



HARVEST TECHNOLOGY GROUP LIMITED

ABN 77 149 970 445

HALF-YEAR FINANCIAL REPORT

PERIOD ENDED 31 DECEMBER 2020



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APPENDIX 4D

Preliminary financial statements for the half-year ended 31 December 2020 as required by ASX listing rule 4.2A

Results for announcement to the market

(All comparisons to half-year ended 31 December 2019)

	31 December 2020 \$	31 December 2019 \$	Change \$	Change %
Revenue from ordinary activities	2,393,655	5,218,539	(2,824,884)	(54.13)
Revenue from discontinued operations	-	(8,368)	8,368	(100.00)
Gain / (loss) from ordinary activities after tax	(6,264,996)	(1,453,587)	(4,811,409)	331.00
Gain / (loss) from discontinued operations after tax	-	16,864	-	-
Loss attributable to members	(6,264,996)	(1,436,723)	(4,828,273)	336.06

Dividends	Amount per share (cents)	Franked amount per share (cents)
Final	Nil	Nil
Half-year	Nil	Nil

Harvest Technology Group has not proposed to pay any dividends

	31 December 2020	31 December 2019
Net Tangible Assets per share (cents)	0.34	(3.20)

Additional information supporting the Appendix 4D disclosure requirements can be found in the Director's Report and the consolidated financial statements for the half-year ended 31 December 2020.

This report is based on the consolidated financial statements for the half-year ended 31 December 2020 which have been reviewed by HLB Mann Judd. The independent auditor's review report contains an emphasis of matter in relation to going concern as further detailed in Note 1.5.



HARVEST TECHNOLOGY GROUP LIMITED

2020 HALF-YEAR FINANCIAL REPORT

Period ended December 31, 2020

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DIRECTORS REPORT

The Directors present their report together with the consolidated financial statements of Harvest Technology Group Limited (HTG or the “Company”) and its subsidiaries (together referred to as the Group), for the half-year ended 31 December 2020 and the auditor’s report thereon. The consolidated financial statements have been reviewed and approved by the directors on the recommendation of the HTG Audit and Risk Committee.

DIRECTORS

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

Name

Jeffrey Sengelman, *Non-Executive Chairman*

Paul Guilfoyle, *Managing Director*

Marcus Machin, *Non-Executive Director*

Rod Evans, *Non-Executive Director*

Company Secretaries

Joel Ives was appointed to the role of Company Secretary on 30 November 2020, with Brett Tucker resigning on same date.

OPERATING AND FINANCIAL REVIEW

Group Overview

The principal activities of the entities within the Group during the period 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 offshore solutions and engineering services for subsea intervention projects and asset integrity risk mitigation

The above products and services are provided primarily to the energy, resources and renewables sectors.

Highlights

Highlights include:

- Release of Three-Phase Corporate Strategic Plan to drive the Group’s growth potential in the fast-growing satellite communications market
- Integration of Infinity remote communications platform into Unmanned Aerial Vehicles (UAV) (drones)



- Infinity product suite expanded to include RemTeq™ for agnostic remote-control operations from anywhere in the world
- Group entered into a tripartite global marketing alliance for ultra-low bandwidth remote monitoring solutions with Inmarsat Enterprise (Inmarsat) and Applied Satellite Technology Group (AST)
- Group recognised as an ABA100® Winner for Technology Innovation in The Australian Business Awards 2020 for its Infinity Remote Inspection System (RIS)
- Appointment of Andy Lowery as US regional lead and establishment of the Company's wholly owned US subsidiary, Harvest Technology Group, Inc.
- Successful trial of UAV high-voltage power line survey for utilising Infinity RemTeq™ and Nodestream technology
- 8-Channel Remote Inspection System (RIS) Encoder developed for Fugro Australia Marine Pty Ltd (Fugro)
- Interim agreement established with Iristick NV to commence proof of concept trials for integration of the Infinity Nodestream and Wearwolf™ technology into Iristick's industrial smart glasses
- Infinity AVR2 successfully completed compliance and safety testing

Infinity Suite of Products

The COVID-19 global pandemic continued to have a positive effect for the Infinity suite of products as the need for remote communication increased, and the concept of 'working-from-home' became the new norm due to ongoing border closures and travel restrictions.

It was an exceptionally busy period in the second half of 2020, with the Infinity technology attracting a significant increase in interest from global market players. A number of key highlights for the period included the release of RemTeq™, integration of RemTeq™ and Nodestream with UAVs, development of a new 8-channel RIS encoder, successful completion of compliance and safety testing for the AVR2, and the commencement of the development of the Nodestream Downloadable Decoder software.

In July 2020, the Harvest Infinity platform was expanded to include integration of UAV feeds to the infinity Wearwolf™ wearable device. The integration is industry agnostic and can be operated under license to allow for mission-critical live video to be streamed directly from a UAV via a pilot operator wearing an Infinity Wearwolf™ headset. Two-way audio transmission is standard, and the system is designed specifically for remote applications that primarily require satellite connectivity, however, is capable of being used on any network.

In August 2020, the Infinity product range was extended to include RemTeq™ for remote control operations. 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 has immediate application in the disconnected control of subsea remotely operated vehicles (ROV) and UAV's. Further applications include remote mining surveillance, agtech robotics, command centre deployments, space exploration and space craft management operations.

