

HARVEST

## REGISTRATION DOCUMENT

dated 18 November 2019

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "Prospectus Regulation") and in accordance with the provisions of the Commission Delegated Regulation No. 2019/979 and Commission Delegated Regulation No. 2019/980 issued thereunder.

This document is being issued in respect of the offer for sale of:

**8,201,032** ordinary shares of a nominal value of €0.50 held by 1923 Investments p.l.c.

("Selling Shareholder I")

at an **Offer Price of €1.50 per share** representing 40% of the issued share capital in

**911,224** ordinary shares of a nominal value of €0.50 held by Prof. Juanito Camilleri

("Selling Shareholder II")

## Harvest Technology p.l.c.

(registered as a public limited liability company in the Republic of Malta)

Legal Counsel

Joint Sponsors

Manager & Registrar

**CAMILLERI PREZIOSI**  
ADVOCATES

**CHARTS**  
WEALTH MANAGEMENT • CORPORATE BROKING  
A division of MeDirect Bank (Malta) plc

**Calamatta Cuschieri**  
YOUR PARTNER IN FINANCIAL SERVICES

**BOV**  
Bank of Valletta

PROSPECTUS HAS BEEN APPROVED BY THE LISTING AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE LISTING AUTHORITY ONLY APPROVES THIS PROSPECTUS AS MEETING THE STANDARD OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE COMPANY THAT IS THE SUBJECT OF THIS PROSPECTUS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SECURITIES OF THE COMPANY.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF A COMPANY AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

APPROVED BY THE DIRECTORS:

Juanito Camilleri

Richard Abdilla Castillo

Conrad Aquilina

Jacqueline Camilleri

Stephen Paris



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## I. IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION IN RELATION TO HARVEST TECHNOLOGY P.L.C. (THE “COMPANY”) AND ITS BUSINESS AND IS DRAWN UP IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA), THE PROSPECTUS REGULATION AND THE IMPLEMENTING AND DELEGATED ACTS ISSUED THEREUNDER.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE COMPANY OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND ANY PERSON WISHING TO ACQUIRE SHARES OF THE COMPANY TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF ACQUIRING THE SHARES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND FISCAL OBLIGATIONS IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE COMPANY THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THIS PROSPECTUS DOES NOT CONSTITUTE, OR FORM PART OF, ANY OFFER OR INVITATION TO SELL OR ISSUE, OR ANY SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR, ANY SECURITIES BY ANY PERSON IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL AND, IN PARTICULAR, IS NOT FOR DISTRIBUTION IN AUSTRALIA, CANADA, JAPAN, NEW ZEALAND, THE REPUBLIC OF SOUTH AFRICA OR THE UNITED STATES. THE SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES OR UNDER APPLICABLE SECURITIES LAWS IN AUSTRALIA, CANADA, NEW ZEALAND, JAPAN OR THE REPUBLIC OF SOUTH AFRICA. SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION UNDER THE SECURITIES ACT OR AN EXEMPTION FROM SUCH REGISTRATION AND THE SHARES OFFERED BY THIS PROSPECTUS MAY NOT BE OFFERED, SOLD, TRANSFERRED, DELIVERED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, IN ANY FORM, WITHIN OR INTO THE UNITED STATES OR FOR THE ACCOUNT OR BENEFIT OF ANY PERSON WITH A REGISTERED ADDRESS IN, OR WHO IS RESIDENT OR ORDINARILY RESIDENT IN, THE UNITED STATES EXCEPT FOR PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW, OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT.

ALL THE ADVISERS TO THE COMPANY HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF AND ANY INFORMATION CONTAINED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE CONTENTS OF THE COMPANY’S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE COMPANY’S WEBSITE DO NOT FORM PART OF THIS DOCUMENT, UNLESS OTHERWISE INCORPORATED BY REFERENCE IN THIS PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE SHARES OF THE COMPANY.

THE DIRECTORS OF THE COMPANY CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED AND AS FAR AS THE DIRECTORS OF THE COMPANY ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

**A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MSE IN SATISFACTION OF THE MSE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES AT THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA).**

**STATEMENTS MADE IN THIS DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.**

**THIS PROSPECTUS IS VALID FOR A PERIOD OF TWELVE MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE COMPANY IS NOT OBLIGED TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.**



THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY SECURITIES PURSUANT THERETO MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE COMPANY SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE AND AN INVESTMENT IN THE SECURITIES OF THE COMPANY INVOLVES INHERENT RISKS. POTENTIAL INVESTORS SHOULD CAREFULLY CONSIDER THE RISK FACTORS SET OUT IN SECTION 3 OF THIS REGISTRATION DOCUMENT ENTITLED "RISK FACTORS" IN ADDITION TO THE OTHER INFORMATION CONTAINED HEREIN BEFORE MAKING AN INVESTMENT DECISION. THE CONTENTS OF THIS PROSPECTUS ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS, INVESTMENT OR TAX ADVICE.

**EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN LEGAL ADVISER, BUSINESS ADVISER AND TAX ADVISER AS TO LEGAL, BUSINESS AND TAX ADVICE. PROSPECTIVE INVESTORS OF THE SHARES ARE ALSO URGED TO CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISER LICENCED UNDER THE INVESTMENT SERVICES ACT (CAP. 370 OF THE LAWS OF MALTA) PRIOR TO DECIDING TO MAKE AN INVESTMENT IN SECURITIES OF THE COMPANY.**

## 2. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>Act</b>	the Companies Act, Cap. 386 of the laws of Malta;
<b>APCO Systems Limited</b>	APCO Systems Limited, a limited liability company registered under the laws of Malta with company registration number C 29099 and having its registered office at Nineteen Twenty Three, Marsa Road, Marsa MRS 3000, Malta;
<b>APCO Limited</b>	APCO Limited, a limited liability company registered under the laws of Malta with company registration number C 8724 and having its registered office at Nineteen Twenty Three, Marsa Road, Marsa MRS 3000, Malta;
<b>Board or Board of Directors or Directors</b>	the board of directors of the Company whose names are set out in section I3.1 of this Registration Document headed " <i>The Board</i> ";
<b>CAGR</b>	Compound annual growth rate;
<b>CBM</b>	Central Bank of Malta;
<b>Company or Harvest</b>	Harvest Technology p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 63276 and having its registered office at Nineteen Twenty Three, Marsa Road, Marsa MRS 3000, Malta;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange situated at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Eunoia Limited</b>	Eunoia Limited, a limited liability company registered under the laws of Malta with company registration number C 48991 and having its registered office at Malta Life Sciences Park, San Gwann SGN 3000, Malta;
<b>Euro or €</b>	the lawful currency of the Republic of Malta and of the Eurozone;
<b>GDPR</b>	Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;
<b>Group</b>	the Company and its Subsidiaries;
<b>HICP</b>	Harmonised Index of Consumer Prices;
<b>Hili Ventures Group</b>	means Hili Ventures Limited and any entity in which Hili Ventures Limited has a controlling interest;
<b>Hili Ventures Limited</b>	means Hili Ventures Limited, a limited liability company registered under the laws of Malta with company registration number C 57902 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000; Malta;
<b>IFRS or IAS or International Accounting Standards</b>	all the International Financial Reporting Standards, all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), adopted by the European Union;



<b>Ipsyon Limited</b>	Ipsyon Limited, a limited liability company registered under the laws of Malta with company registration number C 65394 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
<b>Listing Authority</b>	the Board of Governors of the MFSA, appointed as 'Listing Authority' for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta), which Listing Authority is established in terms of the Financial Markets Act (Cap. 345 of the laws of Malta);
<b>Listing Rules</b>	the listing rules issued by the Listing Authority as may be amended and/or supplemented from time to time;
<b>Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
<b>Memorandum and Articles of Association</b>	the memorandum and articles of association of the Company in force at the time of publication of the Prospectus. The terms "Memorandum", "Articles" and "Articles of Association" shall be construed accordingly;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta), or any successor authority;
<b>Offer Price</b>	the price of €1.50 per Share;
<b>Official List</b>	the list prepared and published by the MSE as its official list in accordance with the MSE bye-laws;
<b>Poang Ltd</b>	Poang Ltd, a limited liability company registered under the laws of Malta with company registration number C 77211 and having its registered office at Nineteen Twenty Three, Marsa Road, Marsa MRS 3000, Malta;
<b>PTL Limited</b>	PTL Limited, a limited liability company registered under the laws of Malta with company registration number C 3545 and having its registered office at Nineteen Twenty Three, Marsa Road, Marsa MRS 3000, Malta;
<b>Prospectus</b>	collectively this Registration Document, the Securities Note and the Summary Note, as such documents may be amended, updated, replaced and/or supplemented from time to time;
<b>Registration Document</b>	this document in its entirety;
<b>Securities Note</b>	the securities note dated 18 November 2019 forming part of the Prospectus;
<b>Selling Shareholder I</b>	1923 Investments p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 63261 and having its registered office at Nineteen Twenty Three, Marsa Road, Marsa MRS 3000, Malta;
<b>Selling Shareholder II</b>	Juanito Camilleri, holder of identity card number 476266M and residing at Apartment 24, Porta Cottoner, Verdala Mansions, Inguanez Street, Rabat RBT 2418, Malta;
<b>Selling Shareholders</b>	collectively, Selling Shareholder I and Selling Shareholder II;
<b>Shares</b>	means collectively the: <ul style="list-style-type: none"><li>i. 8,201,032 ordinary shares in the issued share capital of the Company of a nominal value of €0.50 each, being offered to the public by the Selling Shareholder I at the Offer Price; and</li><li>ii. 911,224 ordinary shares in the issued share capital of the Company of a nominal value of €0.50 each, being offered to the public by the Selling Shareholder II at the Offer Price;</li></ul> together representing 40% of the entire issued share capital of the Company;
<b>Share Offer or Offer</b>	the offer to the public of the Shares by the Selling Shareholders at the Offer Price being made pursuant to and in accordance with the terms and conditions of the Prospectus;
<b>Shareholders</b>	the persons registered in the Company's register of members maintained by the CSD as being members of the Company;
<b>Subsidiaries</b>	collectively, APCO Systems Limited, APCO Limited, PTL Limited, Poang Ltd and Ipsyon Limited, and each a "Subsidiary"; and
<b>Summary Note</b>	the summary note dated 18 November 2019 forming part of the Prospectus.



Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and *vice versa*;
- b. words importing the masculine gender shall include the feminine gender and *vice versa*;
- c. the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

### 3. RISK FACTORS

#### 3.1. INTRODUCTION

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE OFFER AND THE COMPANY. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE COMPANY IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER TWO MAIN CATEGORIES, ACCORDING TO WHETHER THE RISKS UNDER REVIEW RELATE TO: (I) THE COMPANY; OR (II) THE GROUP AND THE BUSINESS OF THE GROUP. IN TURN, THE RISK FACTORS RELATING TO THE GROUP AND THE BUSINESS OF THE GROUP HAVE BEEN CATEGORISED UNDER THE FOLLOWING SUB-CATEGORIES: (I) RISKS RELATING TO TECHNOLOGY AND THE SOLUTIONS DEVELOPED OR UTILISED BY THE GROUP; (II) RISKS RELATING TO THE GROUP'S RELATIONS WITH KEY STAKEHOLDERS; (III) RISKS RELATING TO THE INDUSTRY SEGMENTS WITHIN WHICH THE GROUP OPERATES AND (IV) GENERAL RISKS RELATING TO THE BUSINESS OF THE GROUP.

THE RISK FACTOR APPEARING FIRST UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS REGISTRATION DOCUMENT. IN MAKING THEIR ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE COMPANY, OR THE GROUP, IF THE RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE COMPANY'S AND/OR GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS AS AT THE DATE OF THIS REGISTRATION DOCUMENT, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE COMPANY OR GROUP FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE COMPANY'S AND/OR GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS.

THIS REGISTRATION DOCUMENT, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, AND/OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE SECURITIES OF THE COMPANY: (I) IS NOT INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION; (II) IS NOT INTENDED TO CONSTITUTE OR SHOULD NOT BE CONSTRUED AS CONSTITUTING, A RECOMMENDATION BY THE COMPANY, THE DIRECTORS, OR ANY OF THE ADVISERS LISTED IN SECTION 5.1 BELOW, OR ANY FINANCIAL INTERMEDIARY TO PURCHASE THE SHARES. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS OF THE PROSPECTUS; (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "FORWARD-LOOKING STATEMENTS".

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and/or the Directors concerning, amongst other things, the Company's and/or Group's strategy and business plans, results of operations, financial condition, liquidity, prospects, dividend policy of the Company and the market in which they operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Company's and/or Group's actual results of operations, financial condition, liquidity, dividend policy and the development of their respective strategy may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Company and/or Group are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to those factors identified under section 3 of this Registration Document headed "Risk Factors" and elsewhere in the Prospectus.

Potential investors are advised to read the Prospectus in its entirety, and, in particular, all the risk factors set out in this Prospectus, for a description of the factors that could vary the Company's and/or Group's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.



All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Company and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### **3.1.1. RISKS RELATED TO THE COMPANY**

#### ***(i) The Company is dependent on the success of its Subsidiaries***

As further described in section 9.1.1 of this Registration Document, the main activity of the Company is to carry on the business of a holding and investment company within the Group.

It is the 100% shareholder of the three principal operating companies forming part of the Group, that is, PTL Limited, APCO Systems Limited and APCO Limited. As such, the Company does not itself carry out any trading activities or operations of its own, and is economically dependent on the success of its Subsidiaries and any other entities it may establish or acquire in the future.

Consequently, the financial position and performance of the Company is directly affected by the financial and operational results of its Subsidiaries and such other entities and, as such, the risks faced by the Company are those risks that are inherent or attributable to the operations and business of its Subsidiaries and any other entities it may establish or acquire in the future.

In addition, the Group is invested in the technology industry, a rapidly evolving industry with specific risks and uncertainties underpinning it, and which is particularly dependent on the ability of the Group to continuously invest in, and crystallise opportunities from, research and development.

In the event that any one or more of the Subsidiaries under-performs in any one financial year, such underperformance may materially adversely affect the financial and operational results of the Group, and in turn, the Company, and impact negatively the value of the Shares and/or the ability of the Company to recommend a dividend for distribution to its Shareholders.

#### ***(ii) Risks relating to passive and active investments in associated companies, joint ventures and other equity investments***

The Company has a history of making equity or other passive investments, including investments in subsidiaries, associated companies and joint ventures. As such, when undertaking investments of this nature, the Company is generally not involved in the day-to-day management and operations of such investments and is subject to the management decisions taken by the directors and/or management team operating the entity in question.

The success of investments of this nature is generally dependent on a number of factors, many of which are outside the Company's control, including but not limited to effective and proper management by parties not forming part of the Company's executive or management team. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of investments, in whole or in part. In addition, through its investments, the Company will expose itself to those risk factors associated with the industry and markets in which such investment is made, which risks may be different to those risks generally associated with the existing business of the Company and/or the business and activities of the Group. The risk to which the Company is exposed, will also vary with the nature of its investment, including but not limited to the extent of the Company's minority or majority interest in such investment and the rights, duties, and obligations of the Company attributable to such investment.

In addition, the Group may pursue an active investment strategy through the integration of businesses and systems. Integration of an acquired business involves numerous challenges and risks, including assimilation of operations of the acquired business and difficulties in the convergence of IT systems, the diversion of management's attention from other business concerns, risks of entering markets in which the Group have had no or only limited direct experience, assumption of unknown or unquantifiable liabilities, the potential loss of key personnel and/or clients, difficulties in completing strategic initiatives already underway in the acquired companies, and unfamiliarity with partners and clients of the acquired company, each of which could have a material adverse effect on the Group's business, results of operations and financial condition. The success of integration of acquired businesses typically assumes certain synergies and other benefits. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions, in whole or in part.

### **3.1.2. RISKS RELATED TO THE BUSINESS OF THE GROUP**

The Group has a diversified business portfolio with activities in three principal business segments: (i) systems integration and IT solutions, principally through PTL Limited; (ii) automation solutions, principally through APCO Limited; and (iii) payment platform and processing services, principally through APCO Systems Limited. The Group's operations and the results thereof are subject to a number of factors that could adversely affect the Group's business, many of which are common to its principal business segments, which risk factors have been identified in this section 3.1.2.

#### ***3.1.2.1. RISKS RELATING TO TECHNOLOGY AND THE SOLUTIONS DEVELOPED OR UTILISED BY THE GROUP***

##### ***(i) Real or perceived errors, failures, vulnerabilities, or bugs in the products and, or solutions developed or offered could harm the Group's business, results of operations, and financial condition***

The products and/or solutions offered by the Group are based on sophisticated software and computing systems that may encounter development delays and which may be affected by undetected material defects or errors, particularly when updates are deployed or new features, integrations, or capabilities are released. The products and/or solutions provided by the Group entities are often used in connection with large-scale computing environments with different operating systems, system management software, integrations, equipment, and



networking configurations, which may cause errors or failures, or affect other aspects of the computing environment in which the products and/or solutions are used. Real or perceived errors, failures, vulnerabilities, or bugs in the products and/or solutions offered could result in loss or corruption of personal data and other data, loss of competitive position, negative publicity, regulatory fines or claims by customers for losses sustained by them, and/or additional development or problem solving costs, all of which could adversely affect the Group's business, results of operations, and financial condition.

***(ii) The Group's business is dependent on continued innovations in hardware, software and services offerings by vendor partners and the competitiveness of their offerings***

The Group operates in a rapidly evolving market for software, programs, and tools used by customers that is intensely competitive, fragmented, and subject to rapidly changing technology, shifting user and customer needs, new market entrants, and frequent introductions of new products and services and disruption resulting therefrom. The Group has been, and will continue to be, dependent on innovations in hardware, software and services offerings, as well as, the acceptance of those innovations by customers. A decrease in the rate of innovation, or the lack of acceptance of innovations by customers, could have an adverse effect on the Group's business, results of operations or cash flows.

Furthermore, failure to provide high-quality services to the Group's customers could adversely impact the Group's reputation and business. If any of the Subsidiaries or its third-party service providers fail to provide high quality services to customers or such services result in a disruption of customers' businesses, the relevant Subsidiary's reputation with its customers and its business, results of operations or cash flows could be adversely affected.

In addition, if the Group is unable to keep up with changes in technology and new hardware, software and services offerings, for example, by providing the appropriate training to account managers, sales technology specialists and engineers to enable them to effectively sell and service such new offerings to customers, the Group's business, results of operations or cash flows could be adversely affected.

***(iii) The Group's ability to introduce new features, integrations, capabilities, and enhancements is dependent on adequate research and development resources***

To remain competitive, the Group must continue to develop new features, integrations, capabilities, and enhancements to its offerings.

Maintaining adequate research and development resources, such as the appropriate personnel and development technology, is essential to meet the demands of the market. If the Group does not adequately fund its research and development efforts, or if its research and development investments do not translate into material enhancements to its offerings, or if the Group is unable to develop features, integrations, and capabilities internally due to certain constraints, such as employee turnover, lack of management ability, or a lack of other research and development resources, the Group may not be able to compete effectively and its business, results of operations, and financial condition may be adversely affected.

Moreover, research and development projects can be technically challenging and expensive. The nature of these research and development cycles may cause the Group to experience delays between the time expenses associated with research and development are incurred and the time it is able to offer compelling features, integrations, capabilities, and enhancements and generate revenue, if any, from such investment. Furthermore, the implementation of findings resulting from such research and development, could prove disruptive to the Group's business model.

If the Group expends a significant amount of resources on research and development and its efforts do not result in the successful introduction or improvement of features, integrations, and capabilities that are competitive, the Group's business and results of operations may be affected.

