



Announcement to ASX

ASX Code: HTG

October 30, 2020

## ACTIVITIES REPORT – SEPTEMBER QUARTER 2020

### HIGHLIGHTS:

- Release of Three-Phase Corporate Strategic Plan to drive the Group's growth potential in the fast-growing satellite communications market
- Integration of Harvest Infinity communications platform into Unmanned Aerial Vehicles
- Expansion of Infinity Product suite to include RemTeq™ for remote control operations
- Group entered into a tripartite global marketing alliance with Inmarsat Enterprise (Inmarsat) and Applied Satellite Technology Group (AST Group)
- Harvest Technology Group recognised as a Winner for Technology Innovation at the Australia Business Awards 2020
- End of quarter cash balances of \$9.494M

**October 30, 2020:** Harvest Technology Group Limited (ASX:HTG) (**Group**) reports closing cash balances for the quarter of \$9.494M. At the end of the quarter the Group had \$1.874M in receivables and accrued income due in from clients.

### CORPORATE STRATEGIC PLAN

Throughout the year and with particular focus during the September quarter, in addition to focussing on growth in our core segments, a new Strategic Plan and Vision was developed by the Group that will see the pursuit of significant commercial opportunities in the technology sector, in Australia and overseas, including Software as a Service partnerships with a range of established and globally significant companies.

The Strategic Plan focusses on the steps required for a global roll-out of the Group's leading-edge technology which enables the secure encrypted transfer of data, high-definition video and audio, regardless of location and network quality.

The Group continue to develop strategies around expansion into the USA and European regions, and in the September quarter engaged key business development operatives in the US and UK.

The Three-phase Strategic Plan was released to the market in early October 2020.



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### EXPANSION INTO US REGION

Already established as a provider of remote solutions to the Australian resources and oil and gas sectors, the Group is now targeting global expansion to capitalise on the predicted growth in demand for high quality video, data, audio communication and remote control solutions, using its Infinity suite of products.

In keeping with its strategic plan, the Group announced on September 11, 2020 that Andy Lowery had been 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 CC (Harvest US). which was completed on October 21, 2020.

In October 2020, Andy was further appointed as President and Director of the Group's newly formed US entity.

### PARTNER RELATIONSHIPS

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 Group, 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.

The September quarter also saw further discussions around extension of the terms of agreement with AST.

### INFINITY PRODUCT SUITE INCLUDING WEARWOLF™

During the September quarter, the impact of COVID-19 and resulting uncertainty remained significant globally however continued to have a positive effect for the Harvest Infinity (**Infinity**) suite of products with the increased need for remote communications due to border closures and travel restrictions.

The Nodestream Remote Communication Platform continues to move towards an IoT (internet of things) ecosystem of connected devices for the Infinity Product Suite, Wearwolf™ and future products. Focus remains on the Nodestream downloadable decoder software application for the Wearwolf™ and the system architecture has been rewritten, expanded and updated, to allow point-to-point connections directly from a Wearwolf™ directly to an application running on MacOS or Windows operating systems.



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The Wearwolf™ App running on a RealWear, Inc. HMT-1 ruggedized head-mounted wearable unit has been updated to be available on the RealWear App Store in preparation for the 2021 launch of the Nodestream downloadable decoder software application.

The Infinity encrypted protocol has been upgraded across the Infinity product suite; including the Wearwolf™, to the new Infinity encrypted protocol block cypher with a 384-bit permutation. The in-house propriety protocol utilises the next generation encryption Gimli block cypher to achieve unmatched levels of high security. Combined with forward error correction and temporal redundancy, the Infinity protocol is robust enough to handle the worst satellite connections, patchy terrestrial networks, and congested networks. The block cypher is part of the United States Government National Institute of Standards and Technology (NIST) Lightweight Cryptography (LWC) Standardisation Project.

Nodestream Mini compliance and safety testing is in the final stages of pre-testing. Compliance acceptance testing is being undertaken to meet the Regulatory Compliance Mark (RCM) standard in Australia, CE Marking for Europe (CE), and the Federal Communications Commission (FCC) ruling in the US.

In August 2020, Lloyd's Register (LR) accepted the remote survey experiment that was carried out in April using the Wearwolf™ during the annual survey of the VOS Shine in Adelaide, South Australia. The successful experiment means that the Wearwolf™ is endorsed to proceed through LR's Remote Inspection Technique Systems approval process which will demonstrate independent scrutiny and in Classification terms, the system will be regarded as satisfactory for remote surveys of vessels globally.

At the end of the quarter, the process for identifying and reviewing potential manufacturing relationships for scalable hardware delivery commenced.

### INFINITY SUITE STATS

Forty-three (43) trials of the Nodestream, Wearwolf™ and AVR2 product devices were undertaken between July and September, which was an increase of 54% over previous quarter. Trials have been focused on Operators within the energy and resources sectors and Tier 1 contractors in Australia, and in the US by subsidiary Harvest Technology Group CC.

