HARVEST TECHNOLOGY GROUP LIMITED

ANNUAL REPORT
2021

Connect your operations Anytime. Anywhere.

Our Vision

We will become a leading international provider of software, products and services that enable secure, trusted communication and control for the delivery of high-quality, real-time interaction over unreliable networks via any device.

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 in from anywhere in the world regardless of location, or 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 is very 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 bases in WA and the U.S, 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, and U.S. based Opsivity Inc.

Visit www.harvest.technology/ for more information.

Contents

2021 Annual General Meeting

The AGM will be held at 9:00am (AWST) on Tuesday November 30, 2021, virtually and at Botanicals 2&3, Lower Level, Crown Perth Convention Centre, Great Eastern Highway, Burswood WA 6100.

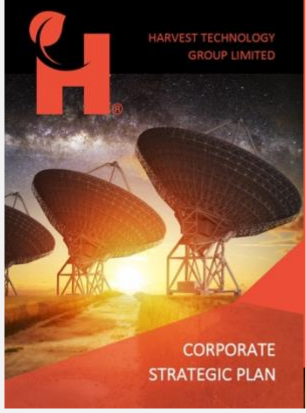
Further details will be available at harvest.technology/investors

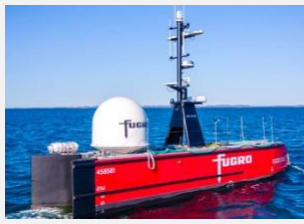
Harvest Technology Group Limited. ABN 77 149 970 445. Registered in Australia

FY2021 Highlights

Key priorities for the Group during FY2021 were to build on momentum with a new pipeline of vessel projects, delivery of the Group Strategic Plan, 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 ongoing diversification of customer base. Highlights of FY2021 include:

- Release of the Group's Three-Phase Corporate Strategic Plan
- Group entered a tripartite global marketing alliance with Inmarsat Enterprise (Inmarsat) and Applied Satellite Technology Group (AST)
- Establishment of the Company's wholly owned U.S. subsidiary, Opsivity Inc.[1]
- 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 recognised as an ABA100® Winner for Technology Innovation in The Australian Business Awards 2020 for its Infinity Remote Inspection System (RIS)
- Engagement of Chief Customer Officer and Head of Regional Sales to drive Customer Experience team
- Group selected as Key Supplier for Nodestream technology on Ocean Infinity's largest oceangoing robotic fleet in the world
- World first 8-Channel Remote Inspection System (RIS) Encoder integrated to Fugro Australia Marine Pty Ltd (Fugro) Unmanned Surface Vehicle
- Execution of lease agreement and completion of fit out for purpose-designed central innovation hub at Technology Park WA
- Successfully raised $7.6 million via a private Placement
- Engagement of Chief Technology Officer Software to drive Research and Development
- Acquisition of U.S. based software-as-a-service (SaaS) company SnapSupport Inc.



[1] *Previously named Harvest Technology Group Inc.*

Chairman's Review

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you this Annual Report of the Group's performance for the financial year ending 30 June 2021.

In the twelve months since our last report, and throughout the extended multifaceted impacts of COVID, the Group has successfully implemented Phase 1 of its Strategic Plan. We have now achieved the conditions to allow us to progress with confidence onto Phase 2, to establish income diversity and significantly increase revenue.

The requirements of Phase 1 were ambitious in complexity, scale, and speed. It was well understood that many companies that attempt extensive expansion with new products and into new markets, often falter or fail. Under normal circumstances, the successful achievement of what constituted a fundamental transformation of Harvest Technology Group, would be deserving of acknowledgement. That the Group has done this despite the considerable restrictions imposed by COVID, gives some insight into the high calibre of people and competent planning that is rapidly becoming a hallmark of Harvest Technology Group.

While the achievements over the last year were noteworthy, it was also a year marked by some challenges. The three most significant factors that contributed to this were all non-recurring and consisted of COVID, costs associated with the VOS Shine and non-cash expenses.

COVID affected many clients and resulted in some cancelled projects, delayed contracts, and considerable travel restrictions; as a result, revenue decreased in FY2021.

The Year in Retrospect

As forecast in our Strategic Plan, FY2021 was a year of deliberate transformation for Harvest Technology Group. At its broadest scale, this entailed returning the VOS Shine to its owners, focussing on a business model oriented to Software as a Service (SaaS) and achieving the conditions to expand and service a diverse range of international clients and global markets. Achieving this required necessary expenditure to increase capacity, grow workforce, research, and develop new products, establish international footprints, and acquire suitable established platforms to accelerate market growth and revenue generation, particularly in the United States. This has now been achieved.

The cumulative result is that Harvest Technology Group is now strongly positioned to realise its full commercial potential as an internationally recognised and respected provider of genuinely world class and category leading communications technologies and services through its 'Infinity' portfolio of products and with the recent highly successful public launch of Opsivity, as a wholly owned U.S. based subsidiary.

In particular, the Group's investment in Research and Development over the past year into the 'Infinity' range of technologies has consolidated our industry leading position. The results have exceeded expectations and that has been recognised by a growing range of organisations, institutions and sectors expressing interest, seeking collaborations, and wanting to explore opportunities to integrate the Group's technology into their commercial operations. Phase 2 of the Strategic plan will focus on commercialising these opportunities and achieving recurring growth in revenue, increasing customers, as well as realising returns on investment.

Over the past year, I also note that the offshore marine industry serviced by the VOS Shine was severely affected by COVID and this resulted in cancelled or deferred projects. While the VOS Shine has now been redelivered to its owners in Singapore, the commercial utilisation of the vessel was less than originally projected and non-recurring annual loss of $3.4m for the year was sustained from vessel operations.

This Annual Report and a range of recent market announcements, detail many of the achievements of the last twelve months and give further foundation to an outlook of considerable optimism as we look ahead.

Looking Ahead

Harvest Technology Group is now positioned with the people, the products, the business model, and the capacity to undertake Phase 2 of our Strategic Plan. This includes renewal of the Board with an additional Director and the engagement of world class expertise and advice in relevant areas.

As we look to the future, we will now move over the next twelve months to establish income diversity and revenue growth with initial emphasis on the U.S. market through established global technology leaders. Our published Strategic Plan remains sound, and the Board remains confident in the direction and vision contained therein.

With the impacts of COVID diminishing, and the successful achievement of all the conditions in Phase 1 of our Strategic Plan, we look forward to working closely with the new and existing partners and clients we have established and achieving significant growth for the business.

As always, people remain the most important pillar for the Group. This now includes our U.S. based, incredibly talented colleagues with our subsidiary, Opsivity Inc. We are privileged to welcome them to our team. The professional development, welfare, and potential of all our people is of paramount importance to our business. With the Strategy we are pursuing, the impressive people we have and the extraordinary technologies and services we are presenting to the world, we have reason to be quietly optimistic as we now step confidently into our future. That future is to become a globally recognised solution provider that enables secure trusted communications and control for the delivery of high-quality, real-time interaction over any network and any device.

In Appreciation

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

Over the year ahead, and with your continued support, Harvest is on course to realise sustained growth, increased revenue, and exciting new commercial opportunities.

Jeff Sengelman

Jeff Sengelman DSC AM CSC
Chairman

Group Chief Executive Officer's Review

Dear Fellow Shareholders,

I am pleased to be able to report to you on what has been a pivotal year for our company. This is an exciting time for us, and I am energised by the opportunity to lead Harvest through the next stage of growth.

Shareholders will recall from our Group Strategic Plan announcement in October 2020 that this year has been all about implementing Phase 1 of that plan, focusing on the development of the applications, management systems, people, and global opportunities to enable scalability during Phase 2. The company has invested significant time and resources into the research and development of the necessary technology and systems. We are confident that Harvest Technology Group is now positioned with world leading software, products, and services, that can deliver secure, trusted communication and control over the most unreliable networks using any device.

The effort sunk into these systems positions the Company to launch into Phase 2 over the coming 12 months, during which we expect to demonstrate a transition away from the previous focus on the energy and resources sector towards a more diverse revenue stream from Infinity products and services.

Notably, transitioning from Phase 1 to Phase 2, our U.S. based subsidiary Opsivity Inc. launched its new software product Opsivity™ in early October. The rebrand and product launch follows the acquisition of SnapSupport in June. The release of the Opsivity platform is the result of an intensified development period to enhance the existing SnapSupport platform. Both Opsivity™ and Infinity product lines create scalable platforms for us to expand and grow into Phase Two and beyond.

In line with this transition, but after the end of the reporting period, the Company has successfully concluded the long-term charter of offshore support vessel VOS Shine (Shine). This was a key condition of Phase 1 and is further illustration of progress in line with the Strategic Plan. The Shine played an important part in the Company's foundational growth and delivered significant revenue, especially during some challenging times. Thanks to the team's dedication and hard work it was an amazing platform from which to develop our technology capability with hundreds of hours of real-time research and development achieved.

Revenue decreased in FY2021 largely because of COVID-19 implications affecting offshore operations with cancelled/delayed projects and travel restrictions having an impact. This resulted in a net loss after tax for the year ended 30 June 2021 of $10.2 million. Importantly, $3.4 million of this loss was a non-recurring cost associated with the VOS Shine and $3.0 million related to non-cash expenses.

Cash balances as of 30 June 2021 were $6.76 million providing a strong cash position as the company now looks to expand and scale revenue streams based on our cutting-edge technology.

I offer my sincere appreciation to our Board and shareholders for their support over the past 12 months as we have implemented our Strategic Plan. In addition, I would like to thank our staff 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 team, our outlook wouldn't be as strong.

The past year has successfully positioned the Company for the next leg of growth. We have several expansion challenges ahead as we move into Phase 2 of the Strategic Plan, and we are confident that we have the platform and the team to meet those challenges. We thank you for your support and look forward to continuing this journey with you all.

Paul Guilfoyle
Group Chief Executive Officer

Delivering Value & Positioning for the Future

Strategic Plan

Delivering on Promise

Our journey started with fixing connectivity problems for people in the harsh and hazardous offshore environment of North of Western Australia for the oil and gas and mining industries. In delivering these services, it became clear we could go further, and that our expertise, technology, and services had a much wider application.

Today when people in organisations that operate in areas of poor connectivity want to interact remotely, simply, safely, and securely they often must rely on unsecured, low quality and costly services or postpone interaction. This is unnecessary because available technology should enable everyone to connect everywhere.

We envision a world where everyone has access to cost-effective technologies that enable them to connect regardless of location.

We realised that we had an opportunity to become a leading international provider of software, products and services that enable secure, trusted communication and control for the delivery of high-quality, real-time interaction over unreliable networks via any device.

To achieve this goal, the Group launched its Three-Phase Strategic Plan 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 and 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

1 SPEED & SCALABILITY

- Development and delivery of downloadable Infinity Wearwolf™ decoder software application
- Building production and management systems 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 Industrial Wearable manufacturers

2 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 Industrial Wearable manufacturers to access new customer base
- Develop our business in the US and European regions.
- Actively seek business opportunities to expand market penetration
- Development of mobile platform

3 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

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 that 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.

At the time of this report, all conditions for this phase were successfully achieved, and in early October 2021, we commenced our transition into Phase 2.

Harvest today

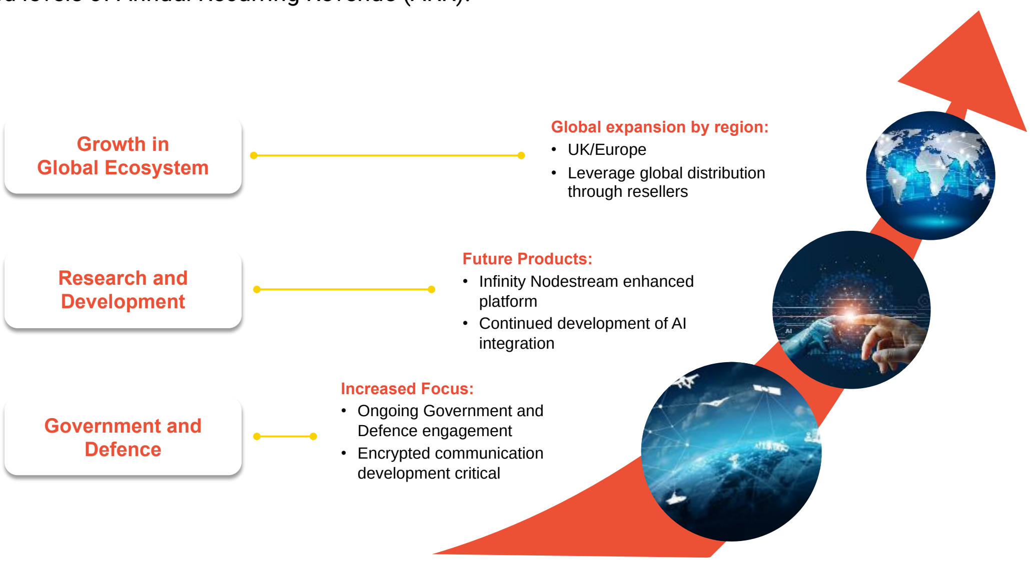
Phase1: Speed and scalability

Phase 2: Income diversity and expansion

Establish business systems and infrastructure	Build products, teams, offices, partnerships, and distribution networks	Establish customer base for products	Reach new US & global markets. Acquisition of US based SaaS company	Integrate SaaS / AI capabilities, Opsivity US product launch and scale distribution	Marketing to grow customer relationships partners, and sales	Integrate enhanced Nodestream software version into Harvest platforms	Become trusted technology supplier for Defence and Government	Grow ecosystem of customers and partners within selected sectors/areas of operation

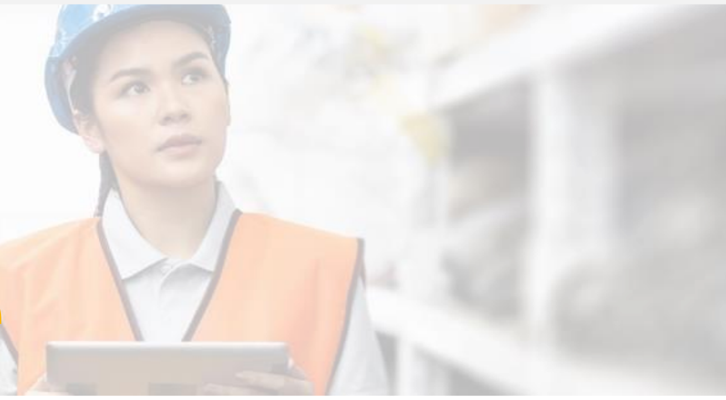
Phase 2 & Beyond

Phase 2 is focused on income diversity by transitioning the business model away from its current majority focus on energy and resources sectors services by rapidly expanding commercial opportunities and developing elevated sustained levels of Annual Recurring Revenue (ARR).



Phase 3 of the plan will see the Group continue to transition the business model and have income producing operations in US, whilst establishing a presence in Europe and Asia. The Group will be seen as a trusted and reliable provider of quality services internationally and will seek to move into the consumer-based market, with development of key third-party relationships in this arena.

People, Systems & Infrastructure



Investing in people is fundamental to the Group achieving all phases of the Strategic Plan.

People & Culture

FY2021 has been another growth year for the Group. True to our word, this FY2021 we increased our focus on systems, processes, tools, and behaviours to improve operational and technological capability and increase our people capacity to facilitate our product development roadmap and execute the elements of our strategy.

Step changes in technology are driven by teams of talented, committed, and high-performing people. It has been a key focus during both 2020 and 2021 to recruit product and software developers and engineers to optimise and achieve the milestones of our product development roadmap. Given the current employment market and the increased need for technology during the COVID-19 pandemic, sourcing the right people has not been without its challenges.

The need for corporate services to support innovation and development has also increased, with engagement of additional personnel in marketing, sales, finance, commercial, human resources, and administration.

In line with Phase 1 of our Strategy which focuses on speed and scalability the number of personnel in the Group, since June 2020, has increased overall by 100%, with a 340% increase in software and hardware development personnel for R&D and embedded systems, and integration personnel for SnapSupport platform development.

This aggressive growth is key to putting us on firm ground as we transition into Phase 2 of our Strategy which centres on income diversity.

As we moved into FY2021, several People Practices were developed to support the life cycle of an employee. This includes such areas as recruitment, onboarding, competency assessment, performance management, and off-boarding.

Our employee value proposition includes such items as our technology, a dynamic work environment and our can-do attitude and this helps us recruit the best people in an often hard-to-source technology sector. Further, while remuneration is only one part of the employee value proposition, in a tight labour market it is important to have robust remuneration practices to ensure our pay is competitive with the market and that it is aligned with our strategy. As such, we are developing a remuneration framework to ensure robust practices that meet the needs of the company as we grow. In the first instance, as part of our commitment to employees and to share our success with them, we implemented an Employee Incentive Plan with the first payout occurring in FY2022 for performance in FY2021.

Being a growing company, it is imperative to continue to build a culture based on trust, collaboration, and transparency, by word and by deed. One example of this is our weekly cross-functional “stand-up” meeting to ensure priorities are highlighted and cross functional support is pulled together to address issues. Further, easy access to all levels in the organisation ensures that issues are raised and addressed in an effective and efficient manner.

Relocating our people to our new innovation hub at Technology Park (Bentley, WA) brings together the teams that were previously housed in our Malaga workshop and Perth office. This represents a key step in our “One Team” philosophy. This One Team attitude extends to our recently established USA entity Opsivity Inc. The Leadership Team across both regions come together weekly to ensure ongoing alignment in what we do and how we do it.

Further, as part of our move toward scalability and income diversity, in FY2021 we expanded our Leadership Team, and three new members were sourced and are housed in the USA. They are Andy Lowery, President, Opsivity Inc., Patrick Neise, Chief Technology Officer, and David Fosberg, Chief Customer Officer.