***(iv) The Group is dependent on the efficient and uninterrupted operations of its I.T. systems***

The Group depends on the efficient and uninterrupted operation of its computer systems, software, data centres and telecommunications networks, access to the internet, as well as the systems and services of third parties (collectively its "I.T. Systems").

Its activities may become subject to a failure, disruption or other interruption or malfunction in its I.T. Systems, which event may arise as a result of various factors that may be out of the control of the Group, as a result of (without limitation) natural disasters, electricity outages and/or technical malfunctions (which could be malicious, due to negligence or force majeure). If such failure, disruption or other interruption, even temporary, were to occur, the activities of the Group could be interrupted for the period of time for which such event subsists, which lack of access could adversely affect the Group's operating results, financial condition and prospects.

***(v) The Group may be vulnerable to cyber-attacks***

The Group's operations are susceptible to a variety of risks relating to the continued and proper functioning of its I.T. and other technological systems, including, but not limited to, the risks of cyber-attacks (such as malware attacks, ransomware, phishing, hacking, or any other form or type of cyber-attack), data theft or other unauthorised access to or use of data, errors, bugs, inadequate maintenance service levels, or other malicious interference with or disruptions to their I.T. and other technological systems.

The Group may, therefore, be vulnerable to downtime in its operational systems, which downtime could have an adverse knock-on effect on its ability to service its customers in a timely, proper and effective manner, to the requisite service levels. Service level agreements and disaster recovery plans intended to ensure continuity and stability of these systems may not necessarily prove sufficient to avoid any type of disruption to the Group's business. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's operating results, financial condition and prospects.





### **3.1.2.2. RISKS RELATING TO THE GROUP'S RELATIONS WITH KEY STAKEHOLDERS**

***(i) The Group's failure to comply with contractual terms or applicable laws and regulations could result in, among other things, fines or other liabilities, and changes in procurement regulations could adversely impact the Group's business, results of operations or cash flows***

The Group's revenues are generated through a mix of sales to public sector entities and government departments, as well as private entities, with an estimated 26% of Group revenues generated through sales to the former and 74% to the latter.

In the case of sales to public sector entities and government departments, non-compliance with contract provisions, government procurement regulations or other applicable laws or regulations (including, in particular, laws or regulations relating to employment, environmental liability and product standards) could result in civil and administrative liability, including substantial monetary fines or damages, termination of contracts, and suspension, debarment or ineligibility from doing business with the government or other customers, or ineligibility for public-private partnerships or financing schemes and/or EU funds. In addition, generally contracts are terminable at any time for convenience of the contracting government department or agency or upon default (including upon default of any third-party sub-contracted by the Group for such purpose).

In addition, sales to public sector entities and government departments are impacted by government spending policies, budget priorities and revenue levels, together with regulations relating to competitive tendering processes and related regulations. An adverse change in government spending policies, budget priorities, regulations or revenue levels could cause public sector customers and government departments to reduce their purchases or to terminate or not renew their contracts with the Group, which could adversely affect the Group's business, results of operations or cash flows.

In the case of sales to private entities, non-compliance with contract provisions, applicable laws or regulations, could result in penalties, damages, and/or termination of contracts. Inability to comply with such obligations could adversely impact the Group's relations with its customers, prejudice its goodwill, and/or could result in a material adverse effect on the financial and operational results of the Group.

Regardless of whether the Group is dealing with public sector or private entity customers, the Group may also be susceptible to the right of its customers to request a variation in the service or support services to be provided, which variation may not always be subject to a corresponding equivalent adjustment in service fees, or as a result of which the Group may not be able to recover the additional charges, expenses or other costs incurred as a result of such variation. Moreover, the Group may not have the capacity to provide the additional services requested, which inability may give rise to penalties or a cause for termination of the contract. The effect of any of these possible actions could adversely affect the Group's business, results of operations or cash flows.

***(ii) The Group's ability to provide its services in accordance with the requisite service levels and after-sales obligations***

As part of its core services and solutions offering, the Group provides a combination of preventative maintenance, resolutive maintenance, repairs, technical support, crisis management, business continuity management, data management services, incident management, capacity management, security management and administration, ongoing evaluation and monitoring, and other support or advisory services pursuant or ancillary thereto. In providing these services, the Group enters into contractual arrangements in terms of which it is committed to maintaining specific service levels, including but not limited to stipulations on response and resolution times and after-sales obligations (which may survive the term of the contract) and maintaining hardware, replacement parts or other inventory in sufficient quantity and range to ensure timely delivery thereof to its customers. In particular, the Group may be required to provide services outside ordinary working hours, including on a 24/7 basis. In addition, the Group may be subject to technical or other audits, which audits may be undertaken even after termination or expiry of the contract.

Failure to abide by such service levels and/or after-sales commitments, and the warranties provided in respect thereof, may expose the Group to significant penalties (including by way of pre-liquidated damages), some of which may be imposed on a time-basis for each hour or day that such default continues, or may entitle its contractual counterparty to terminate the contract. The Group depends on the capacity and technical expertise to satisfy said service levels and after-sales stipulations, and the inability of the Group to meet its obligations could adversely affect the Group's business, results of operations and cash flows.

***(iii) Relationships with third-party partners, resellers, distributors and, or introducers***

The Group depends, in part, on establishing, maintaining and expanding good working relationships with third-party partners, distributors, resellers and/or introducers.

In particular, PTL Limited and APCO Limited, two of the operating subsidiaries of the Company, rely on partner arrangements with leading technology players. The solutions and/or products PTL Limited and APCO Limited offer to their customers are based on their partners' portfolio and the expertise and/or products to be provided under the relevant partner arrangements. The majority of the partner arrangements in place are not long-term contracts and may be terminated upon notice by either party, or on the basis of certain specified events arising, including a change in control event or an event of default. Furthermore, from time to time, partners may terminate or limit PTL Limited's and APCO Limited's right to sell some or all of their products or change the terms and conditions or reduce or discontinue the incentives that they offer. Any such termination or limitation, or the implementation of such changes, could have a negative impact on PTL Limited's and APCO Limited's business, results of operations or cash flows.

In addition, APCO Systems Limited enters into agreements with distributors, resellers, and, or introducers, which agreements are key to the sales and business development strategy of APCO Systems Limited. The majority of such arrangements in place are not long-term contracts and may



be terminated upon notice by either party, or on the basis of certain specified events arising, including a change in control event or an event of default. Any such termination or limitation, or the implementation of such changes, could have a negative impact on APCO Systems Limited's business, results of operations or cash flows. Furthermore, APCO Systems Limited's business relies on various financial institutions to provide clearing services in connection with settlement activities. If such financial institutions were to cease providing clearing services, APCO Systems Limited would be required to find a suitable alternative and if no suitable alternative is found, it may no longer be able to provide processing services to certain customers, and this could negatively impact revenue and earnings.

Identifying partners, resellers, distributors, and/or introducers and negotiating and documenting relationships with them, requires significant time and resources. Furthermore, the Group's competitors may be effective in providing incentives to third parties to favour their products or services over those offered by the Group. Failure by the Subsidiaries to establish or maintain relationships with third parties, or failure of existing or future partners, resellers, distributors, and/or introducers to successfully implement or support the solutions or integrations provided by the Group (particularly where implementation and support of competitors' products and solutions proves more successful), could have a negative impact on the Group's ability to compete in the marketplace, or to grow revenue. Furthermore, there is no guarantee that these relationships will result in an increased customer base and revenue.

Although such arrangements are typically of an exclusive nature with the relevant Group company, such exclusivity is typically not unlimited but rather is generally limited to the territory of Malta, and subject to other limitations and exclusions from exclusivity contained in the relevant partner arrangements.

The loss of, or change in business relationship with, any of the key vendor partners, resellers, distributors, and, or introducers, the diminished availability of their products, or backlogs for their products leading to manufacturer allocation, could reduce the supply and increase the cost of products the Group sells and negatively impact such Subsidiaries' competitive position.

### **3.1.2.3. RISKS RELATING TO INDUSTRY SEGMENTS WITHIN WHICH THE GROUP OPERATES**

#### ***(i) The Group services a number of credit and financial institutions and therefore operates in a highly regulated industry with its own industry-specific risk profile***

35% of revenue of the Group is generated from services provided to credit and financial institutions, including the provision of integrated solution services, provision of hardware and/or software, maintenance and support services, and other services pursuant or ancillary thereto.

Credit institutions, financial institutions and payment services providers operate in a highly-regulated sector to which specific risks may be attributed, including but not limited to the risks associated with financial crime, security and integrity of financial and personal data, and systemic risk. When entering into contractual arrangements with this type of counterparty, the Group may be bound by sector-specific obligations and exposed to the liability relating thereto, including processes and procedures related to screening, audits (which may be undertaken even after termination or expiry of the contract), freedom of information requests, national security, cyber-security, data protection, and powers of the relevant regulatory authorities. Failure of the Group to comply with such sector-specific obligations could expose the Group to significant liability, whether reputational or monetary, which could adversely affect the Group's business, results of operations or cash flows.

#### ***(ii) The Group services a number of merchant customers, including operators within the igaming industry and is therefore susceptible to risks associated with the igaming industry***

18% of Group revenue is generated from services provided under payment service provider services ('PSPs') agreements and payment gateway services ('PGSs') agreements entered into by APCO Systems Limited, in terms of which it provides, *inter alia*, application programme interfaces ('APIs') and other payment solutions relating to payment processing and payment gateways to various merchants, including merchants operating within the igaming industry.

The igaming industry is subject to a comprehensive regulatory framework, which framework may change from time to time, and which may differ substantially from jurisdiction to jurisdiction. As a highly regulated industry, and one which has only recently been regulated in many jurisdictions, igaming is sensitive to changes in applicable laws, regulations, governmental policy, and the judicial interpretation thereof. The Group may be bound by sector-specific obligations and exposed to the liability relating thereto, including processes and procedures. Failure of the Group to comply with such sector-specific obligations could expose the Group to significant liability, whether reputational or monetary, which could adversely affect the Group's business, financial position and results of its operations. In addition, potential legislative changes and/or penalties incurred as a result of a breach of regulatory obligations may have a material negative impact on the Group's financial position and results of its operations.