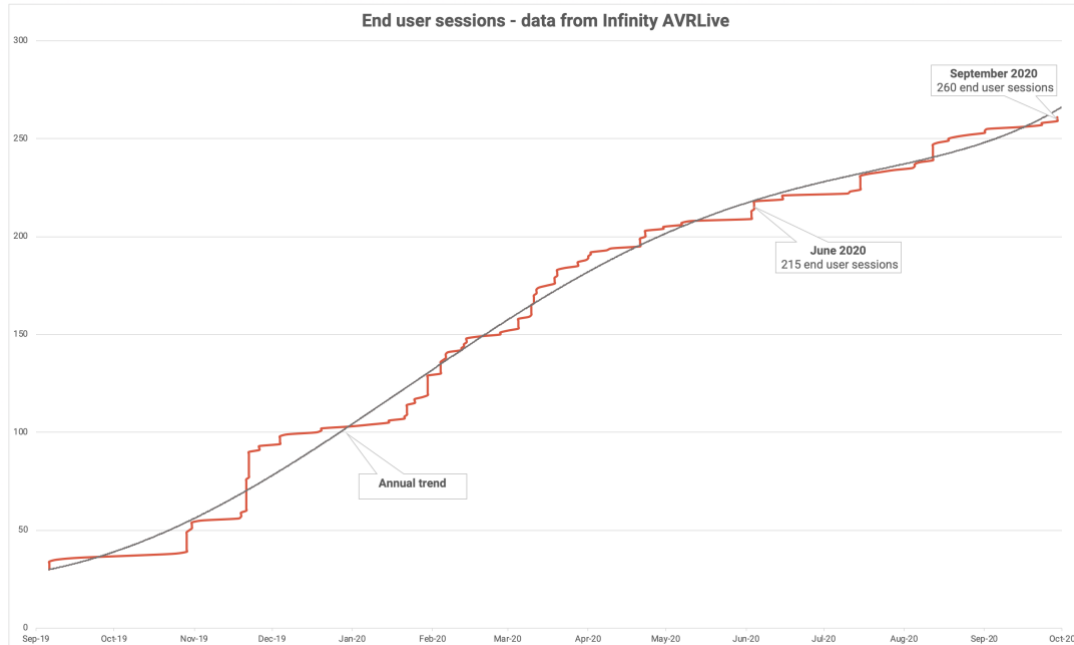
The Nodestream and Wearwolf™ products have had a growth rate of 252% across the quarter with fifty-eight (58) new device connections. Sales of the AVR2 product have had a growth rate of 40% for the same period.

Online End User sessions have increased 151% since the beginning of 2020 representing a significant increase in system usage across the product range.



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## UAV INTEGRATION

In July 2020, it was released that the Harvest Infinity platform has been expanded to include Unmanned Aerial Vehicles (UAV), more commonly known as 'drones'.

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

The Infinity platform extends the operating envelope for UAV owners and operators already conducting aerial mapping, modelling, surveys and inspection activities in remote areas, by allowing their clients to have real-time access to collected information.

## REMOTE CONTROL PLATFORM

In August 2020, the Infinity product range was expanded 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



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control of subsea remotely operated vehicles (ROV) and unmanned aerial vehicles (UAV) (drones). 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.

During the proving trials, RemTeq™ undertook manipulator latching and unlatching manoeuvres on the ROV, and stability programs were initiated remotely, providing heading, roll, pitch and depth stabilisation. Full ROV functionality was available including the ROV video with display annotation at the command centre onshore

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

### TECHNOLOGY INNOVATION AWARD

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 Australian Business Awards are an annual all-encompassing awards program recognising organisations that demonstrate core values of business innovation, employee engagement, customer satisfaction, experience management, business sustainability, and product and technology innovation, via a set of comprehensive award categories. 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 Gnangara, Western Australia. The ROC services Fugro's subsea operations off the coast of Western Australia in a whole new way and has expanded globally with opportunities in other market sectors.

### MARINE OPERATIONS

This time last year the VOS Shine (**Shine**) had arrived in Australia, completed her inaugural project with the lay of fibre optic cable from Tiwi Island to Darwin and commenced her second project for Beach Energy in the Bass Strait. She worked in the Bass Strait straight through until end of March quarter, until the marine and



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oil and gas industries were significantly impacted by the COVID-19 pandemic and oil price crash, resulting in movement of scheduled projects to the right with some projects cancelled.

The vessel was laid up alongside in Adelaide to mitigate the cost and risk impacts of COVID-19. During lay-up the vessel underwent annual surveys, and scheduled and major maintenance. The Shine was brought back into active status for mobilisation to Inpex project in July 2020. 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 prepare for next project commencement.

#### APPENDIX 4C

Please refer to the attached Appendix 4C Filing for further details on the results for the quarter.

#### ITEM 6.1

The following table provides a breakdown of the amount disclosed in Item 6.1 of the Appendix 4C for the September 2020 quarter.

Category	Amount AUD
Directors fees	\$32,000
Managing Director – salary and other benefits	\$96,000

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

#### For further information please contact:

Mr. Paul Guilfoyle

Managing Director – Harvest Technology Group Limited

Tel: +61 8 6370 6370

#### About Harvest Technology Group

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

To learn more please visit: [www.harvest.technology](http://www.harvest.technology)

## Appendix 4C

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

**Name of entity**

Harvest Technology Group Limited

**ABN**

77 149 970 445

**Quarter ended ("current quarter")**

30 September 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	768	768
1.2 Payments for		
(a) research and development	(220)	(220)
(b) product manufacturing and operating costs	(750)	(750)
(c) advertising and marketing	(68)	(68)
(d) leased assets	(23)	(23)
(e) staff costs	(528)	(528)
(f) administration and corporate costs	(826)	(826)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	(133)	(133)
1.6 Income taxes paid	(3)	(3)
1.7 Government grants and tax incentives	131	131
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,644)</b>	<b>(1,644)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(45)	(45)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	15	15
	(d) investments	23	23
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(7)</b>	<b>(7)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,105	1,105
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(602)	(602)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(665)	(665)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(162)</b>	<b>(162)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	11,307	11,307
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,644)	(1,644)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(162)	(162)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>9,494</b>	<b>9,494</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,494	9,494
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,494</b>	<b>9,494</b>

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

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

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

**Current quarter  
\$A'000**

128

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,644)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	9,494
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	7,850
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	4.8

If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: October 30, 2020

Authorised by: The Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.