Inclusion & Diversity

We strive for an inclusive, diverse workplace in which employees can achieve their full potential by providing them with growth / stretch opportunities. Further we do this by employing, developing, and promoting employees based on merit in a workplace which is free of unlawful discrimination, bullying and harassment. From a macro sense this is reflected in both our Diversity and our Discrimination and Harassment Policies and from a micro sense, reflected in our hiring practices which strives for diversity and prohibits discriminatory interviewing or bias.

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

This table provides a breakdown of our employees, senior management team and the Board for the financial years to FY2021. There has been a 250% increase in the number of female employees within the business in the last year, bringing our female people content to 25% of our workforce at the end of the FY2021. We have also seen a significant increase of almost 190% in the number of male employees, primarily in software and hardware development functions, bringing our make content to 75% of our workforce at the end of FY2021.

Our Diversity Policy is described in the Sustainability section on page 36 and can be located on our website at harvest.technology/investors.

Indigenous & Local Engagement

We strive to provide employment opportunities that contribute to sustainable social and economic benefits for indigenous and local peoples, especially in the communities in which we work. During the VOS Shine's 24-month engagement in Australia, we are proud to have completed all projects and operations utilising 100% 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 a diverse religious, social and gender backgrounds and of varied ethnicities. In particular, 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 from the Western Australian community and were 100% successful this financial year. This was due to a targeted approach to our advertising and utilising local recruiting agencies.

Systems & Infrastructure

Infrastructure

In February 2021, the Group entered into a non-binding Heads of Agreement to establish an innovation hub at Technology Park, Bentley, Western Australia, to centralise it's corporate and technology operations. At the start of April 2021 lease negotiations were finalised, and an agreement executed for a 7-year lease, with a 5-year option.

The premises for the Group's new base of operations is purpose designed and developed to support continued growth in resources whilst validating its commitment to its people by creating a campus-style setting to foster innovation and development. It boasts high security and workspaces for software and hardware development, testing, and collaboration, enabling the Group to bring products to the market more efficiently.

Not only a condition of Phase 1 of the Strategic Plan, this was also an important milestone for the Group to build capacity and provide our team with an environment where they can freely collaborate and innovate.

Systems

Development and implementation of foundational systems within the business has been an ongoing focus within the business. Significant time and effort have been invested in the development of systems around quality assurance and control and compliance for product commercialisation and delivery, as well as the implementation of SAP Business By Design (SAP).

SAP is a single-cloud Enterprise Resource Planning solution that connects the Group functions of procurement, inventory, project management, customer relationship management and finance, to provide a platform from which the business can easily scale and compete without complexity and high cost. This capability enables streamlining of end-to-end processes and the ability to quickly adapt to new opportunities whilst improving profit and efficiency in day-to-day operations.

SAP was implemented in Australian operations in April 2021 with the US implementation completed in July 2021.

Health, Safety, Environment & Quality

Safety

Our top priority is the safety of our people, our assets, and the environments in which we operate.

During FY2021, our people continued to demonstrate a solid commitment to health, safety, environment, and quality output with a transparent reporting culture, to maintain, since 2019:

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

0	0	0
LTIFR	TRIFR	Reportable Incidents

In late 2020, we implemented a new event management system, Safety Champion. Safety Champion is a web-based occupational health and safety application designed for businesses where administration of health and safety is coordinated by a small number of people and provides a streamlined system for compliance accountability. We use Safety Champion to manage incidents and investigations, collection of inspection data, audit logging and tracking of corrective and preventative actions. It also allows our personnel to play an active role in health and safety and ensure the business is better positioned to protect the health and wellbeing of our people.

0

Incidences of employee occupational illness since 2019*

**Per million hours worked*

Health

Our goal is to protect the health and wellbeing of our workforce from potential occupational injury. Our workplace health risks include occupational exposures to noise, diesel particulate matter (DPM), musculoskeletal stressors and mental health impacts. We have put in place controls to identify and manage health risks for our people and contractors. The effectiveness of these controls is regularly reviewed and subject to periodic verification.

Our offshore personnel remain subject to stringent medical surveillance and testing prior to entering an offshore environment. Flag state and Maritime Labour Convention requirements ensure that personnel remain medically always fit, in keeping with the limitations specified, to remain in an offshore environment.

The mental and physical wellbeing of our personnel is a priority. During FY2021 we implemented a dedicated Employee Assistance Program which provides mental health resources including counselling and organisation tools for communicating with personnel to encourage conversations about mental health and support a healthy, thriving workforce.

The incidence of employee occupational illness in FY2021 was **Zero,** per million hours worked*.

Environment

Our approach to environmental management is set out in our Environmental Plan which considers ISO14001 requirements and as applicable, vessel specific IMO requirements. Through FY2021, we continued to review and update our legal and obligations register as required and our environment governance documents were updated to reflect recent changes to our Risk Register.

Emissions from the vessel and our onshore assets were below the facility and corporate thresholds for operational emissions during FY2021, and as such, we were not required to report energy usage or emissions levels.

Quality

FY2021 has been a year of transformation for the Group with the introduction of SAP Business By Design (SAP) and the expansion of the Group business management system (BMS) to incorporate governance of software and development processes.

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.

Our commitment to continuous improvement supports our pursuit of technological excellence. Our current and developing strengths include:

- policies, practices and tools contained within and being developed as part of the Group's integrated business management system that makes continuous improvement part of what we do in our business every day
- the people capabilities and standards housed in our technology and corporate functions, which are designed to help deliver improved sustainability outcomes and drive innovation

Our system is designed for the purpose of delivering services to meet customer satisfaction in accordance with applicable statutory and regulatory requirements, and to enhance customer satisfaction through the effective application and continual improvement of our system.

Our Quality Policy, objectives and targets, organisation and requirements form the basis for our compliance. We have identified the issues, both external and internal, that are relevant to achieve our intended results. These issues are identified in our Risk Register with consideration of our vision and principles and are monitored through daily operations and discussed in Management Review Meetings. The Group has committed to having a Management Review Meeting at least annually involving the Leadership Team, senior management, and key personnel. For FY2021, this was undertaken in May 2021.

Certification to ISO9001:2015 was achieved at the end of July 2020 with zero non-conformances and three observations.

Social Responsibility

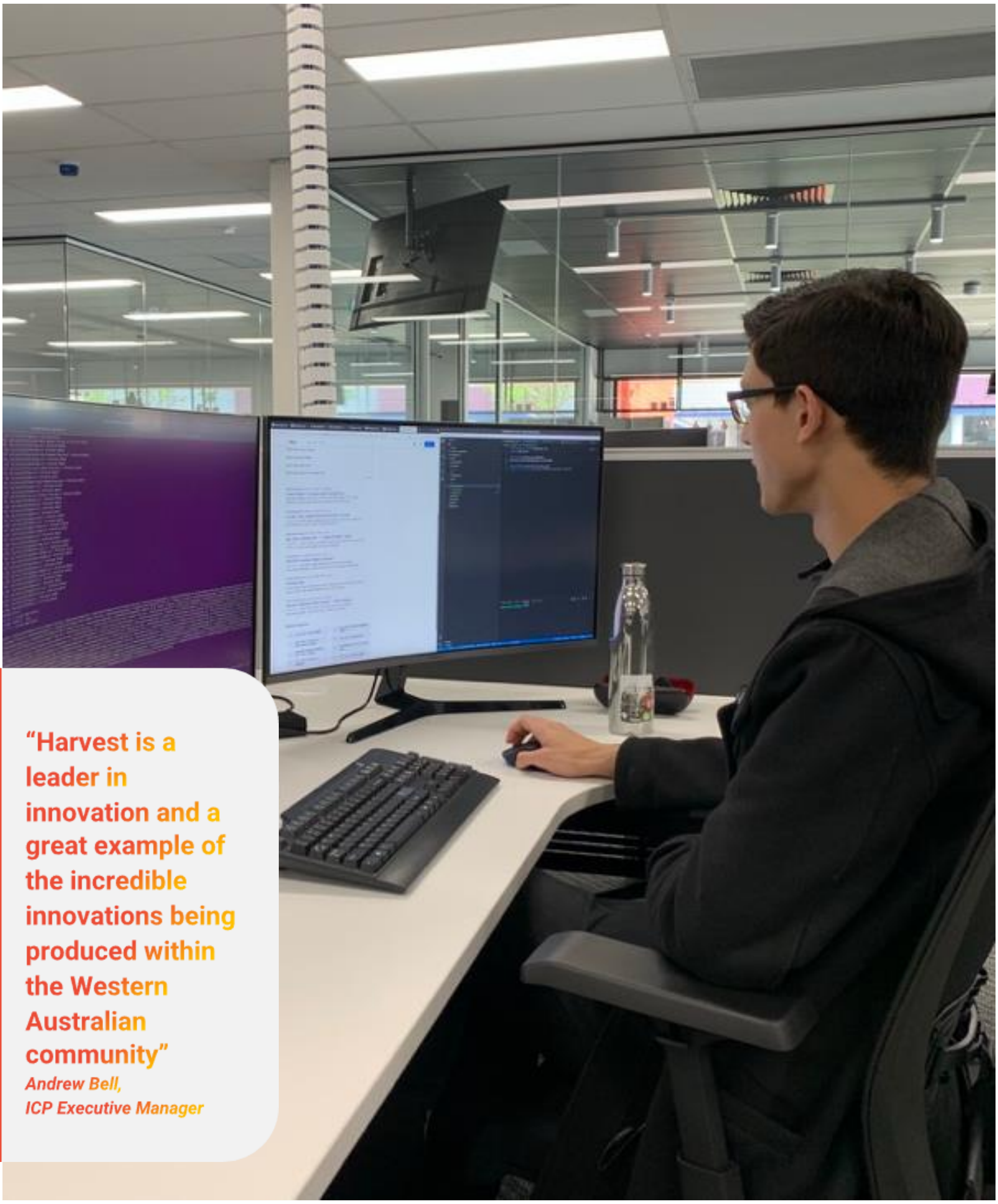
In driving our strategy forward and realising work placement opportunities for the next generation, we commenced discussions in FY2021 with two Western Australian tertiary institutions with a view to developing and implementing an internal STEM (science, technology, engineering, and mathematics) program. Planning remains underway with the expectation of implementation within FY2022.

In September this year we joined forces with Innovation Central Perth (ICP) to conduct a Proof of Concept (PoC) study to integrate Harvest's unique bandwidth optimisation technology with WebEx by Cisco by leveraging its existing open Application Programming Interface (API).

Led by Cisco and Curtin University, 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. This initial engagement will see ICP connect a team of Cisco Engineers and Curtin University engineering talent to work together with our Infinity technology team for approximately three months to trial, test, and determine the technical viability of the integration of Infinity Nodestream technology to

WebEx by Cisco using the open API provided by Cisco.

Partnering with ICP ties in with the objective of Phase 1 of our strategic plan which involved ramping up resources to support innovation and scalability and provides us with the opportunity to capture emerging world-class technology talent. We remain committed to providing Australia's next generation of technologists with exposure and increased capabilities to solving global connectivity problems.



"Harvest is a leader in innovation and a great example of the incredible innovations being produced within the Western Australian community"

Andrew Bell,
ICP Executive Manager

U.S. Expansion

The Group is targeting global expansion to capitalise on growth in demand for high quality video, data, audio communication and remote-control solutions. In keeping with our strategic plan, we actively expanded into the U.S. geography across several dimensions by:

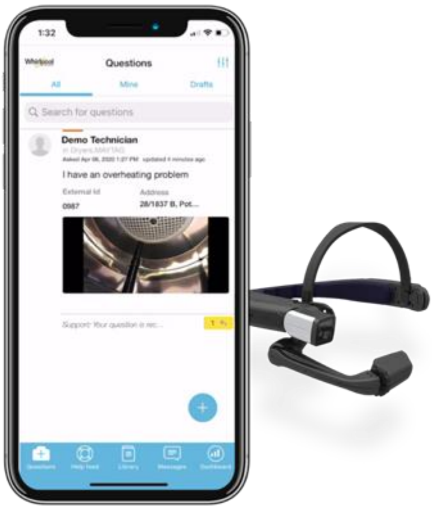
- Establishing a US incorporated entity
- Acquiring a SaaS revenue stream and mature product line
- Progressing US business strategy, infrastructure, marketing, and engineering

Establishing a U.S. Base

We announced on September 11, 2020, that Andy Lowery had been appointed as the Group's regional lead in the United States to drive growth across U.S. based industry verticals and contribute to the global business strategy. The incorporation of the Group's wholly owned US subsidiary, Harvest Technology Group Inc. (HTG Inc.) was completed on October 21, 2020. In the same month, Andy was appointed as President and Director of HTG Inc.

Acquisition of SaaS Product

On 15 June 2021, we executed a formal Stock Purchase Agreement to purchase Silicon Valley-based software-as-a-service (SaaS) company SnapSupport. The Group's U.S. entity then initiated the integration of SnapSupport, Inc. into the business to provide the basis for regional revenue. Discussions have now commenced with select hardware partners, resellers, and customers.



SnapSupport has commercially viable solutions that are already proven, fit-for-purpose and can quickly harness the advantages of our livestreaming capability. At the core of our proven Network Optimised Livestreaming technology is the ability to securely deliver high-definition, real-time voice, video, and data over ultra-low bandwidth from remote locations where connectivity is often congested or absent.

The opportunity to enhance communication for those working in remote environments is complemented by SnapSupport's SaaS-based mobile platform, enabling hands-free inspections, real-time collaboration with experts, and viewing of performance data from connected equipment.

SnapSupport currently supports large-scale global customers with over 900 active users and will provide the Group with a fast and cost-effective pathway to speed-up the global rollout of its SaaS business model. Demand for SnapSupport solutions continues to grow and expand into new market sectors with the recent execution of a contract with UK-based global medical devices company Spectrum Medical Ltd (Spectrum), involving the deployment of the SnapSupport application to 2,000 clinicians across multiple hospitals worldwide. Users of Spectrum devices will now be able to resolve questions faster with live mobile chat features enhanced with video and photo capabilities, alongside a real-time connection to product experts automatically assigned by the app based on geographic location, expertise, and availability. The Spectrum contract opens the healthcare segment for

SnapSupport, joining the ongoing focus on telecommunications, manufacturing, utility, and other industrial customers.

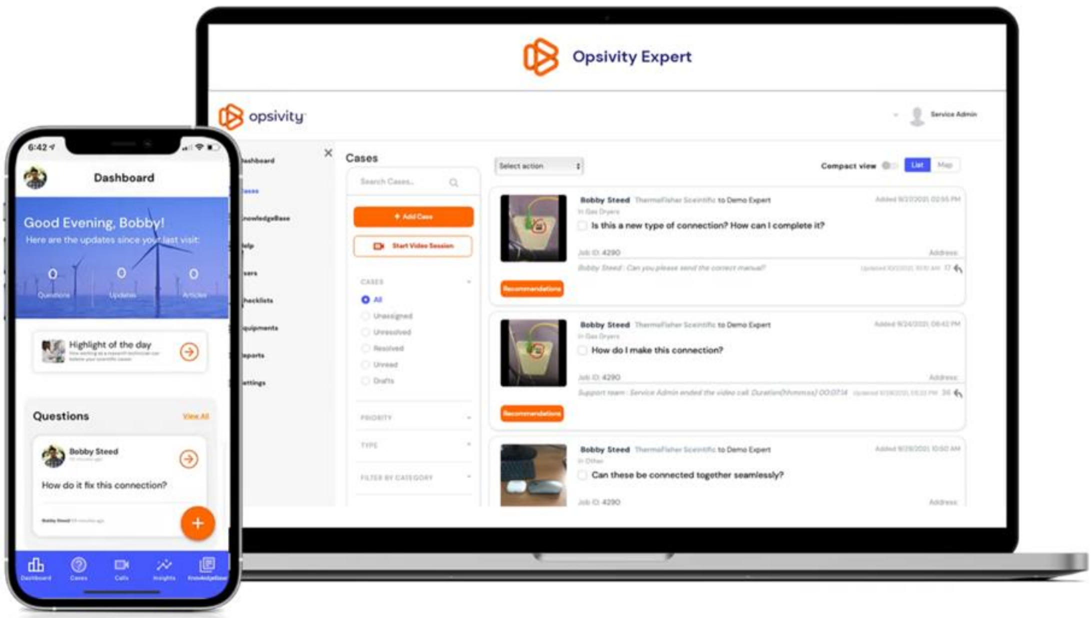
The acquisition of SnapSupport Inc. (SnapSupport) in June 2021 was a critical element of Phase 1 as it delivered a proven and fit-for-purpose SaaS-based mobile platform. We have since made significant enhancements to the original platform, including User Interface (UI) upgrades and a new integration with leading job and project management software, simPRO.

U.S. Strategy

Over the course of the last year, resources have been engaged to support and implement processes to manage the operations, finance, commercial, legal, and product centric functions of the business.

In addition to Madhu Augustine, formerly CEO of SnapSupport, and his team of engineers, significant key hires were done at multiple levels this year to begin to build out the comprehensive U.S. based team. Of note, David Fosberg was recruited and hired as the Group's Chief Customer Officer in February 2021and Patrick Neisse joined the Group in May 2021 as the Chief Technology Officer. Recruitment for a local customer experience team continues into the second half of 2021, paving the way for us to continue our strategic objective of accelerating a SaaS-based business model and expanding access into the U.S. and other international growth markets.

On October 6, we rebranded the U.S. business as Opsivity Inc. and launched an updated version of the SnapSupport platform branded as Opsivity. The launch of Opsivity was a key milestone for the Group, marking the successful completion of Phase 1. The enhancements, along with the rebranding of HTG Inc., and the official launch of Opsivity provided us the platform for transitioning into Phase 2 of our strategic plan, which aims to deliver significant growth in annual recurring revenue (ARR) and diversification of our global customer base.



Opsivity is designed to run on the full range of devices that field technicians already use, such as smartphones, tablets, laptops, and wearables, and provides significant operational support to field teams in three ways:

- 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.

- Augmented Reality (A.R.) 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.