Furthermore, APCO System Limited's business is dependent, in part, on the continued popularity of online gambling and sports betting, which in turn, is dependent on a number of different factors, including social norms, changing customer trends and preferences, and increased competition. Accordingly, any market decline in this industry from which APCO System Limited generates revenues could have a material adverse impact on the results of its operations and financial conditions and, in turn, of that of the Company.

### **3.1.2.4. OTHER RISKS RELATING TO THE BUSINESS OF THE GROUP**

#### ***(i) Substantial competition could reduce the Group's market share and significantly harm its financial performance***

The Group competes in various segments of hardware and integration software and solutions categories, and expects competition to increase in the future from established competitors and new market entrants, including established technology companies which have



not previously penetrated the market. Moreover, as new technologies are developed, the Group expects the competitive landscape in which it competes to continue to change. While innovation can help the Group's business as it creates new offerings to sell, it can also create new and stronger competitors.

Conditions in the market could also change rapidly and significantly as a result of market consolidation. New start-up companies that innovate and large competitors that are making significant investments in research and development may invent similar or superior products, technologies and integrated solutions that compete with those of the Group. These competitive pressures in the market or the Group's failure to compete effectively may result in price reductions, loss of customers and reduced revenue. If any of these trends were to become more prevalent, it could adversely affect the Group's business, results of operations or cash flows and financial condition.

Certain competitors of the Group may have greater financial, technical and marketing resources. In addition, some of these competitors may be able to devote more financial and operational resources than the Group to the development of new technologies and services, allowing them to respond more quickly to new or changing opportunities, technological advancements and client requirements. If successful, competitors' development efforts could render the Group's product and services offerings less desirable to customers, resulting in the loss of customers or a strain on pricing of products and services. Some current and potential competitors may also have greater name recognition and engage in more extensive promotional activities, offer more attractive terms to their customers or adopt more aggressive pricing policies.

Additionally, some of the Group's competitors may have higher margins and/or lower operating cost structures, allowing them to price more aggressively. There can be no assurance that the Group will be able to compete effectively with current or future competitors or that competitive pressures will not have a material adverse effect on any one or more of the Subsidiaries' business, results of operations and financial condition.

***(ii) Risk of loss of key personnel or inability to attract and retain talent***

The Group's success is heavily dependent upon its ability to attract, develop and retain key personnel to manage and grow the business, including key executive, management, sales, services and technical staff. The Group's inability to attract, develop and retain key personnel could have an adverse effect on its relationships with vendor partners and customers and adversely affect its ability to expand the Group's offerings of value-added services and solutions. Moreover, the Group's inability to train its sales, services and technical personnel effectively to meet the rapidly changing technology needs of customers could cause a decrease in the overall quality and efficiency of such personnel.

In particular, the Group may enter into contractual arrangements on the basis of warranties granted in respect of the technical experience and expertise of its personnel and its ability to maintain such personnel, or replace the same, for the duration of the relevant contractual arrangement. In other instances, the contractual counterparty may reserve the right to request the replacement, enhancement or increase of personnel dedicated to the services or project being undertaken pursuant to the relevant contractual arrangement. In the event that, in such instances, the Subsidiaries are unable to attract such personnel resulting in a default under the relevant contractual arrangement, the Group may be exposed to penalties or a termination of the relevant contractual arrangement. Such consequences could adversely affect the Group's business, results of operations or cash flows.

***(iii) Risk to intellectual property and proprietary rights***

If the Group fails to adequately protect its proprietary rights, its competitive position could be impaired and it may lose valuable assets, reduce revenue, and incur costly litigation to protect its rights.

The Group's success is dependent, in part, upon protecting its proprietary information and technology. It relies on a combination of patents, copyrights, trademarks, domain names, trade secret laws, and contractual restrictions to establish and protect its proprietary rights. However, the steps it takes to protect its intellectual property may be inadequate as it may be unable to enforce its rights or it does not detect unauthorized use of its intellectual property.

The Group generally seeks to enter into confidentiality or license agreements with its employees, consultants and clients. Despite its efforts to protect such proprietary rights, unauthorised parties may attempt to obtain and use information that the entities forming part of the Group regard as proprietary. There can be no assurance that the steps which have been, are being or will be taken by the Group to protect its proprietary information will prevent misappropriation of such technology and proprietary information and that such measures will not preclude competitors from developing products with functionality or features similar to those produced by any of the Group entities. In addition, effective copyright and other legal protection may be unavailable or limited in certain countries, and failure by any of the Group entities to register its intellectual property rights in certain countries may make enforcement of its rights more difficult.

Legal proceedings to enforce, protect or defend any of the Group's intellectual property rights assigned and/or developed could be burdensome and expensive and could involve a high degree of uncertainty. Furthermore, although procedures are in place to ensure that third parties' rights are not infringed in the software development process, such procedures may not be sufficient to guarantee total compliance. If the Group cannot successfully enforce or defend its intellectual property rights, this could have a material adverse effect on its business and financial condition.

***(iv) Risks connected with the collection, processing and storage of personal data***

Whenever personal data is collected, processed and stored by the Group, the activity conducted is subject to the rules governing the processing of personal data in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and subsidiary legislation issued thereunder (the "DPA") and the GDPR.



The Group is subject to a number of obligations concerning the processing of personal data, including but not limited to ensuring that: (i) personal data is processed fairly, lawfully and in a transparent manner; (ii) personal data is always processed in accordance with good practice; (iii) personal data is only collected for specific, explicitly stated and legitimate purposes and not further processed in a manner that is incompatible with those purposes; (iv) all reasonable measures are taken to complete, correct, restrict, block or erase personal data to the extent that such data is incomplete or incorrect, having regard to the purposes for which they are processed; (v) personal data collected is adequate, limited and relevant to what is necessary in relation to the purposes for which they are processed (vi) personal data is not kept for a period longer than is necessary; and (vii) personal data is processed in a manner that ensures appropriate security of the personal data. Additionally, prior to processing personal data, the Group must ensure that the personal data undergoing processing is justified under at least one of the lawful bases stipulated within the GDPR.

Where consent is deemed to be the appropriate legal basis, the Group must ensure that the person to whom the personal data relates has unambiguously, freely, specifically and informatively given his consent for such processing.

The Group has adapted its internal procedures to comply with the DPA and the GDPR. However, the Company remains exposed to the risk that personal data collected could be damaged or lost, disclosed or otherwise unlawfully processed for purposes other than as permitted in the DPA and the GDPR. The possible damage, loss, unauthorised processing or disclosure of personal data could have a negative impact on the activity of the Group, whether monetary or reputational, and could lead to the imposition of fines. In addition, any changes to the applicable laws and/or regulations, even at an EU level, could have a negative impact on the Group's activities, including the need to incur costs for adapting to the new regulations.

With particular reference to APCO Systems Limited, failure on its part to safeguard data held by it, could affect its reputation among merchant clients and cardholders, and may expose APCO Systems Limited to penalties, fines, liabilities and legal claims. Under VISA and MasterCard card network rules, and various other laws, APCO Systems Limited is responsible for information provided by merchants, third-party service providers and other agents which is required in order to process transactions and for the prevention of fraud. This information includes bank card numbers, names, addresses, and bank account numbers.

Although plans and procedures are in place to protect this sensitive data, APCO Systems Limited cannot be certain that implemented measures will be successful and will be sufficient to counter all current and emerging technology threats. A security breach or other misuse of data could harm APCO Systems Limited's reputation and deter existing and prospective customers from using its products and services, increase the risk of regulatory scrutiny, and adversely affect its financial condition and results of operations.

***(v) The Group may be exposed to claims and litigation from customers, suppliers, employees, government authorities, regulatory authorities and other stakeholders***

Since the Group operates in a variety of industries which involves the continuous provision of goods and services to customers and such operation necessarily requires continuous interaction with customers, suppliers, employees, regulatory authorities, and other stakeholders, the Group is exposed to the risk of litigation from such stakeholders. Adverse publicity from such allegations may materially affect the turnover generated by the Group regardless of whether such allegations are true or whether the Group is ultimately held liable. All litigation is expensive, time consuming and may divert management's attention away from the operation of the business of the Group. In addition, the Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, it is possible that if complaints, claims or legal proceedings such as the aforementioned were to be brought against a direct competitor of the Group, the latter could also be affected due to the adverse publicity brought against, and concerns raised in respect of the industry in general.

Although as stated in section 19.5 hereunder headed "Legal and Arbitration Proceedings", the Group is not involved in any governmental, legal or arbitration proceedings, so far as the Directors are aware, which may have, or have had during the 12 months preceding the date of this Registration Document, a significant effect on the Group's financial condition or operational performance, no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

***(vi) The Group's insurance policies***

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

***(vii) Financial covenants imposed under bank indebtedness***

The Group has outstanding borrowings under a number of bank credit facilities and loan facilities. The agreements regulating the Company's bank debt impose and are likely to impose significant operating restrictions and financial covenants on the Company. These restrictions and covenants could limit the Company's ability to obtain future financing, make capital expenditure, distribute dividends to its Shareholders, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

Furthermore, the Group relies on maintaining good working relations with its banking partners in order to satisfy its third-party contractual obligations relating to the granting of performance guarantees, including by way of appropriate bank guarantees and/or performance bonds. Consequently, failure to abide by the restrictions and covenants imposed by the banks and other third-party financiers may, in turn, adversely affect the ability of the Group to continue to satisfy its contractual obligations to maintain sufficient bank guarantees and/or performance bonds, which inability could adversely affect the results of the Group's operations, its financial position and its relations with counterparties.



#### **(viii) Significant judgements and accounting estimates**

The preparation of historical financial information on the basis of IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from those estimates.

A significant element of the net asset of the group appertains to goodwill which is intangible by nature. Goodwill may be impaired if results together with underlying variables so estimated would deteriorate to such an extent that the value of the assertion cannot be substantiated.

