summary of the Group performance rights issued are as follows:

Note	Grant date	End of performance period	Tranche	Balance at the start of the year	Granted during the year	Converted during the year	Lapsed /	Balance at the year-end	Vested and convertible at year-end	Expensed during the year (\$)
(i)	26-Apr-19	26-Apr-22	2	25,000,000	-	-	-	25,000,000	-	-
(ii)	26-Apr-19	26-Apr-23	3	30,000,000	-	-	-	30,000,000	-	-
(iii)	24-Jun-20	30-Jun-22	5	6,947,883	-	(6,947,833)	-	-	-	-
(iv)	24-Jun-20	30-Jun-23	6	6,068,404	-	(1,354,118)	-	4,714,286	-	313,741
(v)	23-Nov-20	1-Sep-21	B	500,000	-	-	-	500,000	-	22,862
(vi)	23-Nov-20	1-Mar-22	C	500,000	-	-	-	500,000	-	48,031

Each performance right represents a right to be issued one ordinary share, with no exercise price payable on conversion, upon the achievement of the following revenue-based milestones:

- Tranche 2 performance rights will vest upon Harvest Technology Pty Ltd achieving \$20,000,000 in revenue in one calendar year within three years of the acquisition of Harvest, being 26 April 2022.
- Tranche 3 performance rights will vest upon Harvest Technology Pty Ltd achieving \$30,000,000 in revenue in one calendar year within four years of the acquisition of Harvest, being 26 April 2023.

- iii. Tranche 5 performance rights are based on a calculation being  $[2,500,000 \times (\text{average market price for the last 5 trading days of the year less 7 cents}) / \text{market price at 30 June}]$ . The market price must exceed 7 cents for the performance rights to be eligible for conversion to shares.
- iv. Tranche 6 performance rights are based on a calculation being  $[2,500,000 \times (\text{average market price for the last 5 trading days of the year less 10 cents}) / \text{market price at 30 June}]$ . The market price must exceed 10 cents for the performance rights to be eligible for conversion to shares.
- v. Tranche B performance rights will vest upon the Group achieving a VWAP of at least \$0.50 over any twenty consecutive trading day period before the milestone date, being 1 September 2021.
- vi. Tranche C performance rights will vest upon the Group achieving a VWAP of at least \$0.75 over any twenty consecutive trading day period before the milestone date, being 1 March 2022.

Tranche 2 and 3 performance rights relate to the acquisition of Harvest Technology. The Directors assessed at acquisition date the likelihood the above vesting conditions will be met. Tranche 2 did not meet the performance conditions during the year, and will not vest. For Tranche 3, the Directors determined that there was insufficient information at present to indicate that the performance rights would vest, and as such no value has been apportioned to them at acquisition date. There will be no remeasurement of the value of the performance rights granted from the valuation determined at grant date.

Tranches 5 and 6 were agreed in the prior year, with performance hurdles based on an increased share price above a base amount. As at 30 June the calculated market price was 9 cents per share. As the market price was less than 10 cents, Tranche 6 will not convert into shares.

Tranches B and C were granted after receiving shareholder approval at the Company's AGM on 10 November 2020. Both Tranche B and C have not met the conditions of the relevant milestone and the performance rights will not vest.

## 7.2 FINANCIAL INSTRUMENTS

### ACCOUNTING POLICY

#### **Recognition and derecognition**

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### **Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- equity instruments at fair value through other comprehensive income (FVOCI);
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

#### **Subsequent remeasurement of financial assets**

##### **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised costs using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

##### **Impairment of financial assets**

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replace AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

The '12-month expected credit losses' are recognised for the first category whilst 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

#### **Classification and measurement of financial liabilities**

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are initially measured at amortised cost using the effective interest method except for derivatives and financial liabilities designation at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### **Derivative financial instruments**

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

## **CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

## **FINANCIAL RISK MANAGEMENT OBJECTIVES**

The Group is exposed to market risk (including foreign currency exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effect of these risks and the Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Group's activities. The Group does not trade financial instruments, including derivative financial instruments, for speculative purposes.

## MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Due to the expansion of the Group into the North American and UK/EMEA markets, there has been an increase to the Group's exposure to market risks.

## FOREIGN CURRENCY EXCHANGE RATE RISK MANAGEMENT

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the balance date expressed in Australian dollars are as follows:

	Assets		Consolidated		Liabilities	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Currency						
United States Dollars	288,388	170,313	17,697	49,224		
Euro	443,163	511,271	-	390,078		
British Pound Sterling	2,927	-	-	-		

## FOREIGN CURRENCY SENSITIVITY ANALYSIS

The sensitivity analysis below details the Group's sensitivity to an increase/decrease in the Australian dollar against the United States Dollar, Euro, and British Pound Sterling. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, including external loans where the denomination of the loan is in a currency other than the currency of the borrower and adjusts their translation balance date for 500 basis point change in foreign currency rates.