- Proactive operational Knowledgebase gives organisations the ability to retain, grow and share the field expertise of their most seasoned technicians while enhancing ramp-up of new hires. Every support interaction is stored, searchable, and utilises A.I. 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 where the company sees multiple opportunities for growth. Opsivity will target the heavy industry field support sector which has approximately 100 million workers worldwide and the light-industrial category with approximately 500 million workers worldwide. Opsivity will commence an immediate and aggressive marketing campaign primarily in the US to be followed by the broader global market. Target industries include oil and gas, utilities, offshore marine, transport and logistics, telecommunications, and repair services.

The launch generated broad media interest and digital activity, bringing about several highly qualified leads and business opportunities. Since acquisition, Opsivity has exceeded monthly recurring revenue targets, while running lean and under budget. The team predicts high growth for the remaining portion of the calendar year.

Recently, Opsivity has announced it partnering with RealWear and simPRO. These partnerships will provide robust channels to market and support Opsivity's strategy of partnering in both the wearable and software space.

The US business is active in supporting the US business portion of Speedcast, Inmarsat and other Group partnerships and will continue to do this for the remainder of the year and beyond.

In summary, the U.S. business has grown from inception to a functional business in just one short year. It has made significant business development partnerships with more partnership agreements on the horizon. This year the team will focus on sustained recurring revenue growth and product integration with the Group's Infinity technology. The team and leadership are optimistic FY2022 will be a very positive year for Opsivity.

Innovation & Development

As industries and government sectors continue transformation initiatives to create safer working environments, reduce cost base, increase situational awareness, and gather more meaningful operational intelligence, a unique environment is evolving.

Use of robotics, IoT sensors, cloud infrastructure and artificial intelligence are widely accepted as standard practice in today's world. Key stakeholders are no longer satisfied with retrospective views of their operations and demand a live interactive operational experience.

Our tech stack has been purpose designed and developed to make this possible, whilst maintaining an industry agnostic approach and this has not gone unnoticed.

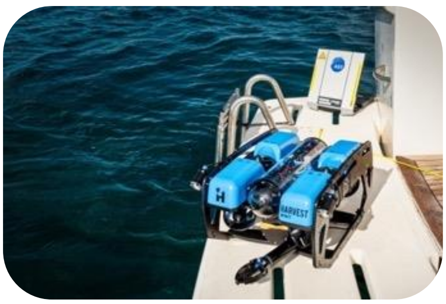
FY2021 has been a pivotal year for us from a technology standpoint, with significant progress on several fronts including the addition of Opsivity software-as-a-service (SaaS) product.

Technology Innovation and Delivery

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. The second half of 2020 was a busy period, with Infinity technology attracting an increase in interest from global market players.

In July 2020, our 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.

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.



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. Group continues the development of an integrated system that will see the combination of the RemTeq™ and Nodestream technology, along with a compact satellite terminal, directly onto an Unmanned Aerial Vehicle (UAV).

In conjunction with Inmarsat Aviation and TTP plc, the Group commenced specific UAV trials with a mobile satellite terminal specifically designed for aviation. The trials include local and remote control of a UAV and will see the combination enabling high-quality video and control of the UAV from anywhere in the world using bandwidths under 200kbps on the Inmarsat satellite network. The trials are scheduled to conclude mid-2021.

The Infinity Nodestream Downloadable Decoder Application (Application) was released in trial version in February 2021 further expanding the Group's Remote Communication Platform (RCP). The RCP is the backbone of the Harvest Infinity suite of products for connected devices. 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 was initially released for trial on Windows operating system (OS) and development for Mac OS was undertaken during February 2021 with Nodestream Mobile App development expanded to Android and iOS in March 2021.

Also during March 2021, the proof of concept for the integration of the Nodestream and Wearwolf™ technology into Iristick's industrial smart glasses was undertaken. Iristick is a technology company creating industrial smart safety glasses to support the digital transformation of enterprises. The final commercial product will communicate point-to-point with Nodestream decoding devices and the Application, which will run on laptops and desktop computers.

June saw former National Security Agency (NSA) Red Team Operations Officer and Technology Executive, Patrick Neise, join our leadership team to oversee the technology development roadmap for the Group. Patrick's key focus as the Chief Technology Officer will be to create a technology vision for the Group and acquire the right talent in a highly competitive market as the Group moves into the cloud-native space and starts developing solutions for specific vertical markets. Work has commenced on unifying software development environments and processes, defining, and incorporating product and feature selection processes within the Group and identifying and establishing level 1 and 2 support functions for Group products.

Innovation Awards

In early October 2020, the Group was selected as an ABA100® Winner for Technology Innovation in The Australian Business Awards 2020 for our 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. Our 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.

Through FY2021 we continued to support Fugro's remote subsea operations and played a key role in enabling the operation of their Autonomous Surface Vessel (ASV) to execute a world first unmanned subsea inspection. This project was awarded the Craig Black Award for Innovation and Technology at Subsea Energy Australia's 2021 Australian Subsea Business Awards.

Next Generation

Throughout FY2021 we have been busy optimising current offerings and developing the next generation of technology to meet our solutions roadmap. Central to this has been user interface/experience enhancement, embedded technology solutions, the next iteration of our Enterprise grade hardware and further incorporation of Artificial Intelligence (AI) / Machine Learning (ML) into our workflows.

Embedded Technology Solutions

A key focus for our technology team through FY2021 has been embedment options for Nodestream hardware, allowing clients a broader range of integration options ranging from miniaturisation of existing systems through to native integration of required chipsets into their existing tech stacks.

Delivering tailored solutions to meet defined business outcomes

Enterprise Grade Hardware

Our enterprise grade hardware range provides market leading performance, connectivity, capability, and redundancy. The enterprise range also allows frame synchronous transfer of serial, UDP or other meta data bringing unparalleled operational flexibility and insights to user workflows.

Concept design kicked off in late FY2021 for a class leading standardised enterprise grade solution due to consistent industry demand for increased capability in a reduced hardware footprint. The system will deliver up to 3x the capability at 1/3 the size of the current enterprise grade solution.

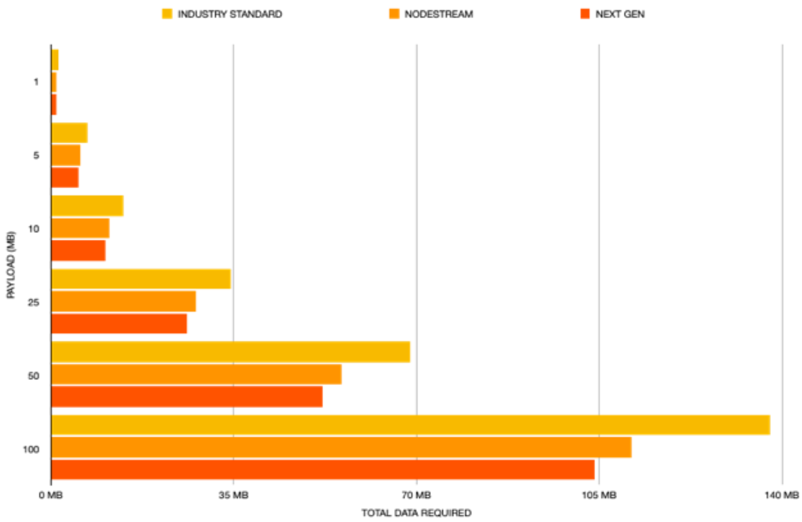
Artificial Intelligence

Reliance on humans to detect anomalies accurately and consistently, or categorise information from video data, has always been a challenge.

By leveraging Artificial Intelligence, Machine Learning and Computer Vision we are working on several products to help clients identify and rationalise operational information. This will give users key insights and make operations safer, more transparent, and efficient

Data Efficiency

During FY2021 the Infinity innovation team has been squarely focused on taking our market leading proprietary communications protocols to the next level. This includes working with next generation codecs and delivery mechanisms to provide users with unrivalled connectivity, data transfer efficiency, security, flexibility, and quality. Based on preliminary testing of our next-gen protocol, and as illustrated in this chart, data transfer efficiency is increased significantly when compared to the current version.



Customer Experience

Customer Experience Team

In February 2021, we engaged David Fosberg as Chief Customer Officer to lead our Customer Experience team.

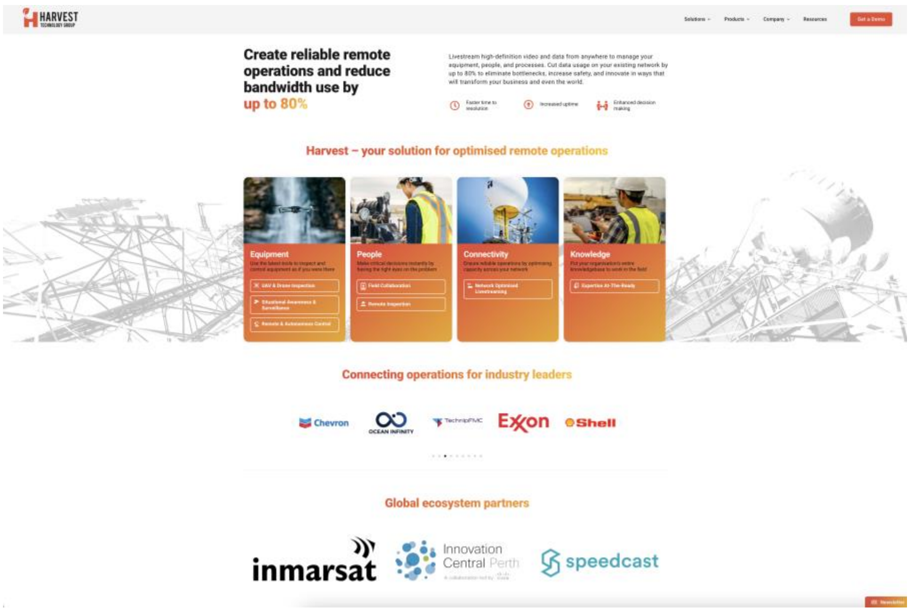
David was previously Co-Founder and Chief Marketing Strategist for Market Rhythm, a global marketing and creative agency with offices in the U.S. and Asia servicing top Fortune 500 technology companies. He was also VP Sales & Marketing for Samsung Electronics and held similar leadership positions with Intel and Dell, where his roles spanned from cloud computing, wireless, open source, SaaS, and smart devices.

We also welcomed our new Head of Regional Sales for the APAC region, Richard Coston, in March 2021. Richard has substantial experience in senior sales within the communications and satellite markets and was previously with AST Australia for 14 years. He is well-known and highly regarded throughout the industry and is a confident and enthusiastic addition to the team.

Key to realising the transition to diverse income streams in Phase 2 of the Strategic Plan, the Customer Experience team has been developing marketing and communications strategies to provide a framework to focus resources on identifying customer and partner targets, generating revenue and maintaining competitive advantage.

In May 2021, Loud Whispers LLC., a global consulting firm specialising in strategic communications and change management, was engaged to provide public relations and communications content and programs to support marketing imperatives for the Group.

In addition to these initiatives, our website was redeveloped with the intent of providing a better user experience and driving increased awareness of our products and technology. Our first digital newsletter was released in FY2021 and focused on sharing insights into our unique vantage point on the evolving remote operations landscape, key developing trends, and backstories on team members leading growth and innovation.



Customer Strategy

In May 2021, the Customer Experience team laid out a set of fundamental strategic imperatives for the remainder of the year to establish a firm foundation for rapid growth and has committed significant marketing resources to implement and deliver on these strategic imperatives:

- Increase awareness and relevance in the marketplace
- Create content showcasing our value
- Successful launch our new SaaS business and product

Increase Awareness & Relevance
Establishing a comprehensive press and media relations (PR) strategy was paramount is shaping our relevance and voice in the marketplace.

International PR Firm, Loud Whispers, were contracted and an integrated 12-month PR Plan put in place to include thought leadership story development, industry analyst and select media outreach, inter-company coordination and creation of joint messages and announcements, as well as a theme-based cadence calendar to elevate and drive key messages across both social and traditional media.

Create Content Showcasing our Value
Recognising that our target audience experience our products and technology through actual solutions to their business challenges and goals; the marketing team embarked on an effort to create marketing content and assets that clarified, simplified, and connected potential customers to how our technology capabilities help deliver on their business aspirations.

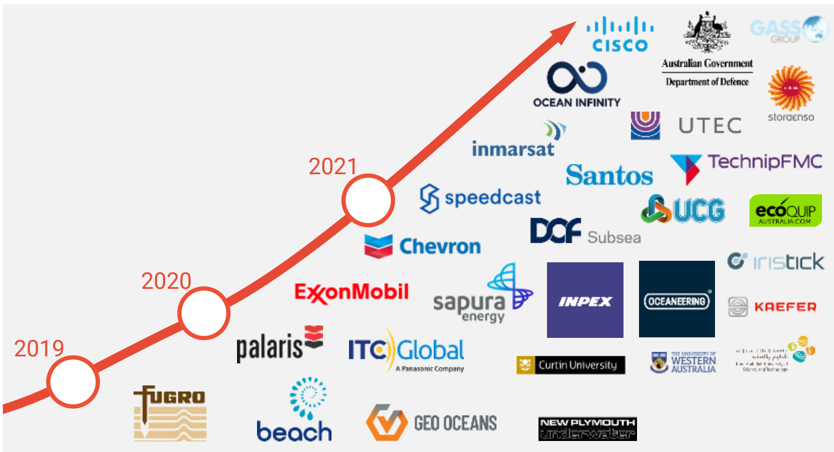
The first step was a complete re-design of the group website. Launched in late September, the new site takes on a clear solution orientation from layout, navigation, and content. The site is also optimised for demand generation and is embedded with lead-flow paths to allow interested customers to engage with our content while enabling our sales team to follow-up on interest established.

Successful Launch of New SaaS Business and Product
Following acquisition of SaaS startup, SnapSupport, in May, a massive brand creation effort commenced with the goal to rebrand HTG Inc. and launch a new SaaS product to the market.

Opsivity Inc. was unveiled at a Live Virtual Launch Event Broadcast in early October, targeting press, media, and analyst audiences. More than 60 international participants attended the event which highlighted the Remote Worker business opportunity, unique AI and AR enabled features of the Opsivity field support solution, ecosystem partnerships with RealWear and simPRO, a review of the forward-looking product roadmap, as well as an inspiring real-world testimonial by customer Universal Communications Group. The launch generated significant press and media activity, placing Opsivity in front of millions of viewers, readers, and subscribers.

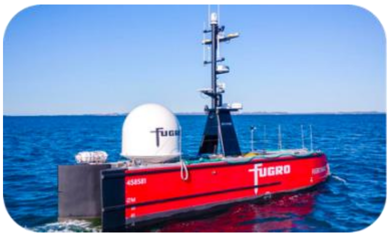
Customer Growth & Global Relationships

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. As we moved through FY2021, our customer base continued to increase and diversify beyond oil and gas and into education, mining, marine, construction, and satellite services.



In March 2021, the Group was selected by Ocean Infinity as a key supplier for the supply and integration of its Infinity Nodestream technology to the first unmanned surface marine vessel (USV) in its Armada fleet. A 12-Channel Encoder and Decoder were delivered for installation on the USV marine robot. Another world-first, the 12-Channel system offers a robust compact 1U rack mounted device for simultaneously encoding twelve (12) channels of video and audio in a single system transmitted at ultra-low bandwidth.

Ocean Infinity, an American marine robotics company based in Austin, Texas, U.S and Southampton, U.K., is currently building the world's largest fleet of unmanned marine surface robots. The planned USV's will deploy submersible robots capable of depths ranging to 6,000 metres that are remotely controlled via land-based command centres thousands of kilometres away.



Also in March 2021, the Group integrated a world-first 8-Channel Remote Inspection System (RIS) Encoder into Fugro's new USV "Maali". This encoder is specifically designed to interface directly into the existing Infinity RIS technology stack at the Remote Operations Centre located at the Telstra International Telecommunications Centre in Gnangara, Perth, Western Australia.

The USV has successfully completed its first project conducting an inspection of a subsea pipeline for Woodside Energy near Dampier, off the northwest shelf of Western Australia. The 8-Channel encoder provided eight HD video streams back to a remote-control centre and more importantly is compatible with the Infinity RIS (Remote Inspection System) thus can be streamed to any of Fugro's remote centres fitted with the Infinity RIS systems.

In May 2021, we undertook a demonstration of the 8-channel Nodestream system with the Department of Defence (DOD). The demonstration spanned three states, covering land, sea and air, involving the MV Sycamore in NSW, Unmanned Aerial Devices (UAV) in WA, and command and control located in ACT. The demonstration was a success resulting in the DOD becoming a trial customer supported by their defence commercial shipping contractor, Teekay Shipping Australia.

Harvest has been working with Iristick's Australian distributor, Gass Group, in alignment with Pivotel Satellite and Rajant Industrial Wi-Fi, which, combined can provide a start-to-finish solution for customers needing wearable solutions in remote satellite locations, utilising cost effective ultra-low bandwidth with the Infinity Wearwolf™ application. Together this collaboration can provide all devices required to cover anything from a small factory to a manufacturing plant anywhere in the world.

Infinity products were a focus for remote Australian areas in a development scope with Ecoquip Australia. Ecoquip provide zero carbon solar panel powered trailers for communication and lighting throughout Australia and is extremely interested in tackling any area where there is a requirement for communications or video streaming solution. The trailers have enough power and space to accommodate a range of custom solutions for camera and satellite systems to meet customer monitoring requirements in the most remote locations.

The acquisition of SnapSupport in June 2021 adds an existing customer base of more than 900 active users, including Universal Communications Group (NZ) and Stora Enso, and will provide the Group with a fast and cost-effective pathway to speed-up the global rollout of its SaaS business model. Demand for SnapSupport solutions continues to grow and expand into new market sectors with the recent execution of a contract with UK-based global medical devices company Spectrum Medical Ltd (Spectrum), involving the deployment of the SnapSupport application to 2,000 clinicians across multiple hospitals worldwide.

Satellite airtime has been a priority with ongoing trials for Inmarsat over Cobham's Aviator UAV 200 onboard Harvest and Omnidrone UAVs. Private and medical flights have also been of interest with the requirement for high-quality video and audio required from private corporate aircraft.