On July 30, 2020, utilising a low bandwidth satellite connection on the Inmarsat network, RemTeq™ successfully controlled a Blue Robotics Inc. "Blue ROV" deployed subsea 50km off the coast of Perth, from the onshore command centre located in Malaga, Western Australia. Control was achieved with a 40 kbit/s connection including an introduced latency of three (3) seconds and encompassed the ability for both thruster and manipulator command during subsea operation.



After further development of the RemTeq™ system, a successful trial was carried out during December 2020 for the control of an UAV conducting an overhead power line inspection in Western Australia. The trial proved that a high-voltage power line survey could be carried out with video being transmitted at ultra-low bandwidth directly from the UAV control via a portable satellite terminal. This represents the first step towards embedding the RemTeq™ technology directly into a UAV for full control. UAVs are becoming widely adopted by energy and utility companies for conducting aerial-based asset management in preference to human access and helicopter surveys, and until now live viewing with command instructions has not been possible.

Commercialisation of RemTeq™ is underway and will be available to new and existing customers on request in early 2021.

Development also commenced on the Nodestream Downloadable Decoder application (Application) with a beta trial version made available for customer trial post reporting date. The application is a software application that uses embedded software to offer existing and new clients the opportunity to decode and deliver high-quality, secure encrypted video and audio over ultra-low bandwidth satellite point-to-point communications from anywhere in the world directly to a user's desktop or laptop computer, without the need for any additional decoder hardware. The Application is ideally suited to work seamlessly with the Nodestream system or Wearwolf™ on wearables and mobile devices. The release is the first step towards a SaaS model for future delivery and expansion of the Remote Communication Platform.

The Group has developed and demonstrated the proof of concept for the integration of the Nodestream and Wearwolf™ technology into Iristick's industrial smart glasses. Iristick is a technology company creating industrial smart safety glasses to support the digital transformation of enterprises. Prototype testing was completed during December 2020 where the Wearwolf™ application was successfully combined with the Iristick software development kit (SDK) on a smartphone and proved to work with the cameras, microphone and screen on the Iristick smart glasses. Trial communications were successfully made and maintained between Perth, Australia and Brussels, Belgium at 128kbps. The group and Iristick entered into an Interim Agreement to commence customer trials in Q1 2021. Planned to launch during Q2 2021, the final commercial product will communicate point-to-point with Nodestream decoding devices and the soon-to-be released Nodestream Downloadable Decoder Application, which will run on laptops and desktop computers.

Locally, Fugro Australia Marine Pty Ltd (Fugro) have ordered a new 8-Channel RIS Encoder. Another world first for the Infinity suite, having eight SD or IP cameras encoded simultaneously in a single system and transmitted together at ultra-low bandwidth along with synchronised data. The 8-Channel RIS Encoder has been designed specifically for integrating into an Unmanned Surface Vessel (USV) which Fugro will take delivery of in early 2021 and forms the backbone of the USV video communication system. The system interfaces directly into the existing Infinity technology stack at the Remote Operations Centre located at the Telstra International Telecommunications Centre in Gnangara, Perth, Western Australia.

The future development path will involve the development of a compact satellite terminal directly incorporating RemTeq™ and Nodestream technology. The compact satellite terminal will be small enough to be installed directly onto lightweight UAVs, enabling high-quality video and control of the UAV from anywhere in the world using bandwidths under 200kbps on a satellite network. Designed to be installed at manufacture or retrofitted onto existing UAVs, the satellite terminal will incorporate the Nodestream video encryption and streaming protocols along with the RemTeq™ remote control technology, offering a world-first compact ultra-low bandwidth remote control system.

Marine Operations

The VOS Shine remained in lay-up alongside Adelaide until early July 2020 to continue mitigation of the cost and risk impacts of COVID-19. During lay-up the vessel underwent annual surveys and scheduled maintenance. She was then brought back into active status for mobilisation to an Inpex project in North West Western Australia. The Shine



commenced the Inpex campaign out of Dampier on August 26 and completed project demobilisation on September 17. She transited down to Fremantle to undertake marine assurance surveys for various oil and gas Operators and a short dry dock for stern tube changeout.

The marine industry was hit severely during the pandemic, in particular by energy sector rescheduling and cancelling of projects initially due for completion during 2020. Return to work progress remained slow during the second half of 2020 in the lead up to the Christmas period, and a further number of projects were pushed into 2021. As a result, the vessel was placed into cold stack in Fremantle to further mitigate continuing COVID cost impacts. A number of invitations to tender were issued in late 2020 / early 2021 for scopes in Q1 and Q2 of calendar 2021.

Harvest Technology has been awarded a scope with Santos Limited as Lead Contractor to provide vessel and ROV support for the reconnection of the Ningaloo Vision FPSO on its return to Australia. It is expected that the vessel will have solid prospects through 2021 due to an accrual of essential offshore inspection, repair and maintenance projects.

Business Outlook

Following the release to market of the Strategic Plan and Vision in October, work commenced internally on the implementation planning and activities. In line with Phase 1 conditions, the Harvest Technology team will continue to provide people, systems, infrastructure to enable the Infinity team to focus on the product development roadmap for Australia and US, including Software as a Service partnerships with a range of established and globally significant companies.