At balance date, if foreign exchange rates had been 500 basis points higher or lower, and all other variables were held constant, the impact on profit or loss would be:

	Impact on profit & loss	
	2022	2021
	\$	\$
<b>If AUD strengthens by 5% (2021:5%)</b>		
United States Dollar	(13,535)	(6,054)
Euro	(22,158)	(6,060)
British Pound Sterling	(146)	-
<b>If AUD weakens by 5% (2021:5%)</b>		
United States Dollar	13,535	6,054
Euro	22,158	6,060
British Pound Sterling	146	-

The Group's sensitivity to USD exchange rates has increased from last year due to expansion of the Group. The exposure to Euro exchange rates has decreased with the off-hire of the vessel VOS Shine during the year and the reduction in the provision of restoration.

## INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

## INTEREST RATE RISK SENSITIVITY ANALYSIS

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance date.

At balance date, if interest rates had been 50 points higher or lower and all other variables were held constant, the Group's profit or loss would increase / (decrease) by \$22,487 / (\$22,487).

The Group's sensitivity to interest rates has decreased during the year due to the reduction in variable rate debt instruments.

## CREDIT RISK MANAGEMENT

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties.

The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its customers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks or government agencies with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk.

## LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate banking and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

### Non-derivative financial liabilities

The following table details the Group's expected contractual maturities for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The table includes both interest and principal cash flows.

	Weighted Average Interest Rate %	Less than 6 months \$	6 months to 1 year \$	1-5 years \$
<b>30 June 2022</b>				
Trade and other payables	-	646,545	-	-
Borrowings	2.54	86,062	14,344	-
Lease liabilities	3.64	124,298	127,360	1,581,839
		<b>856,905</b>	<b>141,704</b>	<b>1,581,839</b>
<b>30 June 2021</b>				
Trade and other payables	-	2,672,737	-	-
Lease liabilities	5.50	456,789	33,477	3,783
		<b>3,129,526</b>	<b>33,477</b>	<b>3,783</b>

## DERIVATIVE FINANCIAL LIABILITIES

The following table details the Group's expected contractual maturities for its derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The table includes both interest and principal cash flows.

	Weighted Average Interest Rate %	Less than 6 months \$	6 months to 1 year \$	1-5 years \$
<b>30 June 2022</b>				
Convertible notes	9.00	181,479	178,521	4,509,918
		<b>181,479</b>	<b>178,521</b>	<b>4,509,918</b>
<b>30 June 2021</b>				
Convertible notes	9.00	181,479	178,521	4,869,918
		<b>181,479</b>	<b>178,521</b>	<b>4,869,918</b>

## FAIR VALUE MEASUREMENT

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amounts of cash and cash equivalents, current receivables, current payables, and current interest-bearing borrowings denominated in Australian Dollars, approximate their fair values.

### 7.3 CAPITAL COMMITMENTS

At year end, there were no material capital commitments.

### 7.4 RELATED PARTIES

Directors and other Key Management Personnel compensation included in 'personnel expenses' (note 2.4) comprises the following:

	2022	2021
Note	\$	\$
Short-term employee benefits	1,503,101	1,229,305
Post-employment benefits	97,766	90,433
Share-based payments	346,866	1,301,657
2.4	<b>1,947,733</b>	<b>2,621,395</b>

### 7.5 SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Financial year end	Proportion of ownership interest and voting power held by the Group	
				2022 %	2021 %
Harvest Technology Group Pty Ltd	Data Transfer Technology, Corporate & Administrative Support	Australia	30 June	100	100
Harvest Infinity Pty Ltd	Technology Research & Development	Australia	30 June	100	100
Opsivity, Inc	Remote Field Mobile SaaS Solutions, Technology Research & Development, Corporate & Administrative Support	United States	30 June	100	100
Harvest Technology (UK) Ltd	Data Transfer Technology, Corporate & Administrative Support	United Kingdom	30 June	100	-
Shark Attack Mitigation Systems Pty Ltd	Dormant	Australia	30 June	100	100
Clever Buoy Australia Pty Ltd	Dormant	Australia	30 June	100	100
SnapSupport, Inc.	Dormant	United States	30 June	100	100

## 7.6 SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

## 7.7 CONTINGENT LIABILITIES

At year end, there were no contingent liabilities.