Reseller Agreement

Late last year, we commenced discussions with Speedcast with a view to entering a global reseller arrangement for the Infinity suite of products. Speedcast is a world leading communications and IT services provider delivering critical communications services to the maritime, energy, mining, media, telecommunication, cruise, NGO, government, and enterprise sectors, and leveraging its Unified Global Network Platform (UGP) to provide fully connected systems that harness technology and applications to transform remote operations. With the world's most comprehensive network, Speedcast enables faster, seamless pole-to-pole coverage from a global hybrid satellite, fibre, cellular, microwave, MPLS, and IP transport network with direct access to public cloud platforms, backed by 24/7 multilingual technical support centres on six continents.

Speedcast spent time evaluating our Network Optimised Livestreaming solution from its U.S. office, and subsequently showcasing the service to several energy operators, and on mid-October 2021, we announced the signing of a formal worldwide reseller agreement with Speedcast.

Under the agreement, the Group's ultra-low bandwidth Network Optimised Livestreaming solutions will be resold by Speedcast to provide remote communications services for customers across sectors such as maritime, mining and telecommunications. Speedcast's technology and applications portfolio currently has over 3,200 customers in 140 countries, serving over 10,000 maritime vessels and over 7,000 active terrestrial sites.

This agreement significantly extends the Group's sales capabilities and supports the roll out of our Network Optimised Livestreaming solutions across the globe as well as providing the opportunity to develop elevated sustained levels of Annual Recurring Revenue (ARR), a key condition of Phase 2 of our strategic plan.

Global Industry Partners

Key to realising diverse income streams in Phase 2 of the Strategic Plan, the Customer Experience team has spent much of the year developing actionable integrated strategic efforts to expand our ecosystem with global industry partners.

A strong strategic effort was made to establish ecosystem partnerships to help elevate our role in the market and the importance of our technology as viewed by global players. In the last several months, we have partnered with Cisco, Innovation Central Perth, RealWear, simPRO, Speedcast, AST Australia and Inmarsat. All engagements involved joint traditional, digital, and social media outreach to help amplify and carry our message further.

In September 2020, we entered a global marketing alliance for ultra-low bandwidth remote monitoring solutions with Inmarsat, world leader in global, mobile satellite communications and AST Group, a global leader in satellite and radio communication systems. The alliance provides us with 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 of this year, we partnered with Innovation Central Perth (ICP) which is led by Cisco and Curtin University, 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). The joint project aims to tackle one of the world's biggest challenges - to extend global connectivity.

In early October 2021, the Group was a featured participant represented by Inmarsat at its Partner stand, the DroneX Trade Show and Conference, in London. Dedicated to demonstration of Unmanned Aerial Vehicle (UAV) products, parts, accessories, and services from global providers, the trade show is the UK's largest UAV event. The event was very successful and generated a great deal of interest in the Group's technology solutions.

We have recently been accepted into Inmarsat's Application Solution Providers programme (ASP) within the Enterprise Business Unit, demonstrating further collaboration with leading industry satellite operators, and building value around their BGAN and Land Express (LX) service. This will create further awareness of our solutions with Inmarsat's customers and distribution partners globally.

Market Opportunity

Multiple sectors have high data transmission requirements, where 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 is very difficult. Now that we have implemented the fundamental marketing building blocks, the focus moving into FY2022 is on a number of future market opportunities available to us.

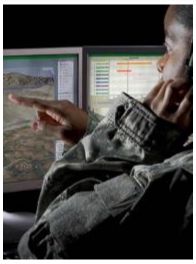
MARITIME & ENERGY

Reliable communications and control in remote, offshore and maritime environments is critical for safe operations

Harvest advantage:

Remote connectivity, surveillance, remote control, safety and environment, real-time decision making

DEFENCE & GOVERNMENT



Modern military operations and government depts are data intensive with security and encryption of highest importance

Harvest advantage:

Remote connectivity, command & control, autonomous systems, security, surveillance

SECURITY AND SURVEILLANCE

Modern surveillance systems with constant monitoring are highly constrained by steady, reliable bandwidth

Harvest advantage:

Data optimisation, ultra-low bandwidth, point-to-point/point-to-cloud, encrypted transfer

UTILITIES & LIGHT INDUSTRY

Connectivity for remote workers in utilities and light industrial environments is essential for live decision making and welfare

Harvest advantage:

Remote connectivity, field service collaboration, real-time decision making

UNMANNED SYSTEMS / VEHICLES

Unmanned Systems (UAV) beyond line of sight have huge applications but widespread adoption is constrained by connectivity limitations

Harvest advantage:

Remote connectivity & control, situational awareness, data optimisation

BROADCASTING / CONFERENCING

Video and audio streaming for entertainment and corporate purposes is highly dependent on network quality and available bandwidth

Harvest advantage:

Remote connectivity, security, encrypted transfer, video optimisation

Marine Operations

August 2021 marked the culmination of a highly successful deployment of vessel VOS Shine (Shine) into the Asia Pacific Region. Although last year was a challenging year littered with cancelled projects and challenges of mobilising crew nationally and internationally during a dynamic landscape of lockdowns and quarantine restrictions, the Shine and our Marine Operations Team executed several technical and high-profile campaigns during FY2021.

Having the vessel pre-loaded with Infinity technology made the Shine and its onboard operations spread a formidable asset in Australian and international waters and enabled the vessel to contribute AUD $6.2 million in Group revenue in 2021 and a further AUD $2.6 million in the following months prior to her departure from Australian Waters.

Marine Operations

As the Marine industry was heavily impacted during the pandemic this year, the Shine was again put into a lay-up condition in several facilities in Western Australia and South Australia to complete maintenance and reliability works in the most financially efficient manner to mitigate operational costs between projects including dry-docking, engine overhaul and propulsion systems remediation.

Enabled by Infinity remote streaming technology, the Shine was mobilised for a Remotely Operated Vehicle (ROV) campaign with Fugro for Inpex in August and September 2020. Notable during this mobilisation in Dampier WA, was the utilisation of the Infinity Wearwolf™ technology to complete an audit on the ROV that would normally require an auditor to travel to site and out to sea to witness the trials of the ROV. In this instance and because of travel difficulties due to the pandemic, a crew member was able wear the Infinity Wearwolf™ headset and be remotely instructed around the ship and ROV by the auditor while video and audio was streamed ashore real time for the Auditor to view. The auditor was located onshore in Perth, WA.

Again, underpinned by the Infinity Technology, in February and March 2021, the Shine returned to work directly for Santos for an ROV intervention campaign as part of Ningaloo Vision FPSO[1] in-field recommissioning. Critical to the ultimate success of the campaign, ROV video was streamed real time from the Shine via AVR technology to Santos' office and also their representatives located at home, and the FPSO infield to enable real time diagnostics evaluation and uninterrupted 24/7 decision-making capability. The campaign was greatly successful and achieved the mission objectives and more.

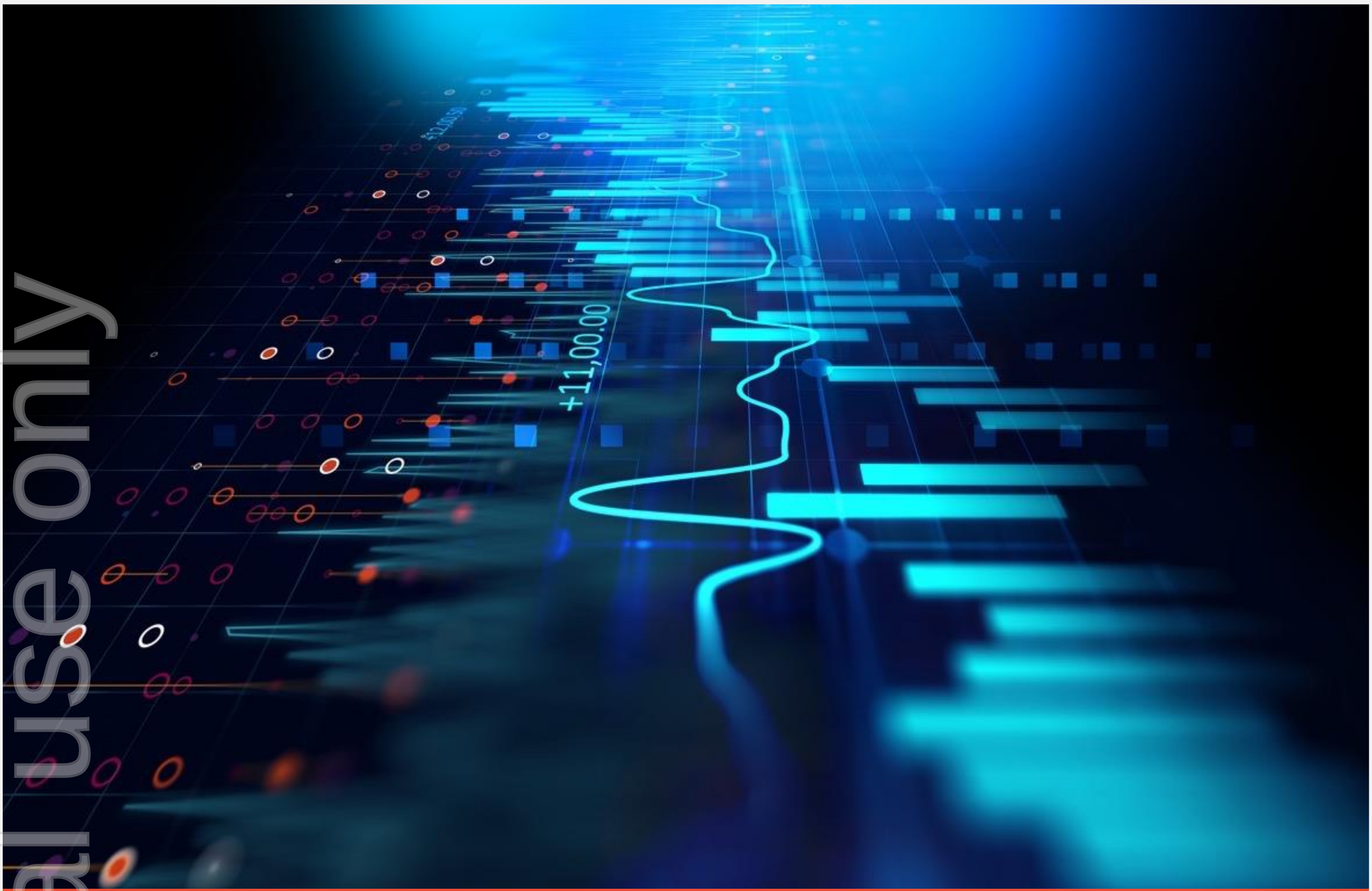
Following on from this success and vessel assurance and approval from Santos, the Shine was then engaged in May by Shearwater GeoServices to provide seismic support for the Santos 3D multi-sensor survey campaign located off the coast of Northwest Western Australia.

Although execution of the campaign fell outside of FY2021, project management and engineering commenced In June 2021, and the Shine commenced operational execution of a contract for Carnarvon Petroleum Timor. This included the provision of offshore site survey services to perform a geotechnical and geophysical scope in their Buffalo-10 field in Timor-Leste waters. Multiple subcontractors and service providers were engaged, and we managed to deliver yet another successful outcome. On completion of the project, the vessel commenced preparations for redelivery.

Redelivery

The Shine's tour of duty ended with the completion of its two-year charter in September 2021. Redelivery to her owners in Singapore was planned for mid-September 2021, however the changing landscape and restrictions around COVID-19 in both Australia and Singapore created a slight delay in handover. The Shine was off hired to its owners on October 4, 2021.

[1] Floating Production Storage and Offloading System



FY2021 Operating Results & Financial Review

FY2021 Operating Results and Financial Review

Revenue for financial year 2021 for continuing and discontinued operations was $8,515,970 (2020: $11,765,947). Revenue decreased in FY2021 largely because of COVID-19 implications affecting offshore operations with cancelled/delayed projects and travel restrictions having an impact. Marine operations were stronger in the second half of the year with the completion of three work scopes during this period.

The loss for the financial year ended 30 June 2021 attributable to members of the Group after income tax was $10,238,659 (2020: loss of $6,149,727). The increase in the loss was reflective of the drop in revenue plus the focus in the technology business has been on the further development of the Group's proprietary remote communications technology. This research and development work has focused on embedded technology and software driven applications to increase speed to market and build a platform for future scalability. Included in the loss were some significant non-cash expense items being Amortisation of Intellectual Property ($0.836M) and Share Based Payments ($2.139M).

The Group had a working capital surplus of $8,387,754 as at 30 June 2021 (2020: $7,782,257) and had net cash outflows of $4,549,310 for the year (2020: net cash inflow of $9,133,914). The operational inflows were impacted by the lag in receiving funds from work scopes completed in the last half of the year and this is reflected in the Statement of Financial Position in "Trade and other receivables". Included in the outflows were the second payment tranche on the Advanced Offshore Streaming Pty Ltd acquisition of $750,000 and net inflows of $9,201,498 from proceeds of shares and option exercises. There were cash balances of $6,756,988 on hand at 30 June 2021 (2020: $11,306,298).

The share price increase from a close of 18.5c/share on 30 June 2020 to 32c/share on 30 June 2021; an increase of 73% over the 12-month period.

5-Year Group Performance Summary and Shareholder Returns

	2021	2020	2019	2018	2017
Revenue from ordinary activities ($)*	8,515,970	11,765,947	124,643	143,092	671,027
(Loss) / profit before income tax ($)*	(11,806,382)	(7,326,976)	(1,633,529)	(2,527,886)	(4,098,161)
Net (loss) / profit attributable to equity holders ($)	(10,238,659)	(6,149,727)	(1,454,431)	(2,238,553)	(3,566,436)
Share price at year end (cents)	32.00	18.50	2.20	2.50	7.40
Number of listed ordinary shares	522,049,444	436,378,203	257,856,338	106,505,829	66,889,153
Weighted average number of shares	481,510,939	330,099,996	136,678,041	76,869,895	60,186,855
Basic loss per share EPS (cents)	(2.13)	(1.86)	(1.06)	(2.91)	(5.93)
Unlisted options	6,260,000	38,281,667	28,523,336	27,365,000	12,525,000
Performance shares	-	17,398,710	17,698,710	17,698,710	17,698,710
Performance rights	69,016,287	67,710,526	80,000,000	-	-
Market capitalisation ($)	167,055,822	80,729,968	5,672,842	2,662,648	4,949,805
Net tangible assets (NTA) ($)	5,533,224	4,851,078	2,347,326	824,502	1,433,324
NTA Backing (cents)	1.06	1.11	0.91	0.77	2.14

* Revenue from ordinary activities and pre-tax losses for financial years 2020, 2019 and 2018 are inclusive of discontinued 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 May 2021, we undertook another successful equity raise for $7.6m AUD, before costs, via a share placement to institutional and sophisticated investors (Placement) (refer ASX announcement May 3, 2021). The placement providing the Group with funds to continue our Three-Phase Strategic Plan.

Net proceeds from the Placement are being used to support our aggressive growth strategy, in particular accelerating expansion in the US, planned software and product development initiatives, ramping up of resources to support innovation, customer base expansion and establishment of new global partner alliances to further increase market penetration, as well as ongoing working capital requirements.

The Placement was completed at an issue price of $0.32 per share and 23,842,185 new fully paid ordinary shares.

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 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 two qualified internal auditors for ISO and IMO 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
- 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 overviewing 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 Executive 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
- Review at least annually the adequacy of this Charter and recommend any proposed changes to the board for 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.

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.

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.

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 12 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 the Company is 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 or electronically via the website
- 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 by 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 seek 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 benefitting 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 behaviours 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 in all staff of their rights and responsibilities with regards to fairness, equity, and respect for all aspects of diversity
- Identify and implement programs that will assist in the development of a broader and 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 2021 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.

Percentage Details	Female	Male
Employees	25%	75%
Executives/senior management	12.5%	87.5%
Group board members	-	100%

A copy of our Diversity policy is publicly available online at harvest.technology/investors.

Corporate Governance Statement

Our 2021 Corporate Governance Statement is dated as at October 21, 2021, and reflects the corporate governance practices in place throughout the 2021 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 is referred to as the Board.

A description of the Group's main corporate governance practices is set out below. 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/corporate-governance

Board of Directors

Chairman & Independent Non-Executive Director – Jeffrey Sengelman

Jeffrey 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.

Jeffrey 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.

Executive Director – Paul Guilfoyle

Paul Guilfoyle is a motivated leader with a reputation for turning vision into reality and can 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.

Non-Executive Independent Director – Marcus Machin

A law graduate of Cambridge University, Mr. 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, Mr. Machin 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 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.

Non-Executive Independent Director – Rod Evans

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 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.

Non-Executive Independent Director – Stuart Carmichael

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.*

Leadership Team

Paul Guilfoyle

Group Chief Executive Officer, Founder

20 years' experience in the marine services and technology sectors with a proven track record in business transformation and spearheading strategic shifts within an organisation. Focused on driving future competitive advantage and profit performance, and ensuring customers receive first-rate service quality.

Linda Shields

Group Chief Commercial Officer, Founder

Consistent performer dedicated to shaping and delivering commercial strategy to improve growth and business performance, with 25 years' experience in marketing services, client relations, business system implementation, and commercial management, spanning hospitality, retail, finance, property, marine, energy, and resource sectors.

Colin Napier

Group Chief Financial Officer, Founder

30 years' experience in accounting with extensive practical experience in sale and purchase of businesses, developing Board and management reports, preparing financial reports, raising debt funding (in excess of $125M), cashflow projections and control, and capital investment analysis.

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 innovation manager and problem solver with an extensive 28-year remote environment career in offshore oil and gas, mining and Royal Australian navy. Key driver of enabling customers with innovative solutions to grow their businesses whilst getting personally involved with their journey.

Andy Lowery

President Opsivity Inc.