Resource planning and recruitment activities to increase and improve people capacity within the group commenced in October and will continue through 2021 in parallel to the activities detailed in the Strategy Implementation Plan.

The key priority for the Group moving into 2021 is to build on momentum with a new pipeline of vessel projects, achievement of milestones in the product development roadmap, establishment of development agreements with established key global players, and a targeted expansion of the US subsidiary to capitalise on available opportunities, each driven by a focus on revenue growth and diversification of customer base.

COVID pending, an investor roadshow taking in the Eastern States will be scheduled during the first half of 2021.

Corporate

The Annual General Meeting was held on November 10, 2020 at the Perth Convention Centre. The AGM was carried out normally and via video conference, with remote members of the Board utilising Infinity Nodestream products to stream video from their location and successfully demonstrate the capability of the technology to attending investors. All resolutions were passed. Due to the inability to have a normal investor roadshow with regards to COVID travel restrictions, a small roadshow was held following the completion of the AGM formalities. A number of demonstrations were set up, and investors were given the opportunity to remotely control an ROV some 30km away from the meeting room. Investor feedback was exceptionally positive.

The Group entered into a global marketing alliance for ultra-low bandwidth remote monitoring solutions with Inmarsat, the world leader in global, mobile satellite communications and AST, a global leader in satellite and radio communication systems. The alliance will provide the Group access to the satellite communications infrastructure and tools to enable the transmission of high-quality synchronised video and audio over ultra-low bandwidth to provide the services required to remotely monitor assets, coordinate site surveys and conduct maintenance operations across the resources, energy and utilities sectors.



In September 2020, Andy Lowery was appointed as the Group's regional lead in the United States. In his role Andy will drive growth across US based industry verticals and contribute to the global business strategy with the Group's leadership team. He was tasked with the responsibility for setting up the Group's wholly owned US subsidiary, Harvest Technology Group, Inc. (Harvest US), which was completed in October. Also, in October, Andy was appointed as President and Director of the Group's US entity.

In early October, the Group was selected as an ABA100® Winner for Technology Innovation in The Australian Business Awards 2020 for its Infinity Remote Inspection System (RIS). The award for Technology Innovation recognises products and services that provide innovative technological solutions for new and existing market needs. The Group's Collaboration Partner Fugro Australia Marine Pty Ltd (Fugro) offers the RIS under license as the 'Fugro neXt Remote Operations' for subsea inspection in offshore oil and gas. Fugro has an ongoing partnership with Australian telecommunications company Telstra to support the remote operations at the Remote Operations Centre (ROC) located at the International Telecommunications Centre in Gngara, Western Australia.

Financial Results

For the six months ended 31 December 2020, the Group incurred a loss after income tax from continuing and discontinued operations of \$6,264,996 (six months ended 31 December 2019: loss from continuing and discontinued operations of \$1,436,723).

The Group had a net cash outflow for the period of \$4,561,294 (six months ended 31 December 2019: outflow of \$1,475,818). The cash outflows for the period included the second cash tranche for the purchase of Advanced Offshore Streaming Pty Ltd of \$750,000. The cash balances as at 31 December 2020 were \$6,745,004.

The results included significant development costs on progressing the Infinity technology and building a team to bring to fruition the full capability of the technology. In addition, there was a share-based payments expense (non-cash) of \$1,345,771.

Notwithstanding the fact that the Group incurred a loss of \$6,264,996 and a net cash outflow of \$4,561,294 for the period, the Directors are of the opinion that the Company is a going concern for the following reasons:

- From March and throughout this period, vessel operations have been severely impacted by COVID-19 with constraints experienced in the wider offshore oil services market and specifically in marine operations. The vessel is now working in the north west of WA and has solid prospects for the near-term future.
- Infinity technology has attracted a significant increase in interest from global market players and the Group is progressing diversification of its customer base, including entering into joint development agreements for embedded systems with several companies. Such opportunities require increased R&D funding and resources to support. With the added recruitment of two highly-credentialed technology executives in the United States and significant progress on development during the last 6 months, it is expected that scalable opportunities will improve through 2021.

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 cash 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 exists a material uncertainty which may cast significant doubt as to whether the Group will 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.



DIVIDENDS

The Directors recommend that no dividend be provided for the half-year ended 31 December 2020 (half-year ended 31 December 2019: Nil).

SUBSEQUENT EVENTS

Other than as disclosed in Note 18, there have been no matters or circumstances that have arisen since the end of the reporting period that have affected or may affect, significantly, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

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 review of the half-year report. This Independence Declaration is set out on the following page and forms part of this Directors' Report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of Directors.