#### **(ix) Geographical risk**

The Group may from time to time consider opportunities to expand its operations further in Malta or in other jurisdictions, to make acquisitions, to invest in new asset classes or to offer new services to its customers. If it were to decide to pursue one of these opportunities or any such future venture, such initiatives may prove not to be successful, whether for commercial or other reasons, and this may result in a material adverse effect on the operations and performance of the Company. In addition, countries in which the Group may operate may feature different social and political conditions which could possibly include political unrest, strikes and other forms of instability. The Group's results of operation will be affected by such financial, economic and political developments in, or affecting, such countries. Such developments may adversely affect the Group's business, results of operations, financial conditions or prospects.

## **4. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL**

The Directors of the Company, whose names appear in section 13.1 under the sub-heading "The Board" hereunder, are the persons responsible for the information contained in this Registration Document. To the best of the knowledge and belief of the Directors, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

This Prospectus has been approved by the Listing Authority, as competent authority under the Prospectus Regulation. The Listing Authority only approves this prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is the subject of this Prospectus.

## **5. ADVISERS AND STATUTORY AUDITORS**

### **5.1. ADVISERS**

#### **LEGAL COUNSEL**

Name: Camilleri Preziosi  
Address: Level 3, Valletta Buildings,  
South Street, Valletta VLT 1103, Malta.

#### **JOINT SPONSORS**

Name: Charts, a division of MeDirect Bank (Malta) plc  
Address: The Centre, Tigné Point,  
Sliema TPO 001, Malta.  
Name: Calamatta Cuschieri Investment Services Ltd  
Address: Ewropa Business Centre,  
Triq Dun Karm,  
Birkirkara BKR 9034, Malta.

#### **FINANCIAL ADVISERS**

Name: PricewaterhouseCoopers  
Address: 78, Mill Street,  
Zone 5, Central Business District,  
Qormi CBD 5090, Malta.



## MANAGER AND REGISTRAR

Name: Bank of Valletta p.l.c.  
Address: BOV Centre,  
Cannon Road, Zone 4,  
Central Business District,  
Santa Venera CBD 4060, Malta.

## 5.2. STATUTORY AUDITORS

Name: Grant Thornton  
Address: Fort Business Centre,  
Triq L-Intornjatur, Zone I,  
Central Business District,  
Birkirkara CBD 1050, Malta.

Grant Thornton is a firm registered as a partnership of certified public accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta). The Accountancy Board registration number of Grant Thornton is AB/26/84/22.

The annual financial statements of the Company for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 have been audited by Grant Thornton.

## 6. INFORMATION ABOUT THE COMPANY

**Legal & commercial name of Company:** Harvest Technology p.l.c.  
**Registered address:** Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta  
**Place of domicile & registration:** Malta  
**Registration number:** C 63276  
**Legal Entity Identifier Number (LEI number):** 485I00HPFI9Y5INXA193  
**Telephone number:** +356 2144 5566  
**Email:** info@harvest.tech  
**Website:** <https://harvest.tech/>  
**Date of registration:** 23 December 2013  
**Status:** The Company was formed as a private limited liability company under the name 'Harvest Technology Limited', and was subsequently, on the 6 November 2019, converted into a public limited company and thereafter renamed 'Harvest Technology p.l.c. The Company is lawfully existing and registered as a public limited liability company in terms of the Act.

The principal objects of the Company are set out in Article 3 of its Memorandum of Association and include, but are not limited to, acting as a holding company and to make investments in other companies or securities issued thereby, as well as the acquisition, holding and disposal of immovable or movable property or other assets or financial interests.

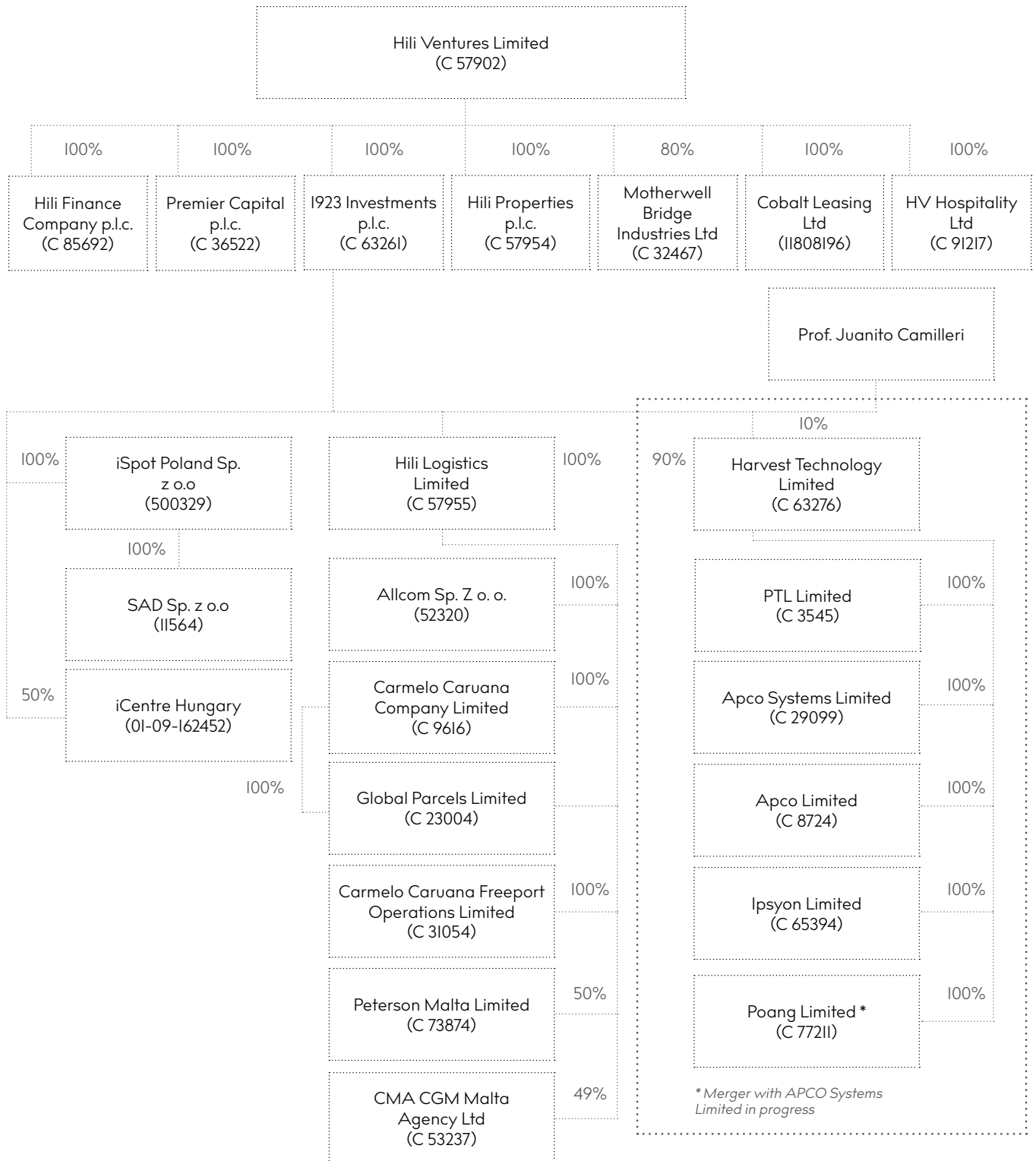
## 7. ORGANISATIONAL STRUCTURE

As at the date of this Registration Document, the Selling Shareholder I holds 20,502,574 ordinary shares of a nominal value of €0.50 each in the Company, representing 90% of the issued share capital of the Company, and the Selling Shareholder II holds 2,278,062 ordinary shares in the Company, representing 10% of the issued share capital of the Company.

Following the admission of the entire issued share capital of the Company to the Official List, subject to total subscriptions for Shares equating to at least 25% of the issued share capital of the Company, the Selling Shareholder I shall retain a minimum of 12,301,542 ordinary shares in the Company, representing 54% in the entire issued share capital of the Company and the Selling Shareholder II shall retain a minimum of 1,366,838 ordinary shares in the Company, representing a 6% shareholding in the Company. A maximum of 9,112,256 ordinary shares representing 40% of the issued share capital of the Company will be held in public hands.



The organisational structure of the Group as at the date of the Prospectus is illustrated in the diagram below, indicating the position of the Company within the wider group of which the Selling Shareholder I forms part of:



\*\* The complete list of companies forming part of Hili Ventures is included in the consolidated audited financial statements of Hili Ventures Limited for the year ended 31 December 2018. The said financial statements are available for inspection as indicated in section 23 below.



All the Subsidiaries have been established under the laws of Malta and are registered with the Registrar of Companies in Malta at the Malta Business Registry.