As founder and CEO, Andy took RealWear from a run rate of $2M to $100M in less than 5 years. An authority on industrial manufacturing, pioneering augmented reality in an enterprise setting, he served at the forefront of engineering and managing operations in some of the most demanding industrial, defence and manufacturing environments.

Patrick Neise

Group 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. Holds a Doctorate in Engineering, master's in information security engineering, master's in information technology management, and bachelor's in electrical engineering.

David Fosberg

Group Chief Customer Officer

Customer First orientation with over two decades of global experience. While previously serving as VP of Sales & Marketing for Samsung Electronics, grew revenues 55% to $1.4 Billion, and held similar leadership positions with Intel and Dell with roles spanning from cloud computing, wireless, open source, SaaS, and smart devices.

Diranne Lee-Renwick*

Chief Technology Officer, Founder

Dynamic and experienced professional with 26 years' experience in logistical engineering, technology and software solutions in the Oil and Gas Industry. Diranne has worked throughout Australia, the United Kingdom and the USA.

**Resigned June 25, 2021*

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

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 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 four (4) members; three independent non-executive Directors and one executive Director. Directors' details are set out in our Directors' Report (page 46).

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/corporate-governance.

Independence, Relationships & 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 FY2021, there were three 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 and Mr. Evans are deemed independent. The Chairman, Jeffery Sengelman, is also an independent Non-Executive Director. Subsequent to year end, Stuart Carmichael, was appointed to the Board as an additional 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 46). Refer to our Board Charter and Conflict of Interest policy online at harvest.technology/corporate-governance.

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 the Members of the Board during the reporting period.

Director Remuneration

Details of the Group's remuneration policies are included in our Remuneration Report (page 54).

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. The 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 FY2021, in addition to the AGM in November 2020, 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 also meet regularly with retail shareholder representatives and their members.

The purpose of these meetings is to discuss Group governance 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/corporate-governance1. 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 2020 Annual General Meeting was held on November 10, 2020, at the Perth Convention Centre. The AGM was conducted face-to-face and supported via video conference links with remote members of the Board utilising Infinity Nodestream products to stream video from their location and demonstrate the capability of the technology to attending investors. All resolutions were passed. Due to the inability to have a normal investor roadshow due to COVID travel restrictions, a reduced scale roadshow was held following the completion of the AGM meeting. Several demonstrations were set up, and investors were given the opportunity to remotely control a Remotely Operated Vehicle, subsea, some 30km away from the meeting room. Investor feedback was exceptionally positive.

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 2021. 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.

Chairman & Independent Non-Executive Director – Jeffrey Sengelman

Jeffrey 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.

Jeffrey 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.

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

Executive Director – Paul Guilfoyle

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.

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

Non-Executive Independent Director – Marcus Machin

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.

Interests in shares:	15,203,864 fully paid ordinary shares
Interests in performance rights:	2,500,000 Class 2 Performance Rights
	3,000,000 Class 3 Performance Rights

Non-Executive Independent Director – Rod Evans

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.

Interests in shares:	3,047,553 fully paid ordinary shares

Non-Executive Independent Director – Stuart Carmichael

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.

Other company directorships:

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

Interests in shares:	601,720 fully paid ordinary shares
Interests in performance rights:	750,000 Class 2 Performance Rights
	900,000 Class 3 Performance Rights

Company Secretaries

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

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 11 times. The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

	Full meetings of Directors	Meetings of Audit & Risk Management Committee
Director	**No. of meetings attended**	**No. of meetings attended**
Jeff Sengelman	11	2
Paul Guilfoyle	11	2
Rod Evans	11	2
Marcus Machin	11	2
Stuart Carmichael (1)	-	-

(1) Appointed as a director after year end

Principal Activities

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

- provision of offshore solutions and engineering services for subsea intervention projects and asset integrity risk mitigation
- development and delivery of proprietary software, products and services enabling the secure encrypted transfer of data, including high-fidelity video and audio, from anywhere via satellite or congested networks at ultra-low bandwidths.

The above products and services are provided primarily to the Energy sector.

There have been no significant changes in those activities during the year.

Review of Operations

Key priorities for the Group during FY2021 were to build on momentum with a new pipeline of vessel projects, delivery of the Group Strategic Plan, 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 ongoing diversification of customer base. Main highlights of FY2021 include:

- Release of Three-Phase Corporate Strategic Plan
- Group entered a tripartite global marketing alliance with Inmarsat Enterprise (Inmarsat) and Applied Satellite

Technology Group (AST)

- Establishment of the Company's wholly owned US subsidiary, Harvest Technology Group, Inc., and appointment of Andy Lowery as US regional lead
- 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 recognised as an ABA100® Winner for Technology Innovation in The Australian Business Awards 2020 for its Infinity Remote Inspection System (RIS)
- 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
- Engagement of Chief Customer Officer and Head of Regional Sales to drive Customer Experience team
- Group selected as Key Supplier for Nodestream technology on Ocean Infinity's largest oceangoing robotic fleet in the world
- World first 8-Channel Remote Inspection System (RIS) Encoder integrated to Fugro Australia Marine Pty Ltd (Fugro) USV
- Execution of lease agreement and completion of fit out for purpose-designed central innovation hub at Technology Park WA
- Successfully raised $7.6 million via a private Placement
- Engagement of Chief Technology Officer - Software to drive Research and Development
- Acquisition of U.S. based software-as-a-service (SaaS) company SnapSupport Inc.

Significant Changes in The State of Affairs

During the year, the Group acquired SnapSupport, Inc. for a total consideration of $2.59M. SnapSupport, Inc. is a Silicon Valley-based Software as a Service (SaaS) company that focuses on increasing productivity for remote field workers via a mobile-based platform enabling hands-free inspections, real-time collaboration with experts, and viewing of performance data from connected equipment.

Dividends

The Directors recommend that no dividend be paid for the year ended 30 June 2021 (2020: nil).

Significant Events After Balance Date

As disclosed in Note 7.6, in August 2021 the Group commenced the process of the redelivery and off-hire of the VOS Shine to Vroon Offshore Services B.V. in Singapore.

Likely Developments

During FY2022, we are continuing to target the speed to market for new applications, the U.S. expansion and the implementation of production and management systems to support global scalabilities of its leading-edge technology. We plan to also:

- Transition from Phase 1 to Phase 2 of the Group's Three-Phase Strategic Plan
- Transition the business model away from its current majority focus on energy and resources sectors by

rapidly expanding commercial opportunities, diversifying customer base, and developing elevated sustained levels of Annual Recurring Revenue (ARR)

- Continued growth in people, resources, and systems to support scalability, with focus on R&D, business development and sales, marketing, and corporate services
- Actively seek business opportunities to expand market penetration
- Focus on intensifying innovation, research, and development
- Access opportunities in US and global markets with the addition of the SnapSupport Inc. product set
- Establishment of global reseller agreement with long-term strategic partner in Satellite communication services
- Establishment of long-term strategic partner relationship with Industry Leaders in wearables sector to access new customer base
- Establishment of trusted business relationships with Australian Defence, Space and National Security communities

Unissued Shares Under Option

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

Date options granted	Number of shares under option	Exercise price of option cents	Expiry date of option
22-Nov-18	500,000	12	30-Nov-21
18-Feb-20	3,840,000	6.5	18-Feb-23
18-Feb-20	1,920,000	10	18-Feb-23
	6,260,000		

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, 32,021,667 shares were issued as a result of the exercise of options (2020: 5,541,669).

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.

17,398,710 performance shares expired or lapsed during or since the end of the reporting period (2020: 300,000).

Milestones for conversion of performance shares are detailed in note 7.1.

Performance Rights

At the date of this report, the following performance rights were on issue:

Issue date	Expiry date	Number of performance rights
26-Apr-19	26-Apr-22	25,000,000
26-Apr-19	26-Apr-23	30,000,000
24-Jun-20	30-Jun-23	6,068,404
10-Nov-20	10-Nov-25	500,000
10-Nov-20	10-Nov-25	500,000
		62,068,404

These performance rights do not entitle the holder to participate in any share issue of the Company. During the financial year, 9,486,339 shares were issued as a result of the conversion of performance rights (2020: 25,000,000).

No performance rights expired or lapsed during or since the end of the reporting period (2020: 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 $57,991 (2020: $43,359) 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 54, outlines the remuneration arrangements in place for the key management personnel of the Group for the financial year ended 30 June 2021.

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 2021 is set out on page 61.

Signed in accordance with a resolution of the Directors.

Jeff Sengelman

JEFFREY SENGELMAN
Chairman

Dated in Perth, Western Australia, this 29th day of September 2021.

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 2021. 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. 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 Group Chief Executive Officer’s performance on an annual basis – a review was performed in the 2021 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 Group Chief Executive Officer and the position of Company Secretary
- Appointment of the Group Chief Executive Officer and the Company Secretary
- Succession planning for Board members and the Group Chief Executive Officer

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 met once 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 (compromising 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 2021 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 (AUD)*	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
Diranne Lee-Renwick	Ongoing ***	3 months	3 months	$200,000	3 months base salary

* Base salary is exclusive of the superannuation guarantee charge rate applicable at the time (currently 10%).

** 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.

*** Diranne Lee-Renwick resigned from the Company on 25 June 2021.

Remuneration of Directors

		Short-term employee benefits		Post-employment benefits	Share-based payments		
	Year	Cash salary and fees(A) $	D&O Insurance Premiums $	Superannuation $	Options & Performance Rights $	Total $	Performance Related %
Executive Directors							
Paul Guilfoyle	2021	348,077	39,228	30,875	-	418,180	-
	2020	321,377	13,344	27,041	514,085	875,847	59
Non-Executive Directors							
Jeff Sengelman	2021	81,250	8,411	-	253,507	343,168	74
	2020	-	987	-	-	987	-
Rod Evans	2021	50,000	5,176	-	-	55,176	-
	2020	50,000	13,344	-	19,162	82,506	23
Marcus Machin	2021	50,000	5,176	-	-	55,176	-
	2020	41,288	11,004	-	19,162	71,454	27
Hamish Jolly (resigned 3 September 2019)	2021	-	-	-	-	-	-
	2020	7,610	2,340	723	-	10,673	-
David McArthur (resigned 3 September 2019)	2021	-	-	-	-	-	-
	2020	7,610	2,340	723	-	10,673	-
Subtotal Non-Executive Directors' remuneration	2021	181,250	18,763	-	253,507	453,520	56
	2020	106,508	30,015	1,446	38,324	176,293	22
Total Directors' Remuneration	2021	529,327	57,991	30,875	253,507	871,700	29
	2020	427,885	43,359	28,487	552,409	1,052,140	53

(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

		Short-term employee benefits		Post-employment benefits	Share-based payments		
	Year	Cash salary and fees (A) $	D&O Insurance Premiums $	Superannuation $	Options & Performance Rights $	Total $	Performance Related %
KMP							
Linda Shields *CCO*	**2021**	**235,071**	**-**	**21,558**	**524,075**	**780,704**	**67**
	2020	210,474	-	19,000	415,353	644,827	64
Colin Napier *CFO*	**2021**	**207,035**	**-**	**19,000**	**524,075**	**750,110**	**70**
	2020	208,403	-	19,000	415,353	642,756	65
Diranne Lee-Renwick *CTO (resigned 25 June 2021)* (B)	**2021**	**199,882**	**-**	**19,000**	**-**	**218,882**	**-**
	2020	198,935	-	19,000	415,353	633,288	66
Total Other KMP Remuneration	**2021**	**641,986**	**-**	**59,558**	**1,048,150**	**1,749,696**	**60**
	2020	617,812	-	57,000	1,246,059	1,920,871	65

(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.

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. Short term bonuses were settled via the allocation of performance rights. These bonuses were subjectively granted reflecting the work performed during the year and the increase in share value.

Options

Granted as Compensation

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

The options tabled below were granted as compensation in FY 2020 and provided at no cost to the recipients. All of these options were exercised during the current year. The granting of these options was approved at a General Meeting held on 31 March 2020.

	Number of options granted	Grant date	Value per option at grant date in cents	Value of options at grant date $	Vesting and first exercise date	Exercise price per option in cents	Expiry date
Paul Guilfoyle	4,000,000	31-Mar-20	5.51	220,400	7-Jul-20	4	1-Apr-21
Paul Guilfoyle	4,000,000	31-Mar-20	4.13	165,200	7-Jul-20	7	1-Apr-21
Paul Guilfoyle	4,000,000	31-Mar-20	3.21	128,400	7-Jul-20	10	1-Apr-21
Rod Evans	200,000	31-Mar-20	4.13	8,260	25-Mar-21	7	1-Apr-21
Rod Evans	200,000	31-Mar-20	3.21	6,420	25-Mar-21	10	1-Apr-21
Rod Evans	200,000	31-Mar-20	2.24	4,480	25-Mar-21	15	1-Apr-21
Marcus Machin	200,000	31-Mar-20	4.13	8,260	7-Jul-20	7	1-Apr-21
Marcus Machin	200,000	31-Mar-20	3.21	6,420	25-Mar-21	10	1-Apr-21
Marcus Machin	200,000	31-Mar-20	2.24	4,480	25-Mar-21	15	1-Apr-21

Performance Rights

Performance rights were granted to Jeff 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, 500,000 performance rights were converted to shares to Jeff Sengelman following the achievement of the performance conditions.

	Number of performance rights granted	Grant date	Value per Performance right at grant date in cents	Value of performance rights at grant date $	End of performance period	Expiry date
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	
Jeff Sengelman	500,000	23-Nov-20	24.73	123,650	1-Mar-21	10-Nov-25
Jeff Sengelman	500,000	23-Nov-20	21.41	107,050	1-Sep-21	10-Nov-25
Jeff Sengelman	500,000	23-Nov-20	18.74	93,700	1-Mar-22	10-Nov-25

* Performance rights for Paul Guilfoyle and Marcus Machin 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 Directors

	Held at 1 July 2020	Purchases	Sales	Conversion of Performance Rights & Options	Held at 30 June 2021
Executive Directors					
Paul Guilfoyle	28,087,013	210,000	(3,500,000)	8,074,766 [(1)]	32,871,779
Non-Executive Directors					
Jeff Sengelman	-	-	-	500,000	500,000
Rod Evans	2,447,553	-	-	600,000	3,047,553
Marcus Machin	15,534,931	-	(931,067)	600,000	15,203,864

[(1)] Mr. Guilfoyle elected to exercise his options as a cashless exercise as permitted by the Employee Share Incentive Plan.

Options Held by Directors

	Held at 1 July 2020	Granted/ (Exercised) during the year	Held at 30 June 2021	Vested and exercisable at 30 June 2021	Unvested and unexercisable at 30 June 2021
Executive Directors					
Paul Guilfoyle	12,000,000	(12,000,000)	-	-	-
Non-Executive Directors					
Rod Evans	600,000	(600,000)	-	-	-
Marcus Machin	600,000	(600,000)	-	-	-

Directors not disclosed above did not hold options 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 Directors

	Held at 1 July 2020	Granted during the year	Converted during the year	Held at 30 June 2021
Paul Guilfoyle	24,200,000	-	-	24,200,000
Jeff Sengelman	-	1,500,000	(500,000)	1,000,000
Marcus Machin	5,500,000	-	-	5,500,000

At 30 June 2021, all performance hurdles required for granted performance rights had not yet been met.

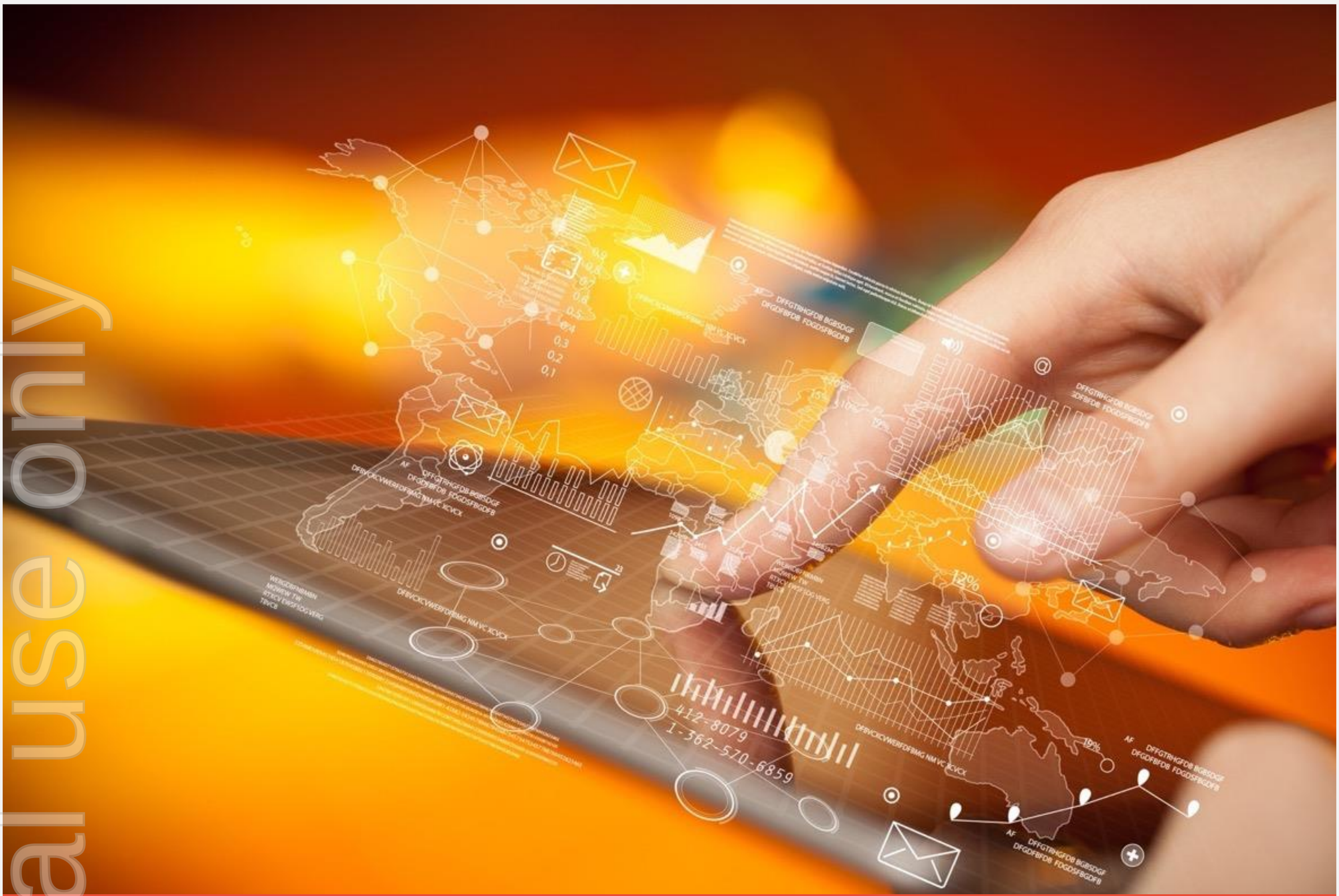
Directors not disclosed above did not hold performance rights at any time during the financial year, nor at year end.