PAUL GUILFOYLE
Managing Director

Perth, Western Australia
26 February 2021



AUDITOR'S INDEPENDENCE DECLARATION

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Harvest Technology Group Limited for the half-year ended 31 December 2020, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
26 February 2021



M R Ohm
Partner

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
Assets			
Cash and cash equivalents		6,745,004	11,306,298
Trade and other receivables	6	922,674	1,010,787
Inventory	7	147,655	79,135
Prepayments		253,294	108,802
Financial assets held at FVTPL		-	17,590
Current tax receivables		23,129	-
Total current assets		8,091,756	12,522,612
Intangible assets	8	7,374,647	7,791,092
Property, plant and equipment	9	251,754	161,634
Right-of-use leased assets	10	1,817,631	3,241,596
Other bonds and deposits		580,392	608,251
Total non-current assets		10,024,424	11,802,573
Total assets		18,116,180	24,325,185
Liabilities			
Trade and other payables	11	1,493,507	1,142,783
Borrowings	12	13,314	115,520
Employee entitlements		348,742	232,668
Lease liabilities	13	1,668,667	2,509,282
Deferred consideration	14	700,472	727,256
Provisions	15	1,244,678	-
Current tax liabilities		-	12,846
Total current liabilities		5,469,380	4,740,355
Lease liabilities	13	36,509	622,169
Deferred consideration	14	-	672,761
Provisions	15	-	1,244,678
Borrowings	12	3,575,988	3,535,717
Deferred tax liabilities	5	-	867,334
Total non-current liabilities		3,612,497	6,942,659
Total liabilities		9,081,877	11,683,014
Net assets		9,034,303	12,642,171
Equity			
Issued capital	16	22,948,701	20,666,186
Unissued capital		767,500	1,738,628
Reserves		4,646,747	3,301,006
Accumulated losses		(19,328,645)	(13,063,649)
Total equity attributable to equity holders of the Company		9,034,303	12,642,171

The accompanying notes are an integral part of these financial statements



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		31 December 2020	31 December 2019
	Note	\$	\$
Revenue			
Revenue from continuing operations	3	2,192,535	5,217,533
Other income		201,120	1,006
		2,393,655	5,218,539
Expenses			
Cost of goods sales		(2,726,948)	(3,692,496)
Marketing and business development		(165,424)	(12,603)
Personnel expenses - other		(3,000,292)	(1,325,290)
Personnel expenses – research and development		(501,725)	-
General and administration		(399,302)	(421,593)
Professional fees		(246,885)	(315,313)
Depreciation and amortisation		(1,883,038)	(1,418,020)
Research and development		(232,353)	(6,046)
Finance expenses		(360,749)	(176,575)
Other losses		-	(4,992)
Loss before income tax		(7,123,061)	(2,154,389)
Income tax benefit	5	858,065	700,802
Net loss for the year from continuing operations		(6,264,996)	(1,453,587)
Profit after tax from discontinued operations		-	16,864
Loss attributable to owners of the Company		(6,264,996)	(1,436,723)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences on foreign operations		-	460
Total comprehensive loss for the period		(6,264,996)	(1,436,263)
Loss per share			
Basic and diluted loss per share (cents per share)	4	(1.35)	(0.46)
Basic and diluted loss per share (cents per share) from continuing operations		(1.35)	(0.47)
Basic and diluted loss per share (cents per share) from discontinued operations		-	0.01

The accompanying notes are an integral part of these financial statements



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued capital	Unissued capital	Share-based payment reserve	Equity Component of Convertible Note	Other reserves	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	9,379,698	-	430,991	-	1,400	(7,164,085)	2,648,004
Net loss for the period	-	-	-	-	-	(1,436,723)	(1,436,723)
Foreign exchange translation	-	-	-	-	460	-	460
Total comprehensive loss for the period	-	-	-	-	460	(1,436,723)	(1,436,263)
Shares issued during the period and exercise of options	1,713,432	-	-	-	-	-	1,713,432
Share issued costs (net of tax benefit)	(75,306)	-	-	-	-	-	(75,306)
Deferred consideration on acquisition of subsidiary	-	1,500,000	-	-	-	-	1,500,000
Expiry and vesting of options	-	-	4,734	-	-	-	4,734
Equity component of convertible notes	-	-	-	499,385	-	-	499,385
Current tax benefit recorded in equity	-	-	-	-	-	20,709	20,709
Balance at 31 December 2019	11,017,824	1,500,000	435,725	499,385	1,860	(8,580,099)	4,874,695
Balance at 1 July 2020	20,666,186	1,738,628	2,801,621	499,385	-	(13,063,649)	12,642,171
Net loss for the period	-	-	-	-	-	(6,264,996)	(6,264,996)
Foreign exchange translation	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(6,264,996)	(6,264,996)
Shares issued during the period	1,362,469	-	-	-	-	-	1,362,469
Share issued costs (net of tax benefit)	(26,604)	-	-	-	-	-	(26,604)
Deferred consideration on acquisition of subsidiary	750,000	(750,000)	-	-	-	-	-
Funds received for options yet to be issued	-	(24,478)	-	-	-	-	(24,478)
Expiry and vesting of options	-	-	2,746	-	-	-	2,746
Shares in lieu of bonus	196,650	(196,650)	-	-	-	-	-
Share-based payments	-	-	1,342,995	-	-	-	1,342,995
Balance at 31 December 2020	22,948,701	767,500	4,147,362	499,385	-	(19,328,645)	9,034,303