In addition, over the historical period covered by the financial information presented in section 10.1 of this Registration Document headed "Historical Financial Information", the Company previously owned the following subsidiaries, which have been transferred out of the Group or in the process of being merged or dissolved, as explained in further detail below:

- i. **Eunoia Limited:** the Company previously owned 99.99% of the share capital of Eunoia Limited. It transferred all the shares it held in Eunoia Limited on 21 May 2019. Accordingly, as at the date of this Registration Document, Eunoia Limited is not a subsidiary of the Company.
- ii. **Stride Technology Limited:** on 9 August 2018, Stride Technology Limited (a company registered under the laws of Malta and having company registration number C 81569) merged with PTL Limited. In this respect, PTL Limited acquired all the assets and liabilities of Stride Technology Limited, which was struck off the register maintained by the Registrar of Companies at the Malta Business Registry, as a result of the merger. For accounting purposes, the transactions of Stride Technology Limited are treated as being the transactions of PTL Limited as of 1 July 2018. Stride Technology Limited delivers system engineering, software development, security solutions, e-payments platforms, business intelligence solutions and other I.T. services.
- iii. **Hili Salomone Company Limited:** is a private limited liability company registered under the laws of Malta and having company registration number C 60231, whose issued share capital is held as to 50%:50% by the Company and by V.J. Salomone Ltd (a private limited liability company registered under the laws of Malta and having company registration number C 712) respectively. On 31 December 2014, the shareholders of Hili Salomone Company Limited resolved to voluntarily dissolve and wind-up Hili Salomone Company Limited. This liquidation process is currently in progress. The dissolution and subsequent winding-up of this company will not have an adverse effect on the financial position of the Group as the necessary and adequate provisioning has been made in the financial statements of the Company to cater for the same.
- iv. **Poang Ltd:** was incorporated in Malta on 12 September 2016 and is engaged in the development and sale of web and mobile software products. Its core business is software engineering, architecture, information security and technology, with a focus on software development relating to fraud detection and management, as well as the legal and regulatory compliance. In addition, Poang Ltd develops i-gaming software and products, having launched the 'Fantasy Football' mobile application in 2017, and the centralised i-gaming player register platform entitled 'Gamercheck.io'. It is the intention of the directors of Poang Ltd to commence the process for Poang Ltd to merge with (by absorption by) APCO Systems Limited, following which Poang Ltd will be absorbed into APCO Systems Limited and will be struck off the registry held by Registrar of Companies at the Malta Business Registry. The rationale behind the merger is the streamlining of the business activities relating to payment services and processing solutions of the Group. The merger is subject to the registration of the draft terms of merger by the Registrar of Companies at the Malta Business Registry and the applicable statutory process being completed.

Furthermore, the Company has a minority stake in Thought 3D Ltd (a private limited liability company registered under the laws of Malta and having company registration number C67651) ("**T3D**"), which stake consists of 632 Ordinary C Shares, amounting to *circa* 3.58% of the entire issued share capital of Thought 3D Ltd.

T3D was set up in 2014 to operate within the additive manufacturing industry with a particular focus on the 3D printing technology market. The principal business activities of T3D are its research and development activities, developing new materials and technologies to solve challenges in the 3D printing industry through the introduction of innovative printing material and next-generation printing technology.

Its first market-ready product is MAGIGOO®, a smart adhesive, designed specifically to keep 3D prints in place during the 3D printing process and allowing the easy removal when thereof upon completion of the printing process. T3D has been awarded industry-wide recognition for its MAGIGOO® and has been endorsed by prominent industry stakeholders and has been featured in leading blogs and magazines. MAGIGOO® is marketed to professional and consumer desktop 3D printer users. T3D has invested in new technologies and is in the process of launching new products in the market which are innovative and are expected to be successful in the coming months.

## 8. INVESTMENTS

### 8.1. MATERIAL INVESTMENTS MADE BY THE GROUP

The Group made an investment of *circa* €398,000 during the financial year ended 31 December 2018, consisting of acquisitions in intangible assets made by the Group over the aforesaid period, comprising its investments in the human resources and capabilities necessary to continuously develop and improve its technology solutions, services and product offerings. Going forward, the Group anticipates that it will invest an average of *circa* €350,000 per annum on investments in intangible assets, as further described in the projections set out in section 11 headed "*Trend information, including the Group's projections*".

#### **APCO Systems Limited**

APCO Systems Limited continuously invests in the underlying technical infrastructure hosting its platform, expanding the scalability and reliability of its systems while incorporating the latest available proven technologies in its solutions.





In parallel, APCO Systems Limited has invested and continues to invest in the development of its platform with new additions and enhancements of functionalities and product features, allocating, on average, more than 13,000 hours (equivalent to 9 full-time employee ('FTE') hours, calculated on an annual basis) of software development per year. APCO Systems Limited also invests in maintaining its Payment Card Data Security Standard ('PCI DSS') Level I certified operations.

#### ***PTL Limited***

PTL Limited has invested significantly in its human capital resources to develop industry know-how and expertise and augment the technical and professional capabilities of its personnel. PTL Limited allocates a dedicated annual budget for a variety of modes of training. This allows the company to ensure that its personnel are kept abreast with the latest trends and development and to continuously improve and offer the best levels of service to its customers.

Furthermore, the investment in its staff is fundamental to developing and maintaining active partner certifications. PTL Limited is currently pursuing a number of certifications, including the Prince 2 project management certifications, IBM Database, Analytics and Security certifications and Microsoft Cloud, Enterprise Resource Planning ('ERP') and Software Development certifications. Over the course of 2019, the company invested heavily to put in place ad-hoc policies and procedures that are required in order to demonstrate that the company has defined and implemented information security best practice processes in its daily operations and to this end has recently attained ISO27001 certification.

#### ***APCO Limited***

Similarly, the principal investment made by APCO Limited is its continuous investment in human resources. However, APCO Limited considers such investment to be made in the ordinary course of business and does not consider the same to be a material investment.

### **8.2. MATERIAL INVESTMENTS THAT ARE IN PROGRESS OR FOR WHICH FIRM COMMITMENTS HAVE BEEN MADE**

The Group does not have, as at the date of this Registration Document, any material investments that are in progress or for which firm commitments have already been made.

### **8.3. INVESTMENTS IN JOINT VENTURES**

The Company does not have, as at the date of this Registration Document, any joint venture arrangements in place in which the Company holds a portion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

## **9. BUSINESS OVERVIEW**

### **9.1. PRINCIPAL ACTIVITIES & MARKETS**

#### **9.1.1. The Company**

The Company is an investment and holding company which does not carry out trading activities of its own. Its principal purpose is that of investing and holding interests in companies and other ventures operating in the technology and e-commerce solutions industries across a spread of geographical regions, primarily in Malta but also in parts of Europe and Africa. From a group perspective, the Company currently holds 100% of the share capital in three significant operating subsidiaries, which operate separately and distinctly from each other under their respective brand names and under separate management: PTL Limited, APCO Systems Limited and APCO Limited.

The investment interests of the Company lie principally in the delivery of business solutions and technology (including integrated and automated solutions) and payment solutions and related services. In view of the nature of the markets in which the Company holds its interests, its strategy is to invest in technology-related ventures which complement its existing investment portfolio, as and when new developments arise in the technology sector.

Although the Company is, at the date of this Registration Document, economically dependent on the operations, business, financial condition and performance of its three trading Subsidiaries, the Company may establish or acquire future businesses and/or make further equity investments in other entities, including other subsidiaries, associated companies, and joint ventures if it considers that such expansion or investment would be beneficial to its business and contribute to the success of its long-term future financial and operating results.

#### **9.1.2. PTL Limited**

PTL Limited has been in operation since 1976, with over 40 years' experience in the technology industry. It is a multi-brand information technology solutions provider, its principal business activity being that of seeking to understand the business and strategies of its clients and providing bespoke information technology solutions based on its expertise in hardware infrastructure and software business applications, leveraging its business intelligence and data analytics capabilities to provide clients with value-adding insights to drive their businesses.

PTL Limited offers its end-to-end services to a well-diversified client base, providing its services to both the private and public sector, and having key strongholds in the banking sector, the wholesale and distribution sector and the public law and enforcement and health sectors.

PTL Limited has its own management team and has a workforce of 70 employees who have in-depth expertise in multiple technologies. It is ISO 9001:2015 (quality management systems standards) certified and ISO 27001:2013 (information security management standards) certified<sup>1</sup>,

<sup>1</sup>'ISO' certifications are granted in accordance with the standards published by the International Organisation for Standardisation.



demonstrating an ability on the part of PTL Limited to consistently provide products and services that meet customer needs and regulatory requirements. PTL Limited has in recent years aligned its sales and marketing functions around customer channels to retain and increase sales to existing customers and to acquire new customers. The direct selling personnel are supported by a team of technology specialists who design solutions and provide recommendations in the selection and procurement processes.

In terms of its sales and business model, products are purchased for resale from a diverse vendor base from original equipment manufacturers and distributors. PTL Limited is authorised by original equipment manufacturers to sell all or selected products offered by the manufacturer and operates as a reseller for major software publishers that allows the end-user customer to acquire packaged software or licenced products and services. It is the sole authorised distributor for a number of products which it resells.

In this respect, PTL Limited enters into partnership agreements with a number leading players in the technology field, including NCR, Microsoft, Cisco, Oracle and Lenovo. It is the preferred local partner of IBM and offers its technology consultancy services through the alliance it has formed with this partner and other frontrunners within the technology industry.

Although PTL Limited's services are varied, they may be grouped into four principal areas:

- i. **Hardware & Software Solutions:** PTL Limited provides information technology infrastructure hardware aligned with optimal software solutions, in order to provide clients with bespoke solutions to fit their needs, through partnerships with leading technology houses;
- ii. **Software Engineering:** PTL Limited provides web and mobile applications, back-office solutions, integrations and middleware solutions, blockchain development as well as low-level integration services to various sectors including the financial services, hospitality and nationality security sectors;
- iii. **Technical Services:** the technical services provided by PTL Limited include cloud services, systems integration, managed services, databases & middleware administration, infrastructure services, networking and telephony and information security; and
- iv. **Nearshoring Services:** through its nearshoring services, PTL Limited augments a customer's team by offering technical and software development expertise.

### **Strategy and objectives**

Aligning its approach-to-market to industry initiatives originating from their strategic partners, including IBM, Lenovo, Cisco, Oracle, Microsoft, NCR and many more, PTL Limited's strategy is to offer a best-of-breed approach, that is, using leading-edge technologies from these vendors to make sure customers have access to the most advantageous end-to-end solutions.

PTL Limited's strategy is to increase market participation in the retail, hospitality, gaming and financial services sectors. Apart from continuing to expand in Malta, PTL Limited's strategy is to continue to increase its footprint overseas. Having very specialised database and middleware technical skills and vast business knowledge which is sought after overseas in specific industries, internationalisation of the company's expertise will be a high priority objective for the company. PTL Limited's objectives is to offer IT solutions that assist in better decision-making and assist in predicting possible outcomes through the combination of new emerging technologies and software tools, thus enabling clients advance their business transformations.