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.

Voting and Comments at the Company's 2020 Annual General Meeting

The Company received 99.91% of "yes" votes on its remuneration report for the 30 June 2021 financial year.



Auditor Independence Declaration

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2021, 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	**M R Ohm**
29 September 2021	**Partner**

hlb.com.au

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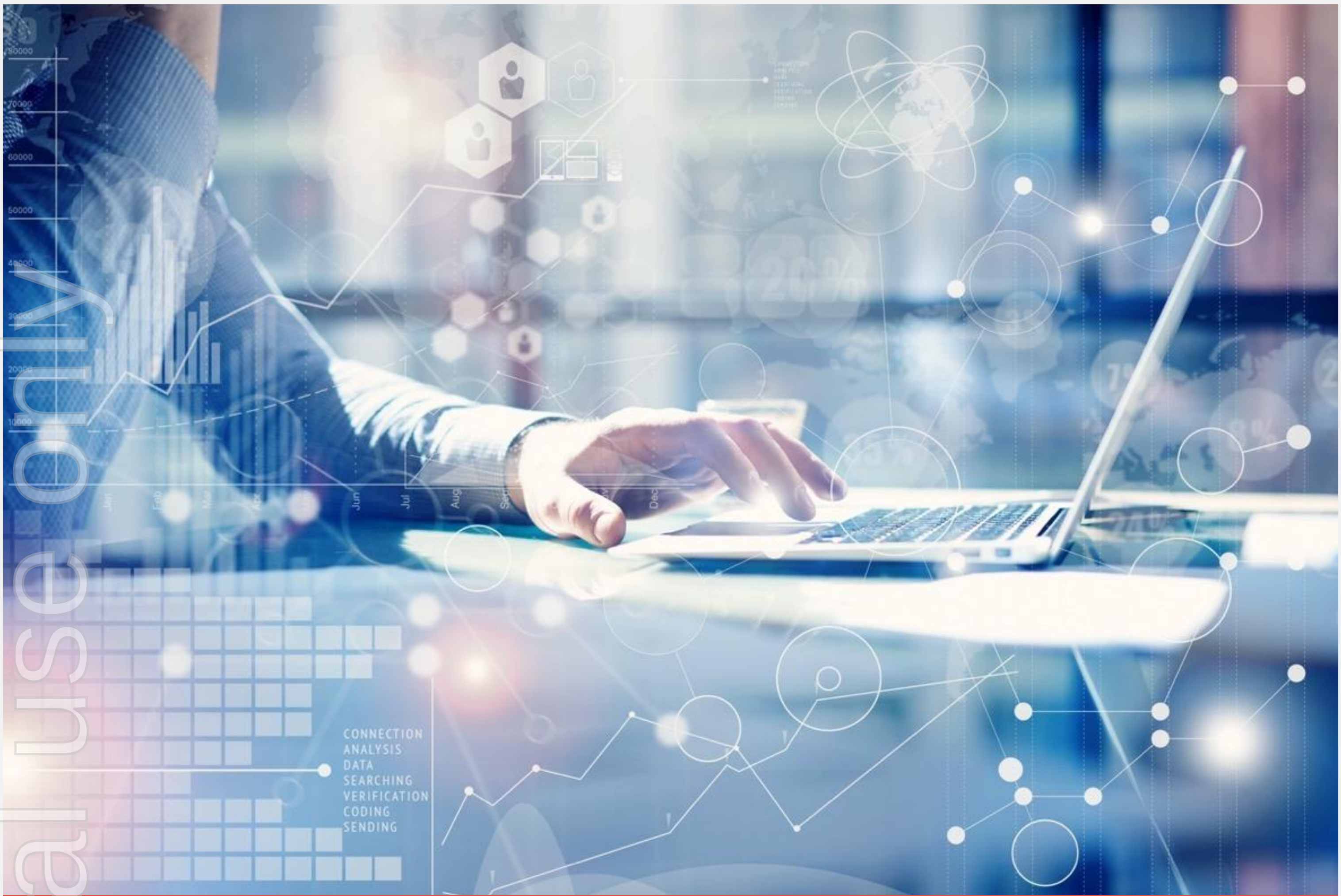
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au



Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Cash and cash equivalents	5.1	6,756,988	11,306,298
Trade and other receivables	5.2	5,805,238	1,010,787
Inventory	5.3	189,802	79,135
Prepayments		168,640	108,802
Other bonds and deposits	4.5	576,633	-
Financial assets held at FVTPL	5.4	-	17,590
Current tax receivables		32,893	-
Total current assets		**13,530,194**	**12,522,612**
Intangible assets	4.1	10,301,724	7,791,092
Property, plant and equipment	4.2	429,487	161,634
Right of use leased assets	4.3	88,003	3,241,596
Other bonds and deposits	4.5	250,914	608,251
Total non-current assets		**11,070,128**	**11,802,573**
Total assets		**24,600,322**	**24,325,185**
Liabilities			
Trade and other payables	5.5	2,672,737	1,142,783
Other liabilities	5.6	5,077	-
Borrowings	6.2	-	115,520
Employee entitlements	2.4	476,620	232,668
Lease liabilities	6.3	490,266	2,509,282
Deferred consideration	6.5	729,325	727,256
Provisions	6.4	768,415	-
Current tax liability		-	12,846
Total current liabilities		**5,142,440**	**4,740,355**
Lease liabilities	6.3	3,783	622,169
Deferred consideration	6.5	-	672,761
Provisions	6.4	-	1,244,678
Borrowings	6.2	3,619,151	3,535,717
Deferred tax liabilities	2.6	-	867,334
Total non-current liabilities		**3,622,934**	**6,942,659**
Total liabilities		**8,765,374**	**11,683,014**
Net assets		**15,834,948**	**12,642,171**
Equity			
Issued capital	6.1	31,671,048	20,666,186
Unissued capital	6.1	2,028,761	1,738,628
Reserves		5,437,447	3,301,006
Accumulated losses		(23,302,308)	(13,063,649)
Total equity attributable to equity holders of the Company		**15,834,948**	**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 Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue			
Sales	2.2	8,293,375	11,563,315
Other income	2.3	222,595	184,184
		8,515,970	**11,747,499**
Expenses			
Cost of goods sold		(6,544,553)	(6,935,837)
Marketing and business development		(161,358)	(15,991)
Personnel expenses - other	2.4	(6,491,012)	(5,096,837)
Personnel expenses – research and development	2.4	(1,071,370)	(439,899)
General and administration		(820,671)	(1,000,927)
Professional fees		(673,911)	(962,778)
Depreciation and amortisation		(3,620,557)	(3,360,490)
Research and development		(277,657)	-
Goodwill impairment		-	(533,153)
Finance expenses	2.5	(661,263)	(589,030)
Revaluation of Financial Assets held at FVTPL	5.4	-	(2,040)
Other losses		-	(4,094)
Loss before income tax		**(11,806,382)**	**(7,193,577)**
Income tax benefit	2.6	1,567,723	1,177,249
Net loss for the year from continuing operations		**(10,238,659)**	**(6,016,328)**
Loss after tax from discontinued operations		-	(133,399)
Loss attributable to owners of the Company		**(10,238,659)**	**(6,149,727)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences on foreign operations		(2,202)	1,400
Total comprehensive loss for the year		**(10,240,861)**	**(6,148,327)**
Total comprehensive loss attributable to owners of the Company		**(10,240,861)**	**(6,148,327)**
Loss for the year is attributable to:			
Continuing operations		(10,238,659)	(6,016,328)
Discontinued operations		-	(133,399)
		(10,238,659)	**(6,149,727)**
Total comprehensive loss for the year is attributable to:			
Continuing operations		(10,240,861)	(6,014,928)
Discontinued operations		-	(133,399)
		(10,240,861)	**(6,148,327)**
Loss per share			
Basic and diluted loss per share (cents per share)	2.7	(2.13)	(1.86)
Basic and diluted loss per share (cents per share) from continuing operations	2.7	(2.13)	(1.82)
Basic and diluted loss per share (cents per share) from discontinued operations	2.7	-	(0.04)

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

	Issued Capital	Unissued Capital	Share-based Payment Reserve	Equity Component of Convertible Note	Foreign Exchange Reserve	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 year	-	-	-	-	-	(6,149,727)	(6,149,727)
Foreign exchange translation	-	-	-	-	(1,400)	1,400	-
Total comprehensive loss for the period	-	-	-	-	(1,400)	(6,148,327)	(6,149,727)
Shares issued during the period	11,883,432	-	-	-	-	-	11,883,432
Share issue costs (net of tax benefit)	(596,944)	-	-	-	-	-	(596,944)
Equity portion of convertible notes	-	-	-	499,385	-	-	499,385
Deferred consideration on acquisition of subsidiary	-	1,500,000	-	-	-	-	1,500,000
Funds received for options yet to be issued	-	41,978	-	-	-	-	41,978
Expiry and vesting of options	-	-	(248,763)	-	-	248,763	-
Shares in lieu of bonus	-	196,650	-	-	-	-	196,650
Share-based payments (Refer note 7.1)	-	-	2,619,393	-	-	-	2,619,393
Balance at 30 June 2020	**20,666,186**	**1,738,628**	**2,801,621**	**499,385**	**-**	**(13,063,649)**	**12,642,171**
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	-	-	-	-	-	(10,238,659)	(10,238,659)
Foreign exchange translation	-	-	-	-	(2,202)	-	(2,202)
Total comprehensive loss for the period	-	-	-	-	(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 be issued	-	(41,978)	-	-	-	-	(41,978)
Expiry and vesting of options	-	-	2,746	-	-	-	2,746
Shares in lieu of bonus	196,650	(196,650)	-	-	-	-	-
hare-based payments (Refer note 7.1)	-	-	2,135,897	-	-	-	2,135,897
Balance at 30 June 2021	**31,671,048**	**2,028,761**	**4,940,264**	**499,385**	**(2,202)**	**(23,302,308)**	**15,834,948**

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		3,981,486	12,042,226
Cash paid to suppliers and employees		(12,543,017)	(12,480,190)
Interest paid		(498,521)	(489,735)
Interest received		19,524	3,184
Income taxes paid		(1,260)	(152,800)
Net cash used in operating activities	5.1(b)	**(9,041,788)**	**(1,077,315)**
Cash flows from investing activities			
Payments for plant and equipment		(387,321)	(96,214)
Proceeds from sale of plant and equipment		15,472	7,500
Payment to acquire subsidiary		(750,000)	(3,500,000)
Payments for security deposits		(219,296)	(553,889)
Acquisition of cash in business combination	3	826	257,392
Net cash used in investing activities		**(1,340,319)**	**(3,885,211)**
Cash flows from financing activities			
Proceeds from issue of share capital and options exercise	6.1	9,201,498	11,500,410
Proceeds from sale of investment in FVTPL		22,759	300,000
Payment of capital raising costs		(599,236)	(83,807)
Proceeds from issue of convertible notes		-	4,000,000
Repayment of lease liabilities		(2,676,704)	(1,694,756)
Repayment of loans from related parties		-	(10,386)
Proceeds from borrowings		-	1,342,864
Repayment of borrowings and premium funding facility	6.2	(115,520)	(1,257,885)
Net cash from financing activities		**5,832,797**	**14,096,440**
Net increase / (decrease) in cash and cash equivalents		(4,549,310)	9,133,914
Cash and cash equivalents at 1 July		11,306,298	2,172,384
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at 30 June	5.1(a)	**6,756,988**	**11,306,298**

The accompanying notes are an integral part of these financial statements

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 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 2021 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 22 September 2021. 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 2020; 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 two new subsidiaries, Harvest Technology Group, Inc and SnapSupport, Inc, is US Dollars (USD).

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 accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. 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 2021

The Directors have reviewed all Standards and Interpretations on issue not yet adopted for the period ended 30 June 2021. 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 of amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 4.4 - Goodwill
- Note 5.2 - Recoverability of Trade Receivables
- Note 5.4 - Financial Assets held at FVTPL
- 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 $10,238,659 and a net cash outflow of $4,549,310 for the period, the Directors are of the opinion that the Company is a going concern. The ongoing development of the Infinity Technology proceeds in line with the Group's declared strategy and continues to attract a significant increase in interest from and partnerships with global market players. The Group is progressing diversification of its customer base, including entering into joint development agreements for embedded systems with several companies. Development of these opportunities require increased R&D funding and support resources. With the added recruitment of two highly credentialled technology executives and the corporate acquisition in the USA and significant progress on technology development during the last 12 months, it is expected that scalable opportunities will improve through 2022.

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 currently operates in two distinct segments:

- 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	
	30 June 2021 $	30 June 2020 $	30 June 2021 $	30 June 2020 $
Subsea and asset integrity risk mitigation	5,387,536	5,594,766	(3,013,970)	(4,838,728)
Remote communications technology	11,589,149	8,672,912	(292,778)	(242,012)
Total segment assets and liabilities	**16,976,685**	**14,267,678**	**(3,306,748)**	**(5,080,740)**
Corporate and other segment assets/liabilities	7,623,637	10,057,507	(5,458,626)	(6,602,274)
Total	**24,600,322**	**24,325,185**	**(8,765,374)**	**(11,683,014)**

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 2021 $	30 June 2020 $	30 June 2021 $	30 June 2020 $
Subsea and asset integrity risk mitigation	6,203,308	10,224,705	(3,365,386)	(2,434,133)
Remote communications technology [1]	2,090,067	1,338,610	(1,594,709)	(220,146)
Total for continuing operations	**8,293,375**	**11,563,315**	**(4,960,095)**	**(2,654,279)**
Clever Buoy shark detection technology (discontinued operation) [2]	-	21,632	-	(133,399)
Total for continuing and discontinued operations	**8,293,375**	**11,584,947**	**(4,960,095)**	**(2,787,678)**
Subsea and asset integrity risk mitigation	-	21,632	-	(133,399)
Other income			203,071	-
Finance income			19,524	3,185
Central and administration expenses			(6,502,045)	(3,953,184)
Finance expense			(566,837)	(589,299)
Loss before tax			**(11,806,382)**	**(7,326,976)**
Income tax benefit			1,567,723	1,177,249
Loss after tax			**(10,238,659)**	**(6,149,727)**

[1] The remote communications technology segment result includes an expense of $835,809 for amortisation of intellectual property.

[2] The Clever Buoy shark detection technology segment was discontinued during the 30 June 2020 financial year.

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	
	2021 $	2020 $	2021 $	2020 $
Australia	8,288,550	11,584,947	7,727,808	11,802,573
United States	4,825	-	3,342,320	-
	8,293,375	**11,584,947**	**11,070,128**	**11,802,573**

2.2 Revenue

Accounting Policy

Revenue from contracts with customers is recognised in the income statement 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 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.

*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 fulfilment 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.

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		Labour hire / Consulting		Total	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Revenue earned over time								
Offshore subsea services	6,203,308	10,094,283	-	-	-	130,389	**6,203,308**	**10,224,672**
Remote communications technology	1,864,141	1,092,193	-	-	-	-	**1,864,141**	**1,092,193**
Total Revenue	**8,067,449**	**11,186,476**	**-**	**-**	**-**	**130,389**	**8,067,449**	**11,316,865**
Revenue at a point in time								
Offshore subsea services	-	-	-	-	-	-	**-**	**-**
Remote communications technology	-	-	225,926	246,450	-	-	**225,926**	**246,450**
Total Revenue	**-**	**-**	**225,926**	**246,450**	**-**	**-**	**225,926**	**246,450**
	8,067,449	**11,186,476**	**225,926**	**246,450**	**-**	**130,389**	**8,293,375**	**11,563,315**

Revenue is generally generated in Australia.

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.

	2021 **$**	**2020** **$**
Government incentives/grants	197,839	181,000
Interest income	19,524	3,184
Gain on fixed asset disposal	5,232	-
	222,595	**184,184**

2.4 Personnel Expenses 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	2021 $	2020 $
Wages and salaries		3,283,734	1,621,502
Directors' remuneration	7.4	871,700	1,059,640
Other KMP remuneration	7.4	1,749,695	1,920,871
Contributions to superannuation		257,097	124,676
Increase in liability for annual leave		88,358	56,546
Equity-settled share-based payments		837,016	682,400
Fringe benefits tax		16,750	-
Other associated personnel expenses		458,032	71,101
		7,562,382	**5,536,736**

	2021	2020
Non-research and development expenses	6,491,012	5,096,837
Research and development related personnel expenses	1,071,370	439,899
	7,562,382	**5,536,736**

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.

	2021 $	2020 $
Current		
Salary accrual	(218,948)	(84,837)
Superannuation	(4,384)	(21,137)
Liability for annual leave	(253,288)	(126,694)
	(476,620)	**(232,668)**

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.