The accompanying notes are an integral part of these financial statements



CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,700,627	1,674,833
Cash paid to suppliers and employees	(5,948,131)	(4,173,076)
Interest paid	(196,670)	(139,111)
Interest paid on lease liabilities	(73,353)	-
Interest received	13,951	1,006
Income taxes paid	(35,975)	(1,168)
Net cash used in operating activities	(3,539,551)	(2,637,516)
Cash flows from investing activities		
Payments for plant and equipment	(144,387)	(33,777)
Proceeds from sale of plant and equipment	15,000	12,455
Proceeds from disposal of interest in associate	-	300,000
Payments to acquire a subsidiary	(750,000)	(3,500,000)
Proceeds from security deposits	27,859	-
Acquisition of cash in business combination	-	257,392
Net cash used in investing activities	(851,528)	(2,963,930)
Cash flows from financing activities		
Proceeds from issue of share capital	-	1,200,932
Proceeds from sale of investment in FVTPL	22,759	-
Payment of capital raising costs	(35,651)	(107,656)
Proceeds from issue of convertible notes	-	4,000,000
Proceeds from exercise of options	1,337,769	87,500
Repayments of principal lease liabilities	(1,392,886)	(838,202)
Proceeds from borrowings	-	1,000,000
Repayment of borrowings and premium funding facility	(102,206)	(1,216,946)
Net cash from financing activities	(170,215)	4,125,628
Net decrease in cash and cash equivalents	(4,561,294)	(1,475,818)
Cash and cash equivalents at 1 July	11,306,298	2,172,384
Effect of exchange rate fluctuations on cash held	-	440
Cash and cash equivalents at 31 December	6,745,004	697,006

The accompanying notes are an integral part of these financial statements



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of Compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2020 as well as any public announcements made by Harvest Technology Group Limited and its subsidiaries during the half-year.

1.2 Basis of Preparation

The consolidated half-year financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in preparation of the half-year financial statements are consistent with those adopted and disclosed in the company's financial report for the year ended 30 June 2020. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The half-year financial statements were approved by the Board of Directors on 24 February 2021.

1.3 Accounting Judgements and Estimates

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied to the half-year financial statements, including the key sources of estimation uncertainty were the same as those that applied to the Group's last annual financial report for the year ended 30 June 2020, except for the following:

Recoverability of Vessel Right of Use Assets

The Group has reviewed vessel right of use assets for indicators of impairment in accordance with *AASB 136* and concluded that impairment indicators existed at year end. An assessment for impairment of vessel right of use assets has been undertaken under the requirements of *AASB 136*. No impairment was identified as a result of the impairment assessment.



Recoverability of the Harvest Infinity CGU

The Group has reviewed the Harvest Infinity CGU for indicators of impairment in accordance with AASB 136 and concluded that impairment indicators existed at year end. An assessment for impairment of the Harvest Infinity CGU has been undertaken under the requirements of AASB 136. No impairment was identified as a result of the impairment assessment.

1.4 Application of New and Revised Standards

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

The Directors have also reviewed all of the new and revised Standards and Interpretations on issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted to the Group and, therefore, no change is necessary to Group accounting policies.

1.5 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 \$6,264,996 and a net cash outflow of \$4,561,294 for the period, the Directors are of the opinion that the Company is a going concern for the following reasons:

- From March and throughout this period, vessel operations have been severely impacted by COVID-19 with constraints experienced in the wider offshore oil services market and specifically in marine operations. The vessel is now working in the north west of WA and has solid prospects for the near-term future.
- Infinity technology is attracting a significant increase in interest from global market players and the Group is progressing diversification of its customer base, including entering into joint development agreements for embedded systems with several companies. These opportunities require increased R&D funding and support resources. With the added recruitment of two highly credentialled technology executives in the USA and significant progress on development during the last 6 months, it is expected that scalable opportunities will improve through 2021.

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 cash 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 exists a material uncertainty which may cast significant doubt as to whether the Group will 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.



2. 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's reportable segments under AASB 8 *Segment Reporting* are therefore as follows:

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

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.

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.

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	
	31 December 2020 \$	30 June 2020 \$	31 December 2020 \$	30 June 2020 \$
Subsea and asset integrity risk mitigation	2,582,272	5,594,766	(2,476,551)	(4,838,728)
Remote communications technology	8,242,284	8,672,912	(2,437,003)	(242,012)
Total segment assets and liabilities	10,824,556	14,267,678	(4,913,554)	(5,080,740)
Corporate and other segment assets/liabilities	7,291,624	10,057,507	(4,168,323)	(6,602,274)
Total	18,116,180	24,325,185	(9,081,877)	(11,683,014)



2. SEGMENT REPORTING (CONTINUED)

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)	
	31 December 2020 \$	30 June 2020 \$	31 December 2020 \$	30 June 2020 \$
Subsea and asset integrity risk mitigation	1,227,784	5,067,643	(3,256,734)	(1,682,105)
Remote communications technology ⁽²⁾	964,751	119,890	(661,122)	4,430
Total for continuing operations	2,192,535	5,187,533	(3,917,856)	(1,677,675)
SAMS visual technology (discontinued operation) ⁽¹⁾	-	(8,368)	-	16,864
Clever Buoy shark detection technology (discontinued operation) ⁽¹⁾	-	30,000	-	(98,566)
Total for continuing and discontinued operations	2,192,535	5,209,165	(3,917,856)	(1,759,377)
Other income			182,000	-
Gain on sale of financial assets at FVTPL			5,169	-
Finance income			13,951	1,006
Central and administration expenses			(3,111,560)	(339,555)
Finance expense			(294,765)	(39,599)
Loss before tax			(7,123,061)	(2,137,525)
Income tax benefit			858,065	700,802
Loss after tax			(6,264,996)	(1,436,723)

⁽¹⁾ The SAMS visual technology and Clever Buoy shark detection technology segments were both discontinued during the 30 June 2020 financial year.