## 7.8 PARENT COMPANY DISCLOSURES

As at, and throughout the financial year ended 30 June 2022, the parent entity of the Group was Harvest Technology Group Limited.

	2022	2021
	\$	\$
Result of parent entity		
Loss for the year	(13,774,224)	(3,490,850)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(13,744,224)</b>	<b>(3,490,850)</b>
Financial position of parent entity at year end		
Current assets	4,140,370	6,364,221
<b>Total assets</b>	<b>15,293,070</b>	<b>20,460,253</b>
Current liabilities	(157,893)	(1,002,371)
<b>Total liabilities</b>	<b>(3,874,258)</b>	<b>(4,625,305)</b>
Total equity of parent entity comprising of:		
Share capital	41,254,787	32,365,333
Unissued capital	2,112,761	2,028,761
Reserves	5,824,283	5,439,650
Accumulated losses	(37,773,019)	(23,998,795)
<b>Total equity</b>	<b>11,418,812</b>	<b>15,834,948</b>

## 7.9 AUDITORS' REMUNERATION

	2022	2021
	\$	\$
<b>HLB Mann Judd:</b>		
Audit and review of financial reports	73,693	68,800
Non-audit services	-	-
<b>TOTAL AUDITORS' REMUNERATION</b>	<b>73,693</b>	<b>68,800</b>

## DIRECTOR'S DECLARATION

1. In the opinion of the Directors of Harvest Technology Group Limited (the "Group"):
  - a the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
  - c the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the Board of Directors:



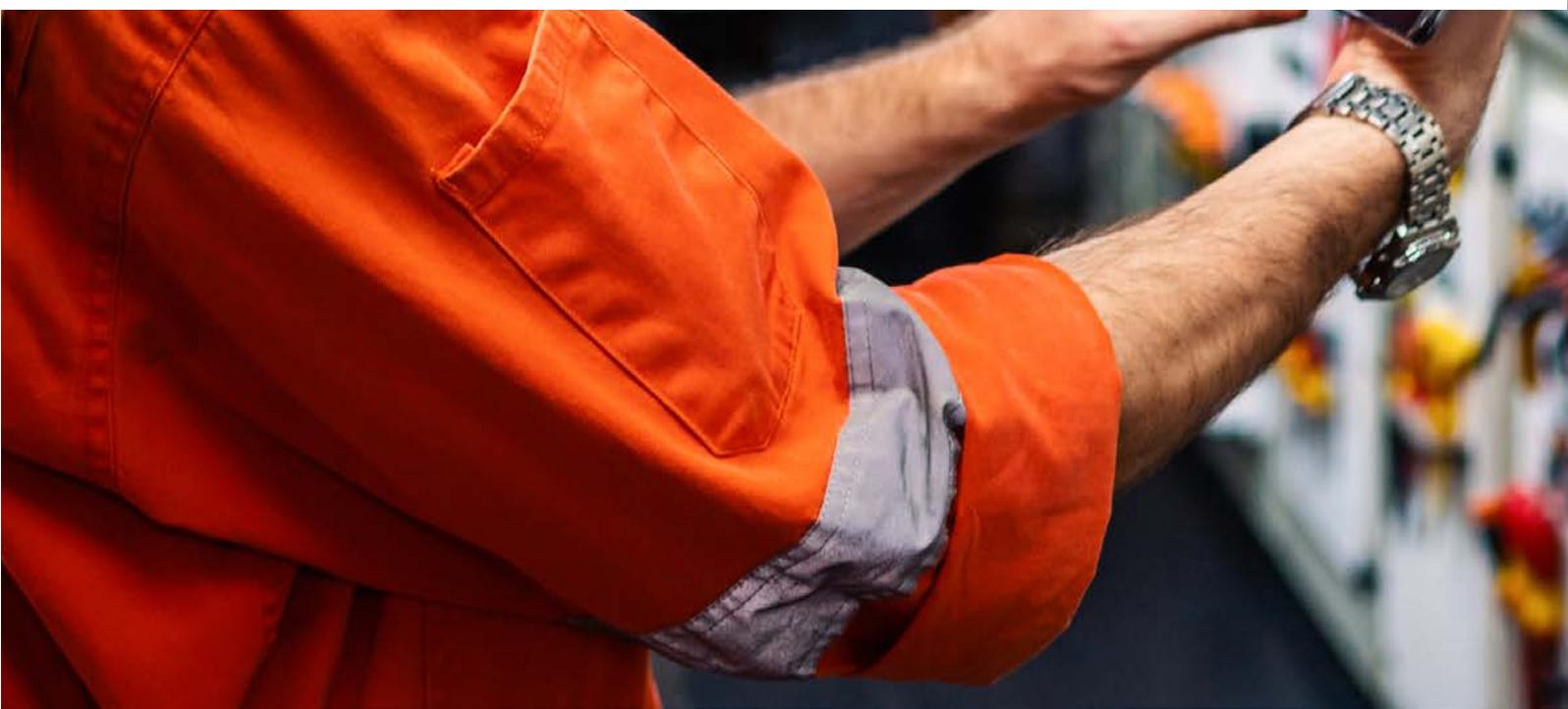
**JEFFERY SENGELMAN**

Chairman

Dated this 29th August 2022



# INDEPENDENT AUDIT REPORT



## INDEPENDENT AUDITOR'S REPORT

To the Members of Harvest Technology Group Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Harvest Technology Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Material uncertainty related to going concern*

We draw attention to Note 1.8 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Recognition and recoverability of intangible assets</b> Refer to Note 4.1</p> <p>At 30 June 2022 the Group has an intangible assets balance of \$9.1m which arose on the acquisitions of Harvest Infinity Pty Ltd and SnapSupport Inc.</p> <p>An impairment assessment was conducted by management due to the existence of impairment indicators arising under AASB 136 <i>Impairment of Assets</i>.</p> <p>The impairment assessment conducted under AASB 136 involved a comparison of the recoverable amount of the cash generating unit to which the balance was allocated to the carrying amount of the related items in the balance sheet. Recoverable amount is based upon the higher of fair value less costs of disposal and value-in-use.</p> <p>The evaluation of recoverable amount is considered a key audit matter as it was based upon a value-in-use calculation which required significant judgement and estimation. In addition, the balance is material to the users of the financial statements and involved the most communication with management.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>- Considering the existence of potential indicators of impairment;</li> <li>- Critically evaluating management’s methodology in the value-in-use model and the basis for key assumptions;</li> <li>- Reviewing the mathematical accuracy of the value-in-use model;</li> <li>- Performing sensitivity analyses around the key inputs used in the model such as future revenue and forecast costs;</li> <li>- Considering the appropriateness of the discount rate used;</li> <li>- Ensuring the carrying value of the cash-generating unit had been correctly determined;</li> <li>- Comparing value-in-use to the carrying amount of the cash-generating unit; and</li> <li>- Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.</li> </ul>

### Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2022, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Harvest Technology Group Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
Chartered Accountants

**Perth, Western Australia**  
**29 August 2022**



**D I Buckley**  
Partner



# SHAREHOLDER INFORMATION



The shareholder information set out below was applicable as at 4 October 2022.

Fully paid ordinary shares:

- There are a total of 589,926,543 ordinary fully paid shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 2,202.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

## DISTRIBUTION OF ORDINARY SHARES

Range	Total Holders	Ordinary shares	% of issued capital
1 - 1,000	58	12,467	0.00
1,001 - 5,000	488	1,412,721	0.24
5,001 - 10,000	315	2,440,463	0.42
10,001 - 100,000	886	33,285,011	5.54
100,001 and over	455	552,775,881	93.70
<b>Total</b>	<b>2,202</b>	<b>589,926,543</b>	<b>100.00</b>

There were 704 holders of less than a marketable parcel of ordinary shares.

## TOP 20 SHAREHOLDERS

Shareholders	Ordinary shares	
	Number held	% of issued shares
KYRIACO BARBER PTY LTD	39,096,578	6.63%
MR PAUL JOSEPH GUILFOYLE	33,337,846	5.65%
INVIA CUSTODIAN PTY LIMITED <THE JIG FAMILY A/C>	27,790,973	4.71%
SCHAFFER CORPORATION LIMITED	27,790,973	4.71%
MISS LINDA MARY SHIELDS	19,898,223	3.37%
PETER CANAWAY PTY LTD <PETER CANAWAY SUPERFUND A/C>	16,700,000	2.83%
ARAB CAPITAL HOLDINGS LTD	15,583,959	2.64%
MR KEIRAN JAMES SLEE	14,495,088	2.46%
MR JARON LEIGH WARBURTON <WARBURTON FAMILY A/C>	9,748,035	1.65%
MR JAMIE JOHN DEAN + MRS AMANDA SUE DEAN <DEAN FAMILY A/C>	8,380,484	1.42%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,416,956	1.09%
HARLUND INVESTMENTS PTY LTD <HART FAMILY SUPER FUND A/C>	6,150,872	1.04%
MR ROSS MILNER MCKAY + MS CHRISTINE STUART BABBAGE <MCKAY SUPER FUND A/C>	5,800,000	0.98%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,704,768	0.97%
MR PAUL JAMES MADDEN	5,609,666	0.95%
DR RAOUL POPE	5,563,382	0.94%
DIXSON TRUST PTY LIMITED	5,410,416	0.92%
MR PAUL JOSEPH COZZI	5,000,000	0.85%
MRS NARELLE FAY	4,557,556	0.77%
CANARY CAPITAL PTY LTD	4,394,985	0.75%