	Note	2021 $	2020 $
Interest expense on financial liabilities measured at amortised cost			
Interest expense on convertible notes	6.2	443,434	257,221
Interest expense on deferred consideration	6.5	79,308	64,400
Interest expense on other borrowings		7,897	32,362
Interest on lease liabilities		106,832	212,760
Other finance charges		23,792	22,287
Finance expense recognised in profit or loss		**661,263**	**589,030**

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

	2021 $	2020 $
Current tax benefit / (expense)		
Current tax	-	-
Deferred tax	1,523,244	1,177,249
Over provision in prior year	44,479	-
Total income tax benefit	**1,567,723**	**1,177,249**

(b) Reconciliation of Income Tax Benefit

	2021 $	2020 $
Loss after tax	(10,238,659)	(6,149,727)
Total income tax benefit	(1,567,723)	(1,177,249)
Loss excluding income tax	**(11,806,382)**	**(7,326,976)**
Income tax at the Australian tax rate of 26% (2020: 27.5%)	(3,069,659)	(2,014,918)
Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:		
Entertainment	5,622	5,392
Share-based payments	556,055	720,333
Non assessable income	(27,344)	(27,500)
Impairment of goodwill	-	146,617
Other permanent differences	58,739	34,695
Change in corporate tax rate	(33,359)	(60,594)
Difference in foreign income tax rates	30,156	-
Under / (over) provision in prior years	(44,479)	58,430
Previously unrecognised deferred tax assets now brought to account	(348,669)	(130,121)
Foreign tax losses not brought to account	126,655	-
Deferred tax assets not brought to account	1,178,560	90,417
	(1,567,723)	**(1,177,249)**

(c) Recognised Deferred Tax Assets and Liabilities

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

	2021 $	2020 $
Deferred tax liabilities at 25% (2020: 26%)		
Prepayments	38,539	12,431
Fixed Assets	28,054	-
Right of use assets	22,001	842,814
Intellectual Property	2,507,186	2,025,463
Other temporary differences	-	21,060
	2,595,780	2,901,768
Offset of deferred tax assets	(2,595,780)	(2,034,434)
Net deferred tax liability recognised	-	**867,334**

All movements are charged to income tax throughout the year.

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(d) Unrecognised deferred tax assets

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

	2021 $	2020 $
Deferred tax assets		
Tax losses	1,902,579	599,492
Property, plant and equipment	-	24,835
Capital raising costs	252,353	191,538
Employee entitlements	64,394	38,436
Right of use assets lease liability	123,512	814,177
Provision for restoration	192,104	323,616
Other temporary differences	60,838	42,340
	2,595,780	**2,034,434**
Offset of deferred tax liabilities	(2,595,780)	(2,034,434)
Net deferred tax assets recognised	-	-
Net deferred tax assets unrecognised	**1,178,560**	-

2.7 Loss Per Share

Basic 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 2021 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

	2021 $	2020 $
Net loss for the year from continuing operations	(10,238,659)	(6,016,328)
Net loss for the year from discontinued operations	-	(133,399)
Net loss for the year attributable to ordinary shareholders	**(10,238,659)**	**(6,149,727)**
Issued ordinary shares at 1 July	436,378,203	136,678,041
Effect of shares issued	45,132,736	193,421,955
Weighted average number of ordinary shares at 30 June	**481,510,939**	**330,099,996**
Basic and diluted loss per share from continuing operations (cents per share)	(2.13)	(1.82)
Basic and diluted loss per share from discontinued operations (cents per share)	(0.04)	
Basic and diluted loss per share (cents per share) *	**(2.13)**	**(1.86)**

* At 30 June 2021, 6,260,000 options (2020: 38,281,667 options), nil performance shares (2020: 17,398,710 performance shares), 181,181,182 convertible note shares (2020: 181,181,182), and 69,016,287 performance rights (2020: 67,710,526 performance rights) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Section 3: Business Combination

Acquisition of SnapSupport, Inc.

In June 2021, the Group acquired 100% of the voting equity instruments of SnapSupport Inc., a Silicon Valley-based software company that focuses on increasing productivity for remote field workers via a mobile SaaS-based platform enabling hands-free inspections, real-time collaboration with experts, and viewing of performance data from connected equipment. The principal reason for the acquisition was to integrate Harvest's proven Industrial Grade Connectivity™ communication technology with the SnapSupport offering and create a market leading solution for remote field workers.

Assets acquired and liabilities assumed at date of acquisition

The fair value of identifiable assets and liabilities acquired in the business combination are as follows:

	Fair Value $	Acquisition Adjustments $	Closing Value $
Cash and Cash Equivalents	826	-	826
Trade Receivables and Contract Assets	13,894	-	13,894
Intangible Assets (Intellectual Property)[1]	249,600	3,096,841	3,346,441
Deferred Tax Liability[2]	-	(805,719)	(805,719)
Net assets acquired	**264,320**	**2,291,122**	**2,555,442**

1) The difference arising between the fair value of net assets on acquisition and consideration paid has been identified as intellectual property and recorded as an identifiable intangible asset.
2) A deferred tax liability has been recognised in respect of the taxable temporary difference arising from the valuation of Intellectual Property. The adjustment in value of the assets in SnapSupport has resulted in a taxable temporary difference between the fair value recognised in the financial statements and the tax base of the asset, and as such, a deferred tax liability has been recognised. The deferred tax liability has been calculated at the Company's current tax rate of 26%.

Fair value of consideration transferred

	Consideration
Tranche 1 - Initial consideration	**$**
Share consideration	638,860
Share consideration - 6-month escrow	638,861
Tranche 2 - Deferred consideration	
Deferred share consideration – 12 months	1,277,721
Total consideration paid and payable	**2,555,442**

A total of 4,334,783 shares will be issued in each tranche of consideration, totalling 8,669,566 shares to be issued. The price that the consideration shares will be allotted at, calculated per terms of the acquisition agreement is $0.2996 being the 5-day VWAP prior to the acquisition settlement.

Acquisition costs

Acquisition costs of $79,545 arose as a result of the transaction. These have been recognised as part of administrative expenses and professional fees in the statement of comprehensive income.

Included in the consolidated net loss for the year is a loss of $74,294 for this business unit. If the acquisition occurred on 1 July 2020, the full year contribution would have been revenues of $223,604 and a loss after tax of $33,229.

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.

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 $	Capitalised Developments $	Formation Costs $	Total $
Gross carrying amount					
Balance at 1 July 2019	-	10,750	808,031	1,253	820,034
Additions	8,261,006	-	-	-	8,261,006
Impairment	-	(9,900)	(808,031)	(1,253)	(819,184)
Balance at 30 June 2020	8,261,006	850	-	-	8,261,856
Balance at 1 July 2020	8,261,006	850	-	-	8,261,856
Additions [1]	3,346,441	-	-	-	3,346,441
Balance at 30 June 2021	**11,607,447**	**850**	**-**	**-**	**11,608,297**
Amortisation					
Balance at 1 July 2019	-	2,359	774,895	1,253	778,507
Amortisation for the year	470,764	-	17,916	-	488,680
Impairment	-	(2,359)	(792,811)	(1,253)	(796,423)
Balance at 30 June 2020	470,764	-	-	-	470,764
Balance at 1 July 2020	470,764	-	-	-	470,764
Amortisation for the year	835,809	-	-	-	835,809
Balance at 30 June 2021	**1,306,573**	**-**	**-**	**-**	**1,306,573**
Carrying amounts					
Balance at 30 June 2020	7,790,242	850	-	-	7,791,092
Balance at 30 June 2021 [2]	**10,300,874**	**850**	**-**	**-**	**10,301,724**

(1) The addition during the year represents the SnapSupport, Inc. intellectual property acquisition as detailed in Section 3.

(2) The Harvest Infinity and SnapSupport intangible assets of $6.9M and $3.3M, 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 $	Software $	Demonstration Equipment $	Equipment for Hire $	Under Construction $	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/Scrapping	(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	-	11,892	108,626	-	18,286	61,990	186,527	387,321
Disposals/Scrapping	(15,000)	-	(507)	-	(21,089)	-	-	(36,596)
Balance at 30 June 2021	**-**	**65,121**	**185,687**	**-**	**18,286**	**232,472**	**186,527**	**688,093**
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/Scrapping	(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	-	17,637	40,679	-	10,069	35,674	-	104,059
Disposals/Scrapping	-	-	(98)	-	(21,089)	-	-	(21,187)
Balance at 30 June 2021	**-**	**31,179**	**58,852**	**-**	**10,069**	**158,506**	**-**	**258,606**
Carrying amounts								
Balance at 30 June 2020	15,000	39,687	59,297	-	-	47,650	-	161,634
Balance at 30 June 2021	**-**	**33,942**	**126,835**	**-**	**8,217**	**73,966**	**186,527**	**429,487**

During the year the Group announced it would be moving to new premises at Technology Park, Bentley, Western Australia. At 30 June 2021, the Group has incurred $186,527 relating to the leasehold improvements and fixtures and fittings. The Group moved into the new premises in September 2021.

4.3 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
Derecognition*	-	(425,396)	-	(425,396)
Balance at 30 June 2021	**9,144**	**5,292,775**	**328,257**	5,630,176
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	1,892	2,606,861	122,805	2,731,558
Balance at 30 June 2021	**3,789**	**5,292,775**	**245,609**	5,542,173
Carrying amounts				
Balance at 30 June 2020	7,247	3,028,896	205,453	3,241,596
Balance at 30 June 2021	**5,355**	**-**	**82,648**	88,003

* 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 6.4)

4.4 Goodwill

Accounting Policy

Goodwill acquired in a business combination is initially measured at cost being the excess of consideration transferred for the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or secondary reporting format determined in accordance with AASB 8 *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, or group of cash-generating units, is less than the carrying amount of goodwill, an impairment loss is recognised. When goodwill forms part of a cash-generating unit, or group of cash-generating units, and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill cannot be subsequently reversed in future periods.

Reconciliation of Goodwill

	2021 $	2020 $
Opening balance	-	533,153
Acquisition through business combination	-	-
Amounts written off	-	(533,153)
Closing balance	**-**	**-**

Goodwill was tested for impairment in the prior year and due to the uncertainty of market conditions including the impact of COVID-19, management decided to fully impair the carrying value of the goodwill.

4.5 Other Bonds and Deposits

	Note	2021 $	2020 $
Current			
Lease bonds	(i)	98,377	-
Deposit on VOS Shine work		49,246	-
Cash deposit to provide security over a bank guarantee	(ii)	462,025	-
		576,333	**-**
Non-current			
Lease bonds	(i)	33,015	65,362
Deposit on VOS Shine work		-	65,062
Cash deposit to provide security over a bank guarantee	(ii)	-	477,827
Cash deposit to provide security over new premises	(iii)	217,899	-
		250,914	**608,251**
		827,547	**608,251**

(i) The entity is required under various lease agreements to provide a security bond. These bonds will be refundable at the conclusion of the lease terms.

(ii) The Group was required to provide a bank guarantee of 292,000 Euro to Vroon Offshore Services B.V. in respect of the lease of the VOS Shine. To provide this guarantee, the bank required a cash deposit for the equivalent value of the guarantee. This cash deposit is refundable upon cancellation of the bank guarantee which occurs at the completion of the lease.

(iii) 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

	2021 $	2020 $
Cash and cash equivalents in the statement of cash flows	6,756,988	11,306,298

(b) Reconciliation of cash flows from operating activities

	2021 $	2020 $
Cash flows from operating activities		
Operating loss after tax	(10,238,659)	(6,149,727)
Adjustments for:		
Depreciation and amortisation	3,620,557	3,360,490
Equity-settled share-based payment transactions	2,138,643	2,814,643
Net finance expense	197,858	99,564
Fair value (gain)/loss on Financial Asset held at FVTPL	-	2,040
Goodwill impairment	-	553,153
Loss/ (gain) on disposal of property, plant and equipment	(63)	121,608
Loss/ (gain) on disposal of Financial Asset held at FVTPL	(5,169)	-
Change in operating assets and liabilities:		
Change in trade and other receivables	(4,794,450)	(673,343)
Change in prepayments	(59,838)	(13,619)
Change in inventories	(110,667)	(79,135)
Change in other operating assets	-	(692)
Change in current tax assets	(1,568,983)	(1,330,049)
Change in trade and other payables	1,529,954	118,807
Change in contract liabilities	5,077	(30,000)
Change in employee entitlements	243,952	128,945
Net cash used in operating activities	**(9,041,788)**	**(1,077,315)**

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 uncollectible 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.

	2021 $	2020 $
Current		
Trade debtors [(1)]	5,807,532	877,873
Impairment allowance	(36,550)	-
	5,770,982	877,873
Other receivables	34,256	132,914
	5,805,238	**1,010,787**

(1) The average credit period on sales of goods and rendering of services is 30 days. An allowance (2021: $96,750, 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

	2021 $	2020 $
Balance at the beginning of the year	-	46,612
Impaired receivables written off	-	(46,612)
Impairment losses recognised on receivables	36,550	-
Balance at the end of the year	**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

	2021 $	2020 $
Current	-	-
60-90 days	-	-
Over 90 days	36,550	-
Balance at the end of the year	**36,550**	**-**

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.

	2021 $	2020 $
Current		
Raw materials – at cost	189,802	79,135

5.4 Financial Assets Held at Fair Values Through Profit or Loss

Accounting Policy

Financial assets are recognised when the Group becomes 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.

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measure at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs.

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

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

The Group has elected to carry investments in equity securities of listed entities as Fair Value through Profit or Loss as the financial asset is not considered to be held within a business model whose objective is satisfied under the amortised cost or fair value through other comprehensive income models. Therefore, all income and expenses relating to fair value movements are recognised in profit or loss.

The fair value measurement of financial assets held at FVTPL is determined with reference to the requirements of AASB 13 *Fair Value Measurement*. Financial assets held at FVTPL are valued using market observable inputs and data as far as is possible.

(a) Fair Value of Investments at period end

	2021 $	2020 $
Other financial assets held at fair value	-	17,590
	-	**17,590**

(b) Reconciliation of movements in fair value

	2021 $	2020 $
Opening balance	17,590	300,000
Disposal of investment	(17,590)	(300,000)
Financial assets acquired on acquisition of a subsidiary	-	19,630
Loss on fair value movement in financial assets	-	(2,040)
Closing balance	-	**17,590**

5.5 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

	2021 $	2020 $
Current		
Trade payables	2,143,540	591,783
Authorised government agencies	112,114	84
Non-trade payables and accrued expenses	417,083	550,916
	2,672,737	**1,142,783**

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

5.6 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.

	2021 $	2020 $
Current		
Income received in advance	**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 $	
	2021	2020	2021	2020
Movement in ordinary shares on issue:				
On issue at 1 July	**436,378,203**	**257,856,438**	**20,666,186**	**9,379,698**
Shares issued and expensed during the year:				
Issue of fully paid shares for cash	23,842,185	124,074,074	7,629,499	11,100,000
Issue of fully paid shares in business acquisition	22,491,283	-	2,028,761	-
Issued on conversion of performance rights	500,000	25,000,000	-	-
Issued on conversion of options	28,096,433	5,541,669	1,599,378	257,500
Issued via rights issues	-	23,906,022	-	525,932
Issue of fully paid shares in lieu of bonuses	10,741,340	-	196,650	-
Capital raising costs incurred (net of tax benefit)	-	-	(499,427)	(596,944)
On issue at 30 June	**522,049,444**	**436,378,203**	**31,671,048**	**20,666,186**

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

	2021 $	2020 $
Balance at 1 July	1,738,628	-
Deferred consideration on acquisition of subsidiary (1)	1,278,761	1,500,000
Deferred consideration shares issued (2)	(750,000)	-
Funds received for options yet to be issued	-	41,978
Options exercised	(41,978)	-
Shares in lieu of bonus	-	196,650
Shares in lieu of bonus issued	(196,650)	-
Balance at 30 June	**2,028,761**	**1,738,628**

(1) The deferred consideration of $1,278,761 relates to the acquisition of SnapSupport, Inc. which was completed in June 2021, see section 3 for more details. The $1,500,000 in the prior year relates to the acquisition of Harvest Infinity Pty Ltd.

(2) The first tranche of deferred consideration shares in relation to Harvest Infinity Pty Ltd was issued in December 2020. The final deferred consideration tranche will be issued in December 2022.

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 Payments 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.

	2021 $	2020 $
Unsecured		
Other borrowings	-	21,165
Premium funding facility	-	94,355
	-	**115,520**
Secured		
Convertible notes	3,619,151	3,535,717
Total Borrowings	**3,619,151**	**3,651,237**
Current	-	115,520
Non-current	3,619,151	3,535,717
	3,619,151	**3,651,237**

Reconciliation of Movement in Borrowings

	Loans from Director or KMP $	Premium funding $	Convertible Notes $	Other borrowings $
Balance at 1 July 2019	**-**	**30,543**	**-**	**-**
Loans & borrowings received	-	-	4,000,000	1,195,577
Equity component	-	-	(499,385)	-
Loans assumed on acquisition	10,386	-	-	-
Premium funding facility	-	459,895	-	-
Interest & establishment costs charged	-	11,358	247,156	20,374
Less repaid [(1)]	(10,386)	(407,441)	(212,054)	(1,194,786)
Balance at 30 June 2020	**-**	**94,355**	**3,535,717**	**21,165**
Interest costs charged	-	-	443,434	-
Less repaid [(1)]	-	(94,355)	(360,000)	(21,165)
Balance at 30 June 2021	**-**	**-**	**3,619,151**	**-**

[(1)] Amounts repaid include interest and loan establishment costs.

In the previous period, 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 2021 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 Lease Liabilities

	2021 $	2020 $
Balance at 1 July	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	(2,676,706)	(1,932,628)
Interest expense	106,904	212,760
Exchange differences	(70,962)	140,935
Balance at 30 June	**494,049**	**3,131,451**
Classification		
Current liabilities	490,266	2,509,282
Non-current liabilities	3,783	622,169
	494,049	**3,131,451**

6.4 Provisions

	2021 $	2020 $
Balance at 1 July	1,244,678	-
Recognition of provision for restoration requirements in regard of right-of-use assets	-	1,242,556
Derecognition of provision for changes in restoration requirements (1)	(476,263)	-
Exchange differences	-	2,122
Balance at 30 June	**768,415**	**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 was partly derecognised during the financial year to reflect the change in return port requirements from the Netherlands to Singapore.