⁽²⁾ The remote communications technology segment result includes an expense of \$416,445 for amortisation of intellectual property.

Segment revenues represent revenue generated from external customers. There were no inter-segment revenues in the current period and all revenues and activities were based in Australia.

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.



3. REVENUE

	31 December 2020	31 December 2019
	\$	\$
Revenue earned over time		
Offshore subsea services	1,227,784	5,067,643
Remote communications technology	833,365	119,890
Marine monitoring services	-	30,000
Total Revenue	2,061,149	5,217,533
Revenue at a point in time		
Offshore subsea services	-	-
Remote communications technology	131,386	-
Total Revenue	131,386	-
	2,192,535	5,217,533

4. LOSS PER SHARE

Basic and Diluted Earnings / (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 31 December 2020 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

	31 December 2020	31 December 2019
	\$	\$
Net loss for the year from continuing operations	(6,264,996)	(1,453,587)
Net profit / (loss) for the year from discontinued operations	-	16,864
Net loss for the year attributable to ordinary shareholders	(6,264,996)	(1,436,723)
Issued ordinary shares at 1 July	436,378,203	257,856,438
Effect of shares issued	26,996,109	51,644,860
Weighted average number of ordinary shares at period end	463,374,312	309,501,298
Basic and diluted loss per share from continuing operations (cents per share)	(1.35)	(0.47)
Basic earnings / (loss) per share from discontinued operations (cents per share)	-	0.01
Basic and diluted loss per share (cents per share) *	(1.35)	(0.46)

* At 31 December 2020, 9,041,633 options (2019: 19,340,000 options), 17,398,710 performance shares (2019: 17,398,710 performance shares), 181,181,182 convertible note shares and 73,557,750 performance rights (2019: 80,000,000 performance rights) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.



5. INCOME TAX EXPENSE

5.1 Amounts Recognised in Profit or Loss

	31 December 2020	31 December 2019
	\$	\$
Current tax benefit / (expense)		
Current tax	-	(1,168)
Deferred tax	858,065	701,970
Total income tax benefit	858,065	700,802

5.2 Amounts Recognised Directly in Equity

	31 December 2020	31 December 2019
	\$	\$
Current tax benefit	9,269	20,709
Total amounts recognised directly in equity	9,269	20,709

5.3 Reconciliation of Effective Tax Rate

	31 December 2020	31 December 2019
	\$	\$
Loss after tax*	(6,264,996)	(1,436,723)
Total income tax benefit	(858,065)	(700,802)
Loss excluding income tax	(7,123,061)	(2,137,525)
Income tax at the Australian tax rate of 26% (2019: 27.5%)	(1,851,996)	(587,819)
<i>Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:</i>		
Entertainment	2,935	2,505
Share-based payments	349,901	1,302
Non-assessable income	(22,750)	-
Difference in foreign income tax rates	8,817	582
Other permanent differences	60,621	16,369
Under / (over) provision in prior years	-	-
Previously unrecognised deferred tax assets brought to account	-	(133,741)
Deferred tax assets not brought to account	594,407	-
Total	(858,065)	(700,802)

* Loss for the year is inclusive of continued and discontinued operations



5. INCOME TAX EXPENSE (CONTINUED)

5.4 Recognised Deferred Tax Assets and Liabilities

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

	31 December 2020	30 June 2020
	\$	\$
Deferred tax liabilities		
Prepayments	65,857	12,431
Right-of-use assets	472,584	842,814
Intellectual property	1,917,187	2,025,463
Other temporary differences	-	21,060
	2,455,628	2,901,768
Off-set of deferred tax assets	(2,455,628)	(2,034,434)
Net deferred tax liability recognised	-	867,334

5.5 Unrecognised Deferred Tax Assets

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

	31 December 2020	30 June 2020
	\$	\$
Deferred tax assets		
Tax losses	2,042,220	599,492
Property, plant and equipment	24,835	24,835
Capital raising costs	145,222	191,538
Employee entitlements	54,298	38,436
Right-of-use assets lease liability	443,346	814,177
Provision for restoration	323,616	323,616
Other temporary differences	16,498	42,340
	3,050,035	2,034,434
Offset of deferred tax liabilities	(2,455,628)	(2,034,434)
Net deferred tax assets unrecognised	594,407	-

The deductible temporary differences and tax losses do not expire under the current tax legislation.



6. TRADE AND OTHER RECEIVABLES

	31 December 2020	30 June 2020
Current	\$	\$
Trade debtors ⁽¹⁾	858,321	877,873
Impairment allowance	(36,550)	-
	821,771	877,873
Other receivables	100,903	132,914
	922,674	1,010,787

- 1 The average credit period on rendering of services is 30 days. An allowance of \$36,550 (30 June 2020: nil) 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.