As part of this growth strategy, PTL Limited is actively seeking to expand its capabilities and service offerings in healthcare and border security. It is also intent on exploring opportunities in new industries such as blockchain, multi-cloud environments and robotic process automation, amongst others, with various minimum viable products and proof of concepts already being implemented internally and with various customers. Furthermore, PTL Limited has earmarked cyber-security and business intelligence as strategic areas of focus with various product offerings in the pipeline.

The company will seek to further enhance its brand awareness and position itself in the market as the preferred IT solutions provider for large scale solution deployments and also making sure to be always innovative in delivering industry-specific business solutions.

### **Summary of operating results**

The table below sets out a summary of the operating results reported by PTL Limited as extracted from its audited financial statements.

<b>Amounts in €000s</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Revenue	7,202	7,314	8,236
EBITDA	(220)	254	360
Profit after tax*	68	64	227

\* excluding the results relating to discontinued operations reported in 2016 and 2017.

In 2018, PTL Limited generated €8.2 million revenue (2017: €7.3 million), equivalent to a 12.6% increase on the previous year. EBITDA amounted to €0.4 million (2017: €0.3 million), representing a 4.4% margin on revenue. In 2018, PTL Limited generated profit after tax of €0.2 million (2017: €64,000 profit after tax from continuing operations).



### 9.1.3. APCO Systems Limited

APCO Systems Limited, which operates under the brand *Apcopay*, is a payment solutions provider offering e-commerce processing services for retailers and internet-based merchants with the objective of simplifying payments for businesses globally. Incorporated in Malta in 2001, it has over 15 years' experience in the payment solutions industry and is supported by a team of experts in the field. *Apcopay* is PCI-DSS Level 1 certified (Payment Card Industry Data Security Standards).

The primary business of APCO Systems Limited is to enable merchant banks (generally, any entity that accepts credit card or debit cards for the payments of goods and services) to accept a variety of card and various alternative payment options on their respective e-commerce portals and applications. APCO Systems Limited offerings include front-end authorisation processing, settlement and funding processing, full customer support, consolidated billing and statements, and online monitoring and reporting.

Card-based payment forms consist of credit, debit, vouchers and prepaid cards. Credit and debit card transaction processing includes the processing of major international card brands such as MasterCard and Visa, as well as other debit networks. Electronic payment processing involves a consumer or cardholder acquiring goods or services from a merchant bank and using a credit or debit card or other electronic method as the form of payment. *Apcopay* is the channel that enables customer transactions to reach the merchant bank on behalf of the customer. The revenue of Apco Services Limited is principally generated through fees on a "per transaction" basis, either on the basis of services priced as a percentage of transaction value or a specified fee per transaction.

The payment solution platform provides businesses multi-channel and multi-currency payment options through a single interface. It offers a portfolio of over 40 acquiring partners and over 240 options to more than 1,200 merchants in approximately 25 countries. Its major clients include the public sector and entities which operate in the gaming industry. Since 2004, it has been specialising in providing a unique payments ecosystem for diverse industries including iGaming, retail, travel, social gaming, forex and ticketing. Solving some of the most complex integration challenges, *Apcopay*'s tailored service enables businesses to control their payments delivery channels and execute faster in their target markets.

#### **Strategy and objectives**

Key to APCO Systems Limited's strategic objectives is the continued investment in its infrastructural capabilities and enhancements of its payment solution platform, focusing on reshaping its solutions to meet the evolving demands of a dynamic global payments industry. As part of the implementation of its expansion plan, it intends on enhancing sales and market share across existing and new vertical markets, increasing its international footprint by attracting expert talent and investing in emerging payment technologies and new strategic partnerships. Furthermore, APCO Systems Limited constantly seeks to invest in enhancements in the scalability, security and reliability of its platforms, incorporating emerging technologies into its solutions. Through this strategy, APCO Systems Limited endeavours to add new functionalities and value-adding features.

The senior management of APCO Systems Limited believes that the growth of electronic-transaction and digital-commerce and the increasing cross-border activity as well as the growing popularity of alternative payment options other than credit card transactions creates a unique opportunity to the company to establish itself as a key player in new geographical territories.

APCO System Limited's intellectual property and software assets are retained, maintained and developed through a dedicated intellectual property rights owning company, Ipsyon Limited, as further described in section 9.1.5 of this Registration Document below.

#### **Summary of operating results**

The table below sets out a summary of the operating results reported by APCO Systems Limited as extracted from its audited financial statements.

Amounts in €000s	2016	2017	2018
Revenue	1,666	2,524	3,015
EBITDA	488	1,010	1,119
Profit after tax	298	652	751

In 2018, APCO Systems Limited generated €3.0 million revenue (2017: €2.5 million), equivalent to a 19.5% increase on the previous year. EBITDA amounted to €1.1 million (2017: €1.0 million), representing a 37.1% margin on revenue. In 2018, APCO Systems Limited generated profit after tax of €0.8 million (2017: €0.7 million).

### 9.1.4. APCO Limited

APCO Limited was established in 1984. It is a supplier of a wide range of automation and security solutions catering principally to the retail, banking, security and the fuel sector. It also provides maintenance and support services. The target products it offers in relation to each line of business are as follows:

- i. **Retail sector:** In the retail sector, APCO Limited offers a number of products, including, self check-out systems, POS (point of sale) systems, cashier recyclers, back office cash systems, in store scanning, self-service kiosk, cable management, automated queuing systems and other related products. Insofar as its retail business line is concerned, APCO Limited targets large retails, including shopping malls, supermarkets and other chain stores, characterised by high transaction volumes.



- ii. **Banking sector:** In the banking sector, its target product set is EMV (Europay, MasterCard and Visa, a global standard for cards), contactless and biometric cards, cash recyclers, ATMs, self-service kiosks, automated queuing, online services and mobile applications and other similar products.
- iii. **Security:** In its security business line, APCO Limited offers CCTV, safes, access control, barriers to entry and similar security-related products. The security business line was previously offered by PTL Limited, however, this business line was taken over by APCO Limited in the year 2016.
- iv. **Fuel:** The products APCO Limited offers to clients in the fuel sector are outdoor payment terminals and services and support. It also partners with APCO Systems Limited to provide software solutions to the fuel industry. APCO Limited experienced further growth in the financial year 2018 and expects to see year-on-year growth in this sector.
- v. **Maintenance and support:** Its maintenance and support services are provided through a number of leading partners including Gemalto, Diebold Nixdorf, Chubb and Pacom.

### Strategy and objectives

The strategy of APCO Limited is to focus its effort to grow its retail sector client base and to continue to increase sales in the banking sector, which is its core industry and currently accounts for 84% of its total revenue income as well as to target the retail sector. From a geographical growth perspective, although APCO Limited services a number of major customers in the banking and retail sector, it intends to expand internationally in order to diversify its customer portfolio and its global reach, with its first move being expanding its retail solutions into Africa.

In addition, APCO Limited intends to invest further in the security industry, branching out from its current offering of CCTV, safes and access control products to emerging technologies including, drone security, parking systems, and automated cash cycle management.

### Summary of operating results

The table below sets out a summary of the operating results reported by APCO Limited as extracted from its audited financial statements.

Amounts in €000s	2016	2017	2018
Revenue	2,884	4,231	3,578
EBITDA	154	186	206
Profit after tax	115	122	101

In 2018, APCO Limited generated €3.6 million revenue (2017: €4.2 million), equivalent to a 15.4% decrease on the previous year which is mainly due to revenue from legacy payment gateway contracts, previously recorded in APCO Limited, being consolidated in APCO Systems Limited in 2018. EBITDA remained relatively consistent at €0.2 million (representing a 5.8% margin on revenue) in 2018 when compared to the previous year. In 2018, APCO Limited generated profit after tax of €0.1 million (2017: €0.1 million).

### 9.1.5. Ipsyon Limited

Ipsyon Limited was incorporated in Malta on 30 May 2014 for the purposes of acquiring, holding, developing, licencing, sub-licencing and exploiting in the broadest sense possible any intellectual property.

The intellectual property rights and software pertaining to the APCO Systems Limited are retained, maintained and developed by Ipsyon Limited. On 1 August 2014, APCO Systems Limited assigned all its intellectual property rights attaching to its payment gateways software programme developed by it, software documentation as well as its trademark "Apcopay" unto Ipsyon Limited. Ipsyon Limited granted APCO Systems Limited a non-exclusive, non-transferable license to use the said intellectual property and trademark against a royalty payment of 21% of the APCO System Limited's annual turnover (excluding the hardware annual results provided that the license fees may not be lower than €380,000 per annum). The license agreement was extended for three years commencing on 1 August 2017, which agreement may be renewed for additional one year or longer periods.

### Summary of operating results

The table below sets out a summary of the operating results reported by Ipsyon Limited as extracted from its audited financial statements.

Amounts in €000s	2016	2017	2018
Revenue	488	611	712
EBITDA	480	512	673
Profit after tax	204	221	295

In 2018, Ipsyon Limited generated €0.7 million revenue in royalties receivable from the Group for use of intellectual property (2017: €0.6 million), equivalent to a 16.5% increase on the previous year. Given Ipsyon Limited's relatively low cost base, in 2018 EBITDA represented 94.5% margin on revenue, equivalent to €0.7 million (2017: €0.5 million). In 2018, Ipsyon Limited generated profit after tax of €0.3 million (2017: €0.2 million).



## 10. OPERATING AND FINANCIAL REVIEW

### 10.1. HISTORICAL FINANCIAL INFORMATION

The financial information included hereinafter is extracted from the audited consolidated financial statements of the Group for the financial years ended 31 December 2016 to 2018, all of which are incorporated by reference in this Registration Document. The financial statements are available for inspection at the Company's registered office and on the Company's website <https://harvest.tech/>. These financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The tables and discussion included in this section contain certain alternative performance measures (as defined by the European Securities and Markets Authority ("ESMA")), namely EBITDA (earnings before interest, taxation, depreciation, and amortisation), that the Company's management and other competitors in the industry use. These non-IFRS financial measures are presented as supplemental information as (i) they represent measures that the Directors believe may be relevant for certain investors, securities analysts and other parties in assessing the Company's operating and financial performance and may contribute to a fuller understanding of the Group's cash generation capacity and the growth of the combined business; and (ii) they may be used by the Company's management as a basis for strategic planning and forecasting.