6.5 Deferred Consideration

	2021 $	2020 $
Balance at 1 July	1,400,017	-
Upon original recognition of business combination	-	1,335,617
Interest charges	79,308	64,400
Deferred consideration paid	(750,000)	-
Balance at 30 June	**729,325**	**1,400,017**
Current	729,325	727,256
Non-current	-	672,761
Closing balance	**729,325**	**1,400,017**

Deferred consideration of the acquisition of Harvest Infinity is payable in two $750,000 tranches at December 2020 and 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

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 has been recognised as a share-based payment and the option 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 has lapsed and the non-market vesting criteria has not been met, any previously recorded share-based payment expense is reversed through the statement of comprehensive income.

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

	2021 $	2020 $
(a) Expensed in personnel expenses		
Options issued to Directors	2,776	552,409
Options issued to employees	-	4,742
Rights to shares to employees	1,882,390	1,727,087
Rights issued to Directors	253,507	-
(b) Expensed in professional fees		
Options issued to consultants of the Company	-	335,155

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 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 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)	-	-
Total				**30,700,000**	**-**	**(24,440,000)**	**6,260,000**	**6,260,000**
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.

At 30 June 2020, 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 year-end	Vested and exercisable at year-end
7-Feb-17	7-Mar-17	31-Jan-20	20-30	3,500,000	-	(3,500,000)	-	-
1-Jun-17	31-Dec-17	1-Jun-20	5	133,333	-	(133,333)	-	-
1-Jun-17	31-Dec-18	1-Jun-20	5	133,333	-	(133,333)	-	-
1-Jun-17	31-Dec-19	1-Jun-20	5	133,334	-	(133,334)	-	-
23-Nov-17	31-Dec-18	31-Dec-20	10	6,000,000	-	-	6,000,000	6,000,000
10-Apr-18	24-Apr-18	31-Dec-20	10	2,000,000	-	(500,000)	1,500,000	1,500,000
10-Apr-18	24-Apr-18	8-Feb-21	5	1,000,000	-	-	1,000,000	1,000,000
22-Nov-18	22-Nov-18	28-Nov-21	5	1,000,000	-	-	1,000,000	1,000,000
22-Nov-18	22-Nov-19	29-Nov-21	8	1,000,000	-	-	1,000,000	1,000,000
22-Nov-18	22-Nov-20	30-Nov-21	12	1,000,000	-	-	1,000,000	1,000,000
18-Feb-20	18-Feb-20	18-Feb-23	6.5	-	4,000,000		4,000,000	4,000,000
18-Feb-20	18-Feb-20	18-Feb-23	10	-	2,000,000		2,000,000	2,000,000
31-Mar-20	31-Mar-20	1-Apr-21	4	-	4,000,000	-	4,000,000	4,000,000
31-Mar-20	31-Mar-20	1-Apr-21	7	-	4,400,000		4,400,000	4,400,000
31-Mar-20	31-Mar-20	1-Apr-21	10	-	4,400,000	-	4,400,000	4,400,000
31-Mar-20	31-Mar-20	1-Apr-21	15	-	400,000	-	400,000	400,000
Total				**15,900,000**	**19,200,000**	**(4,400,000)**	**30,700,000**	**30,700,000**
Weighted average exercise price (cents)				12.39	7.44	21.48	8.07	8.07
Weighted average remaining contractual life (years)				1.47	-	-	1.51	-

During the year ended 30 June 2020, 4,400,000 options were forfeited, cancelled or lapsed (2019: 8,625,000). 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:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8	Tranche 9	Tranche 10	Tranche 11	Tranche 12
Exercise price (cents)	10	10	5	5	8	12	6.5	10	4	7	10	15
Grant date	23-Nov-17	10-Apr-18	10-Apr-18	22-Nov-18	22-Nov-18	22-Nov-18	18-Feb-20	18-Feb-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20
Expiry date	31-Dec-20	31-Dec-20	8-Feb-21	28-Dec-21	29-Dec-21	30-Dec-21	18-Feb-23	18-Feb-23	1-Apr-21	1-Apr-21	1-Apr-21	1-Apr-21
Life of the options (years)	3.11	2.73	2.89	3.02	3.02	3.02	5.00	5.00	1.00	1.00	1.00	1.00
Volatility	85%	99.01%	99.01%	95.79%	95.79%	95.79%	101.46%	101.46%	107.40%	107.40%	107.40%	107.40%
Risk free rate	1.90%	2.14%	2.14%	2.00%	2.00%	2.00%	0.76%	0.76%	0.43%	0.43%	0.43%	0.43%

Vesting Conditions

Tranches 1 and 2
Each option issued will vest if the share price is at least 10 cents per share for five consecutive days before expiry date.

Tranches 3 to 10
Each option vested and were exercisable immediately after they were issued.

Performance Shares

At 30 June 2021, a summary of the Group performance shares issued but not yet vested or exercised are as follows:

Note	Grant date	End of performance period	Scheme type	Balance at the start of the year	Granted during the year	Lapsed/ Converted during the year	Balance at year-end	Vested and exercisable at year-end
(i)	2-Feb-16	2-Feb-21	Class B	8,699,355	-	(8,699,355)	-	-
(ii)	2-Feb-16	2-Feb-21	Class C	8,699,355	-	(8,699,355)	-	-

Each performance share represents a right to be issued one ordinary share by the end of the performance period, with no exercise price payable, should either of the vesting conditions in each class be met:

(i) Class B
(A) annualised earnings before interest, tax, depreciation and amortisation (EBITDA) of at least $2,000,000 in relation to the Company's Intellectual Property; or
(B) revenue of at least $4,000,000 in relation to the Company's Intellectual Property; or

(C) in the event that a SAMS™ Licensing Agreement has already been achieved, the execution of a Clever Buoy™ Contract; or
(D) execution of a second SAMS™ Licensing Agreement; or
(E) in the event that a Clever Buoy™ Contract has been achieved, execution of a SAMS™ Licensing Agreement; or
(F) the execution of a second Clever Buoy™ Contract.

(ii) Class C
(A) an annualised EBITDA of at least $3,000,000 in relation to the Company's Intellectual Property; or
(B) revenue of at least $5,000,000 in relation to the Company's Intellectual Property; or
(C) in the event that two SAMS™ Licensing Agreements have already been achieved, a third SAMS™ Licensing Agreement; or
(D) in the event that two Clever Buoy™ Contracts have been achieved, execution of a third Clever Buoy™ Contract; or
(E) in the event that one SAMS™ Licensing Agreement and one Clever Buoy™ Contract have been achieved, either a second SAMS™ Licensing Agreement, or a second Clever Buoy™ Contract.

The Director's assess at each reporting date, the likelihood the above vesting conditions will be met. To the extent a class of performance shares is considered probable, the Company will record an associated share-based payment expense based upon the fair value of the associated performance shares at grant date and the number of performance shares issued.

Performance Rights

At 30 June 2021, 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	Lapsed/ Converted during the year	Balance at 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-21	4	8,986,339	8,986,339	(8,986,339)	-	-	-
(iv)	24-Jun-20	30-Jun-22	5	7,263,158	7,263,158	(315,275)	6,947,883	6,947,883	1,320,098
(v)	24-Jun-20	30-Jun-23	6	5,447,368	5,447,368	621,036	6,068,404	-	575,400
(vi)	23-Nov-20	1-Mar-21	A	-	500,000	(500,000)	-	-	123,650
(vii)	23-Nov-20	1-Sep-21	B	-	500,000	-	500,000	-	84,188
(viii)	23-Nov-20	1-Mar-22	C	-	500,000	-	500,000	-	45,669

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:

(i) 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.

(ii) 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 4 performance rights are based on a calculation being [2,500,000 x (average market price for the last 5 trading days of the year less 4 cents)]/market price at 30 June. The market price must exceed 4 cents for the performance rights to be eligible for conversion to shares.

(iv) Tranche 5 performance rights are based on a calculation being [2,500,000 x (average market price for the last 5 trading days of the year less 7 cents)]/market price at 30 June. The market price must exceed 7 cents for the performance rights to be eligible for conversion to shares.

(v) Tranche 6 performance rights are based on a calculation being [2,500,000 x (average market price for the last 5 trading days of the year less 10 cents)]/market price at 30 June. The market price must exceed 10 cents for the performance rights to be eligible for conversion to shares.

(vi) Tranche A performance rights will vest upon the Group achieving a VWAP of at least $0.35 over any twenty consecutive trading day period before the milestone date, being 1 March 2021.

(vii) 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.

(viii) 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 1, 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. 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 4, 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 32 cents per share. For Tranche 6, the final number of performance rights to be granted will be dependent upon the share price calculation at (v).

Tranches A, B and C were granted after receiving shareholder approval at the Company's AGM on 10 November 2020. At the date of this report, Tranche B has not met the conditions of the relevant milestone and the performance rights have lapsed.

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
<u>Financial assets at amortised cost</u>
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 2020.

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.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

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:

	Consolidated			
	Assets		Liabilities	
	2021	2020	2021	2020
	$	$	$	$
Currency				
Euro	511,271	380,000	390,078	1,827,906
US Dollars	170,313	12,182	49,224	6,275

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 and Euro. 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	
	2021	2020
	$	$
If AUD strengthens by 5% (2020: 5%)		
US dollar	(6,054)	(295)
Euro	(6,060)	72,395
If AUD weakens by 5% (2020: 5%)		
US dollar	6,054	295
Euro	6,060	(72,395)

The Group's sensitivity to US exchange rates has increased slightly from last year due to the commencement of the US expansion of the Group. The exposure to Euro exchange rates will decrease with the vessel VOS Shine coming to the end of her lease period 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 $33,785 / ($33,785).

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 rates 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 include both interest and principal cash flows.

	Weighted average Interest rate %	Less than 6 months $	6 months to 1 year $	1 – 5 years $
30 June 2021				
Trade and other payables	-	2,672,737	-	-
Lease liabilities	5.50	456,789	33,477	3,783
		3,129,525	**33,477**	**3,783**
30 June 2020				
Trade and other payables	-	1,142,699	-	-
Borrowings	9.11	103,391	12,129	-
Lease liabilities	5.50	1,473,364	1,264,314	473,821
		2,719,454	**1,276,443**	**473,821**

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 $
30 June 2021				
Convertible notes	9.00	181,479	178,521	4,869,918
		181,479	**178,521**	**4,869,918**
30 June 2020				
Convertible notes	9.00	181,479	360,000	5,229,918
		181,479	**360,000**	**5,229,918**

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:

	Note	2021 $	2020 $
Short-term employee benefits		1,229,305	1,089,056
Post-employment benefits		90,433	85,487
Share-based payments		1,301,657	1,798,468
	2.4	**2,621,395**	**2,973,011**

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 2021 %	 2020 %
Harvest Technology Pty Ltd	Data Transfer Technology & Subsea Technology Solutions	Australia	30 June	100	100
Harvest Infinity Pty Ltd	Technology Research & Development	Australia	30 June	100	100
Shark Attack Mitigation Systems Pty Ltd	Dormant	Australia	30 June	100	100
Clever Buoy Australia Pty Ltd	Dormant	Australia	30 June	100	100
Harvest Technology Group, Inc.	Corporate & Administrative Support	United States	30 June	100	-
SnapSupport, Inc.	Remote Field Mobile SaaS Solutions	United States	30 June	100	-

7.6 Subsequent Events

In August 2021, the Group commenced the redelivery of the long-term charter offshore support vessel VOS Shine from Vroon Offshore Services B.V. The charter will cease when the Group has successfully redelivered and off hired the vessel in Singapore.

Other than noted above, there have been no other 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 2021, the parent entity of the Group was Harvest Technology Group Limited.

	2021 $	2020 $
Result of the parent entity		
Loss for the year	(3,490,850)	(5,112,953)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(3,490,850)**	**(5,112,953)**
Financial position of parent entity at year end		
Current assets	6,364,221	10,078,774
Total assets	**20,460,253**	**18,389,487**
Current liabilities	(1,002,371)	(1,531,558)
Total liabilities	**(4,625,305)**	**(5,747,316)**
Total equity of the parent entity comprising of:		
Share capital	32,365,333	21,510,280
Unissued capital	2,028,761	1,738,628
Reserves	5,439,650	2,801,591
Accumulated losses	(23,998,795)	(13,408,328)
Total equity	**15,834,948**	**12,642,171**

7.9 Auditors' Remuneration

	2021 $	2020 $
HLB Mann Judd:		
Audit and review of financial reports	68,800	52,550
Non-audit services	-	-
TOTAL AUDITORS' REMUNERATION	**68,800**	**52,550**

Directors’ 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 2021 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 2021.

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

Jeff Sengelman

JEFFREY SENGELMAN
Chairman

Dated this 29th day of September 2021

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 2021, 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 2021 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 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.

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* we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Acquisition accounting Refer to Note 3	
During the year, the Group completed the acquisition of SnapSupport Inc. a company based in the United States. This transaction was treated as a business combination. The acquisition accounting was considered to be a key audit matter as it is important for the users' understanding of the financial statements and involved the most audit effort and communication with those charged with governance.	Our procedures included but were not limited to the following: - Reviewing the acquisition agreement to gain an understanding of the key terms and conditions of the acquisition; - We determined whether the acquisition consideration had been appropriately determined under accounting standards; - We considered the appropriate classification of the transaction as either a business combination or an asset acquisition; - We obtained audit evidence that the net identifiable assets of the business were materially correct; - We considered the purchase price allocation determined by management in their assessment of the acquisition; and - We assessed the adequacy of the Group's disclosures with respect to the acquisition.
Recognition and recoverability of intangible assets Refer to Note 4.1	
At 30 June 2021 the Group has an intangible assets balance of $10.3m which arose on the acquisitions of Harvest Infinity Pty Ltd and SnapSupport Inc. An impairment assessment was conducted by management due to the existence of impairment indicators arising under AASB 136 *Impairment of Assets.* 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. 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.	Our procedures included but were not limited to: - Considering the existence of potential indicators of impairment; - Critically evaluating management's methodology in the value-in-use model and the basis for key assumptions; - Reviewing the mathematical accuracy of the value-in-use model; - Performing sensitivity analyses around the key inputs used in the model such as future revenue and forecast costs; - Considering the appropriateness of the discount rate used; - Ensuring the carrying value of the cash-generating unit had been correctly determined; - Comparing value-in-use to the carrying amount of the cash-generating unit; and - Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

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 2021, 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 within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Harvest Technology Group Limited for the year ended 30 June 2021 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

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2021

M R Ohm
Partner

Shareholder Information

The shareholder information set out below was applicable on October 21, 2021.

Distribution of Ordinary Shares

Range	Total holders	Ordinary shares	% of issued capital
1 - 1,000	52	12,285	0.00
1,001 - 5,000	532	1,503,130	0.28
5,001 - 10,000	308	2,387,079	0.45
10,001 - 100,000	884	32,783,579	6.19
100,001 and over	424	492,758,577	93.07
Total	**2,200**	**529,444,650**	**100.00***

**rounding 0.01*

There were 95 holders of less than a marketable parcel of ordinary shares.

Top 20 Shareholders

	Ordinary shares	
Shareholders	**Number held**	**% of issued shares**
Kyriaco Barber Pty Ltd	34,070,782	6.44
Mr Paul Joseph Guilfoyle	33,337,846	6.30
Invia Custodian Pty Ltd <The JIG Family A/C>	21,779,672	4.11
Schaffer Corporation Limited	21,779,672	4.11
Ms Linda Mary Shields	19,649,504	3.71
Arab Capital Holdings Ltd	15,203,864	2.87
Mr Kieran James Slee	14,716,052	2.78
Peter Canaway Pty Ltd <Peter Canaway Superfund A/C>	12,811,572	2.42
Mr Jamie John Dean & Mrs Amanda Sue Dean <Dean Family A/C>	12,282,827	2.32
Mr Jaron Leigh Warburton <Warburton Family A/C>	11,274,586	2.13
Mr Diranne Lee-Renwick	8,202,324	1.55
Mrs Deborah Michelle Napier	7,639,827	1.44
BNP Paribas Nominees Pty Ltd<IB AU NOMS RETAILCLIENT DRP>>	6,069,259	1.15
Canary Capital Pty Ltd	5,866,477	1.11
UBS Nominees Pty Ltd	5,083,000	0.96
Mr Paul Joseph Cozzi	5,000,000	0.94
Mrs Anna Carina Hart & Mr Paul Hart <Hart Family Super Fund A/C>	5,000,000	0.94
Mr Ross Milner McKay & Ms Christine Stuart Babbage <McKay Super Fund>	4,900,000	0.93
Mr Michael McMahon & Mrs Susan McMahon <McMahon S/F A/C>	4,876,701	0.92
Mr Paul James Madden	4,801,516	0.91
	254,345,481	**48.04**

Unlisted Options

Grant date	Number	Number of holders	Expiry date	Exercise price (cents)
22-Nov-18	500,000	1	30-Nov-21	12
18-Feb-20	3,840,000	5	18-Feb-23	6.5
18-Feb-20	1,920,000	6	18-Feb-23	10

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

Substantial Shareholders

The substantial shareholders in the company are set out below:

Shareholders	Number of Shares
Kyriaco Barber Pty Ltd	34,070,782
Mr Paul Joseph Guilfoyle	33,337,846

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
Jeff Sengelman
Paul Guilfoyle
Rod Evans
Marcus Machin
Stuart Carmichael

Company Secretary
Joel Ives
Jack Rosagro

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Shares: HTG

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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

Legal Form of Entity
Public company

Country of Incorporation and Domicile
Australia

Offices

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Dubai UAE

How to access information on Harvest

Harvest produces a range of news, investor resources, and publications, which are available to download from our website at www.harvest.technology/

If you are a shareholder, you can also elect to receive a paper copy of the Annual Report by contacting us via email at: investor@harvest-tech.com.au www.harvest.technology/