Movement in Impairment Allowance

	31 December 2020	30 June 2020
	\$	\$
Balance at the beginning of period	-	46,612
Impaired receivables written off	-	(46,612)
Impairment losses recognised on receivables	36,550	-
Balance at the end of the period	36,550	-

The Group has assessed the recoverability of receivable balances based predominantly upon age of outstanding debt and communication with the debtor.

Ageing of Impaired Receivables

	31 December 2020	30 June 2020
	\$	\$
Current	-	-
60-90 days	-	-
Over 90 days	36,550	-
Balance at the end of the period	36,550	-

7. INVENTORY

	31 December 2020	31 December 2019
Current	\$	\$
Raw materials	147,655	-
Balance at the end of the period	147,655	-



8. INTANGIBLE ASSETS

	Harvest Infinity \$	Clever Buoy Patents \$	Clever Buoy Development \$	Formation Costs \$	Total \$
Gross carrying amount					
Balance at 1 July 2019	-	10,750	808,031	1,253	820,034
Additions	8,261,004	-	-	-	8,261,004
Impairment	-	(9,900)	(808,031)	(1,253)	(819,184)
Balance at 30 June 2020	8,261,004	850	-	-	8,261,854
Additions	-	-	-	-	-
Impairment	-	-	-	-	-
Balance at 31 December 2020	8,261,004	850	-	-	8,261,854
Amortisation					
Balance at 1 July 2019	-	2,359	774,895	1,253	778,507
Amortisation for the period	470,764	-	17,916	-	488,680
Impairment	-	(2,359)	(792,811)	(1,253)	(796,423)
Balance at 30 June 2020	470,764	-	-	-	470,764
Amortisation for the period	416,443	-	-	-	416,443
Balance at 31 December 2020	887,207	-	-	-	887,207
Carrying amounts					
Balance at 30 June 2020	7,790,242	850	-	-	7,791,092
Balance at 31 December 2020	7,373,797	850	-	-	7,374,647



9. PROPERTY, PLANT AND EQUIPMENT

	Plant & equipment \$	Fixtures & fittings \$	Computer equipment \$	Software \$	Demonstration equipment \$	Equipment for hire \$	Total \$
Gross carrying amount							
Balance at 1 July 2019	450,744	9,445	47,180	112,205	-	-	619,574
Additions	-	27,355	39,666	-	5,182	24,011	96,214
On acquisition of business combination	-	21,374	6,324	-	15,907	146,471	190,076
Impairment	(244,768)	-	-	(112,205)	-	-	(356,973)
Disposals	(190,976)	(4,945)	(15,602)	-	-	-	(211,523)
Balance at 30 June 2020	15,000	53,229	77,568	-	21,089	170,482	337,368
Additions	-	9,497	62,351	-	10,548	61,990	144,386
Disposals	(15,000)	-	-	-	-	-	(15,000)
Balance at 31 December 2020	-	62,726	139,919	-	31,637	232,472	466,754
Depreciation							
Balance at 1 July 2019	323,865	4,177	12,973	103,617	-	-	444,632
Depreciation for the period	42,803	8,305	18,226	4,566	5,182	30,125	109,207
On acquisition of business combination	-	5,305	1,114	-	15,907	92,707	115,033
Impairment	(185,848)	-	-	(108,183)	-	-	(294,031)
Disposals	(180,820)	(4,245)	(14,042)	-	-	-	(199,107)
Balance at 30 June 2020	-	13,542	18,271	-	21,089	122,832	175,734
Depreciation for the period	-	8,520	15,159	-	300	15,287	39,266
Balance at 31 December 2020	-	22,062	33,430	-	21,389	138,119	215,000
Carrying amounts							
Balance at 30 June 2020	15,000	39,687	59,297	-	-	47,650	161,634
Balance at 31 December 2020	-	40,664	106,489	-	10,248	94,353	251,754



10. RIGHT-OF-USE ASSETS

	Plant & equipment \$	Vessels \$	Buildings \$	Total \$
Gross carrying amount				
Balance taken up 1 July 2019	9,144	-	285,710	294,854
Additions	-	5,694,294	-	5,694,294
Acquired via business combination	-	-	42,547	42,547
Exchange differences	-	20,516	-	20,516
Balance at 30 June 2020	9,144	5,714,810	328,257	6,052,211
Additions	-	3,361	-	3,361
Balance at 31 December 2020	9,144	5,718,171	328,257	6,055,572
Amortisation				
Balance at 1 July 2019	-	-	-	-
Amortisation for the period	1,897	2,703,801	114,925	2,820,623
Acquired via business combination	-	-	7,879	7,879
Exchange differences	-	(17,887)	-	(17,887)
Balance at 30 June 2020	1,897	2,685,914	122,804	2,810,615
Amortisation for the period	946	1,364,978	61,402	1,427,326
Balance at 31 December 2020	2,843	4,050,892	184,206	4,237,941
Carrying amounts				
Balance at 30 June 2020	7,247	3,028,896	205,453	3,241,596
Balance at 31 December 2020	6,301	1,667,279	144,051	1,817,631

11. TRADE AND OTHER PAYABLES

	31 December 2020 \$	30 June 2020 \$
Current		
Trade payables	995,299	591,783
Authorised government agencies	269,483	84
Non-trade payables and accrued expenses	228,725	550,916
	1,493,507	1,142,783



12. BORROWINGS

	31 December 2020	30 June 2020
Unsecured	\$	\$
Other borrowings	-	21,165
Premium funding facility	13,314	94,355
	13,314	115,520
Secured		
Convertible notes	3,575,988	3,535,717
Total Borrowings	3,589,302	3,651,237
Current	13,314	115,520
Non-current	3,575,988	3,535,717
	3,589,302	3,651,237

Convertible notes issued on 28 November 2019 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 - \$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 31 December 2020 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.