## SUBSTANTIAL SHAREHOLDERS

Shareholders	Number of shares	% of Issued Capital
Mr Carl Charalambous	39,096,578	6.63%
Mr Paul Joseph Guilfoyle	33,337,846	5.65%

## DISTRIBUTION OF LISTED OPTIONS

There are a total of 38,520,166 listed options, exercisable at \$0.25, expiring on 7 April 2024.

Shareholder	Number Held	% of Issued Options
INVIA CUSTODIAN PTY LIMITED <THE JIG FAMILY A/C>	3,833,333	9.95
SCHAFFER CORPORATION LIMITED	3,833,333	9.95
NOTTLE NOMINEES PTY LTD <NOTTLE FAMILY A/C>	2,000,000	5.19
PETER CANAWAY PTY LTD <PETER CANAWAY SUPERFUND A/C>	1,700,000	4.41
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,533,334	3.98
MRS NARELLE FAY	1,500,000	3.89
MR NICHOLAS BURTON + MRS SALLY MARGARET GARMONY-BURTON <BURTON FAMILY A/C>	1,333,333	3.46
MR SEAN ROBERT MUFFET	1,000,000	2.60
KYRIACO BARBER PTY LTD	740,000	1.92
DIXSON TRUST PTY LIMITED	666,666	1.73
MR PAUL JAMES MADDEN	666,666	1.73
MANATEE PTY LTD <LONGWAVE SUPERANNUATION A/C>	666,666	1.73
SCE SUPERANNUATION PTY LTD	666,666	1.73
MR AIVARS STRAZDINS + MS DIANE JEANETTE THORLEY <FOR EVERY FREE S/FUND A/C>	666,666	1.73
SAMTIBER PTY LTD <DASON FAMILY SUPER FUND A/C>	610,000	1.58
HALES SUPER PTY LTD <HALES MEDICAL S/F A/C>	600,000	1.56
SYNCOPATED PTY LIMITED	600,000	1.56
ANDREW SECURITIES PTY LTD <ANNA BERNSTIEN S/FUND A/C>	500,000	1.30
CANARY CAPITAL PTY LTD	500,000	1.30
MR ROSS MILNER MCKAY + MS CHRISTINE STUART BABBAGE <MCKAY SUPER FUND A/C>	500,000	1.30

## UNLISTED OPTIONS

Grant date	Number	Number of holders	Expiry date	Exercise price (cents)
18-Feb-20	3,840,000	5	18-Feb-23	6.5
18-Feb-20	1,920,000	6	18-Feb-23	10

## UNLISTED PERFORMANCE RIGHTS

Grant date	Number	Number of holders	Expiry date
26-Apr-19	25,000,000	6	26-Apr-22
26-Apr-19	30,000,000	6	26-Apr-23
10-Nov-20	500,000	1	10-Nov-25
10-Nov-20	500,000	1	10-Nov-25

## VOTING RIGHTS

### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

### Options and rights

No voting rights.

# CORPORATE DIRECTORY

## **DIRECTORS**

Jeffery Sengelman  
Paul Guilfoyle  
Stuart Carmichael  
Rod Evans  
Marcus Machin

## **SECRETARY**

Jack Rosagro

## **REGISTERED AND PRINCIPAL OFFICE**

C/o 16 Ord Street  
West Perth WA 6005

Website: [www.harvest.technology](http://www.harvest.technology)  
Email: [investor@harvest-tech.com.au](mailto:investor@harvest-tech.com.au)  
Telephone: +61 8 6370 6370

## **POSTAL ADDRESS**

7 Turner Avenue, Technology Park  
Bentley 6102 Western Australia

## **AUDITORS**

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth WA 6000

## **BANKERS**

NAB  
100 St Georges Terrace  
Perth WA 6000

## **SHARE REGISTRY**

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Telephone: +61 1300 552 270

## **ASX CODE**

Shares: HTG

## **LEGAL FORM OF ENTITY**

Public company

## **COUNTRY OF INCORPORATION AND DOMICILE**

Australia





<https://harvest.technology>