13. LEASE LIABILITIES

	31 December 2020	30 June 2020
	\$	\$
Balance at the beginning of the period	3,131,451	-
Balance recognised on application of AASB 16	-	294,854
Lease inception	-	4,380,076
Liabilities assumed through business combination	-	35,454
Increase in right-of-use asset	3,361	-
Principal repayments	(1,466,334)	(1,932,628)
Interest expense	73,448	212,760
Exchange differences	(36,750)	140,935
Closing balance	1,705,176	3,131,451
Classification		
Current liabilities	1,668,667	2,509,282
Non-current liabilities	36,509	622,169
	1,705,176	3,131,451

14. DEFERRED CONSIDERATION

	31 December 2020	30 June 2020
	\$	\$
Balance at the beginning of the period	1,400,017	-
Upon original recognition of business combination	-	1,335,617
Interest charges	50,455	64,400
Deferred consideration paid	(750,000)	-
Closing balance	700,472	1,400,017
Classification		
Current liabilities	700,472	727,256
Non-current liabilities	-	672,761
	700,472	1,400,017

* Deferred consideration upon the acquisition of Harvest Infinity is payable in two \$750,000 tranches. One was paid in December 2020 and the next is payable in December 2021. The present value of the consideration payable was recognised at the acquisition date with an interest expense being charged each month until full payment.



15. PROVISIONS

	31 December 2020	30 June 2020
	\$	\$
Opening balance	1,244,678	-
Recognition of provision for restoration requirements in regard of right-of-use assets ¹	-	1,242,556
Exchange differences	-	2,122
Closing balance	1,244,678	1,244,678

- 1) Within the terms of the vessel charter lease, the Group has a requirement to restore the VOS Shine to the state that it was received in and additionally that it be returned to the port of choosing by the charterer, Vroon Offshore Services B.V., who are domiciled in the Netherlands. The provision above is representative of the costs associated with the expected work required to restore the vessel to the condition it was received in and to sail back to the Netherlands.

16. CAPITAL AND RESERVES

Share Capital

	Ordinary shares			
	Number of shares		Amount in \$	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
Movement in ordinary shares on issue:				
On issue at 1 July	436,378,203	257,856,438	20,666,186	9,379,698
<i>Shares issued and expensed during the period</i>				
Issue of fully paid shares for cash	-	124,074,074	-	11,100,000
Issue of fully paid shares in business acquisition	18,156,500	-	750,000	-
Issued on conversion of performance rights	-	25,000,000	-	-
Issued on conversion of options	25,314,800	5,541,669	1,362,469	257,500
Issued via rights issue	-	23,906,022	-	525,932
Issue of fully paid shares in lieu of bonuses	10,441,340	-	196,650	-
Capital raising costs	-	-	(26,604)	(596,944)
On issue at 31 December	490,290,843	436,378,203	22,948,701	20,666,186



17. FINANCIAL INSTRUMENTS

Fair Value Measurement

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

Measured at Fair Value on Recurring Basis

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).

Not Measured at Fair Value

The Group has various financial instruments which are not measured at fair value in the statement of financial position.

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation to their fair values.

The methods and valuation techniques used for the purposes of measuring fair values are unchanged compared to the previous reporting period.

18. SIGNIFICANT EVENTS AFTER BALANCE DATE

Post period end, 1,555,000 shares have been issued on exercise of options to raise a total of \$105,000; 300,000 shares have been issued under Employee Securities Incentive Plan; 17,398,710 shares have been issued on the redemption of Class B and C Performance Shares; and 500,000 shares have been issued on the conversion of the Class A Performance Rights subsequent to meeting the performance milestones.

No other matters or circumstances have arisen since the end of the reporting period and the date of this report which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the of the Group in future financial years.



DIRECTORS' DECLARATION

1. In the opinion of the Directors of Harvest Technology Group Limited (the "**Company**"):
 - (a) the accompanying half-year 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 31 December 2020 and of its performance for the half-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 Company will be able to pay its debts as and when they become due and payable.
 - (c) the half-year 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 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2020.

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

PAUL GUILFOYLE
Managing Director

Dated this 26th day of February 2021



INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Harvest Technology Group Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Harvest Technology Group Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Harvest Technology Group Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1.5 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the entity are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
26 February 2021



M R Ohm
Partner

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CORPORATE DIRECTORY

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Jeffrey Sengelman
Paul Guilfoyle
Rod Evans
Marcus Machin

Secretary

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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