### 10.2. SUMMARY OF CONSOLIDATED INCOME STATEMENTS

The Group's consolidated Income Statements for the three-year period ended 31 December 2018 are summarised below.

#### Harvest Technology p.l.c.

Consolidated Income Statements for the years ended 31 December	2016 €000s	2017 €000s	2018 €000s
<b>Revenue</b>	<b>10,195</b>	<b>13,087</b>	<b>15,569</b>
Cost of sales	(7,255)	(8,505)	(9,888)
<b>Gross profit</b>	<b>2,940</b>	<b>4,582</b>	<b>5,681</b>
Administrative expenses	(2,405)	(3,419)	(4,343)
Other operating income	328	17	18
<b>EBITDA*</b>	<b>863</b>	<b>1,180</b>	<b>1,356</b>
Depreciation and amortisation	(242)	(216)	(388)
Net investment income/(expense)	31	(54)	-
Net finance costs	(317)	(23)	(39)
<b>Profit before tax</b>	<b>335</b>	<b>887</b>	<b>929</b>
Tax expense	(7)	(557)	(348)
<b>Profit for the year (continuing operations)</b>	<b>328</b>	<b>330</b>	<b>581</b>
Loss from discontinued operations	(233)	(5)	-
<b>Profit for the year</b>	<b>95</b>	<b>325</b>	<b>581</b>
Earnings per share**	1.4c	1.4c	2.6c
Dividends distributed (€000s)	-	1,000	750
Dividends per share**	-	4.4c	3.3c

\* EBITDA – earnings before interest, taxation, depreciation, and amortisation.

\*\* The calculation of the earnings per share and dividends per share has been adjusted retrospectively to reflect the redenomination of Harvest's ordinary shares from a nominal value of €1.00 per share to €0.50 per share.

Harvest's revenue increased from €10.2 million in 2016 to €15.6 million in 2018, equivalent to CAGR of 23.6% over the period. This increase has been driven by growth across almost all of Harvest's operating segments, as set out below:

- revenue from the sale of hardware and software amounting to €4.0 million (representing 38.9% of total revenue) in 2016 increased to €6.8 million (representing 43.9% of total revenue) in 2018, equivalent to 31.3% CAGR. Growth was driven by the Group's ability to secure an increasing number of contracts involving the sale of hardware, particularly to clients operating in the banking industry;
- payment gateway services revenue amounting to €1.7 million (representing 16.3% of total revenue) in 2016 increased to €3.9 million (representing 24.9% of total revenue) in 2018, equivalent to 52.5% CAGR. This increase was driven by both an increase in the revenue generated from Harvest's existing client base as well as the signing up of new clients;
- maintenance, support, and servicing revenues amounting to €3.0 million (representing 29.5% of total revenue) in 2016 remained relatively stable at this level throughout the period under review; and
- revenues from the rendering of services and development amounting to €1.6 million (representing 15.3% of total revenue) in 2016 increased to €1.9 million (representing 12.3% of total revenue) in 2018, which is equivalent to 10.9% CAGR.



Gross profit increased from €2.9 million in 2016 (equivalent to a gross profit margin of 28.8% on total revenue) to €5.7 million in 2018 (equivalent to a gross profit margin of 36.5%). The increase in gross profit margin is mainly attributable to the growth in payment gateway services in the period, which carry a substantially higher value-added margin.

Administrative expenses increased from €2.4 million in 2016 to €4.3 million in 2018, largely due to the increase in payroll costs in the period under review. Total payroll costs (classified within cost of sales and administrative costs) have increased from €3.7 million in 2016 to €4.6 million in 2018 as the Group increased its headcount from an average of 117 full-time equivalents (FTEs) during 2016 to an average of 126 FTEs during 2018. In 2018, the Group incurred €0.2 million of severance costs and one-off licence fees.

Other operating income amounting to €0.3 million in 2016 comprised one-off consultancy and other expenses recharged to the Hili Ventures Group.

The Group's EBITDA increased from €0.9 million in 2016 (equivalent to 8.5% margin on total revenue) to €1.4 million in 2018 (equivalent to 8.7% margin on total revenue). This growth is equivalent to 25.4% CAGR in the period under review.

Depreciation and amortisation increased from €0.2 million in 2016 to €0.4 million in 2018 mainly due to additions of intangible assets. Net finance costs decreased from €0.3 million in 2016 to €39,000 in 2018 as a result of the decrease in interest-bearing related party balances.

Profit after tax generated by the Group's continuing activities increased from €0.3 million in 2016 to €0.6 million in 2018. During the period under review, the Group declared and paid total dividends of €1.8 million.

### 10.3. SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets out extracts from the consolidated Statements of Financial Position of Harvest as at 31 December 2016, 31 December 2017, and 31 December 2018.

#### Harvest Technology p.l.c.

Consolidated Statements of Financial Position as at 31 December	2016 €000s	2017 €000s	2018 €000s
<b>ASSETS</b>			
<b>Non-current</b>			
Goodwill and intangible assets	8,361	8,631	8,743
Property, plant and equipment	342	337	293
Investments and financial assets	454	355	50
Loans and receivables	294	1,221	1,064
Deferred tax assets	407	285	324
<b>Total non-current assets</b>	<b>9,858</b>	<b>10,829</b>	<b>10,474</b>
<b>Current</b>			
Inventories	644	712	740
Loans and receivables	1,212	768	-
Trade and other receivables	4,073	5,208	7,136
Cash and cash equivalents	428	994	990
Current tax assets	316	407	330
<b>Total current assets</b>	<b>6,673</b>	<b>8,089</b>	<b>9,196</b>
<b>Total assets</b>	<b>16,531</b>	<b>18,918</b>	<b>19,670</b>
<b>EQUITY</b>			
<b>Equity and reserves</b>	<b>10,100</b>	<b>9,541</b>	<b>9,215</b>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Borrowings	-	-	100
Other financial liabilities	1,503	1,868	2,133
Deferred tax liabilities	309	267	273
<b>Total non-current liabilities</b>	<b>1,812</b>	<b>2,135</b>	<b>2,506</b>
<b>Current</b>			
Borrowings	735	615	935
Trade and other payables	3,754	3,804	4,282
Other financial liabilities	-	2,422	2,372
Current tax liabilities	130	401	360
<b>Total current liabilities</b>	<b>4,619</b>	<b>7,242</b>	<b>7,949</b>
<b>Total liabilities</b>	<b>6,431</b>	<b>9,377</b>	<b>10,455</b>
<b>Total equity and liabilities</b>	<b>16,531</b>	<b>18,918</b>	<b>19,670</b>



Non-current assets in the Statement of Financial Position as at 31 December 2018 amounted to €10.5 million (2017: €10.8 million). Notable items include: (i) goodwill and other intangible assets amounting to €8.7 million (2017: €8.6 million), which principally include goodwill arising on acquisitions of going concerns, support services licenses, acquired rights, and computer software licenses; and (ii) loans and receivables amounting to €1.1 million (2017: €1.2 million) which comprise amounts receivable from the Hili Ventures Group.

Current assets as at 31 December 2018 amounted to €9.2 million (2017: €8.1 million) and comprised primarily inventories, trade and other receivables, cash balances and current tax assets. Trade and other receivables amounting to €7.1 million (2017: €5.2 million) as at 31 December 2018 comprised mainly:

- trade receivables of €3.8 million, which increased from €1.9 million in 2017 largely due to the growth in the Group's operations as well as an exceptional increase due to a number of large projects undertaken by PTL Limited during the year. Trade receivables decreased to normal levels in 2019;
- amounts owed by companies within the Hili Ventures Group of €1.9 million (2017: €1.8 million); and
- accrued income in relation to contracted services provided by the Group of €0.9 million (2017: €1.1 million).

As at 31 December 2018, current liabilities amounted to €7.9 million (2017: €7.2 million) principally made up of trade and other payables of €4.3 million (2017: €3.8 million) and other financial liabilities, comprising balances due to other companies within the Hili Ventures Group, of €2.4 million (2017: €2.4 million). Harvest's liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), stood at 1.2 times as at 31 December 2018 (2017: 1.1 times).

Non-current liabilities as at 31 December 2018 amounted to €2.5 million (2017: €2.1 million) and comprised mainly other financial liabilities of €2.1 million (2017: €1.9 million), which represent balances due to the parent company.

Harvest's equity and reserves as at 31 December 2018 stood at €9.2 million (2017: €9.5 million).

#### 10.4. SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below sets out extracts from the consolidated Statements of Cash Flows of the Group for the financial years ended 31 December 2016, 31 December 2017, and 31 December 2018.

##### Harvest Technology p.l.c.

<b>Consolidated Statements of Cash Flows for the years ended 31 December</b>	<b>2016 €000s</b>	<b>2017 €000s</b>	<b>2018 €000s</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations before working capital changes	780	1,393	1,501
Movements in working capital	(826)	(1,503)	(1,786)
Net income tax paid	(87)	(182)	(345)
Net cash used in continuing operations	(133)	(292)	(630)
Net cash used in discontinued operations	(188)	(5)	-
<b>Net cash flows used in operating activities</b>	<b>(321)</b>	<b>(297)</b>	<b>(630)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(115)	(106)	(52)
Acquisition of intangible assets	(156)	(407)	(398)
Acquisition of joint venture and other investments	8	(299)	-
Dividends received from associate	-	212	-
Cash and cash equivalents transferred on disposal of subsidiaries	(1,513)	-	-
<b>Net cash flows used in investing activities</b>	<b>(1,776)</b>	<b>(600)</b>	<b>(450)</b>
<b>Cash flows from financing activities</b>			
Net movement in loans and receivables, and other financial liabilities	(193)	2,608	1,432
Proceeds from bank loan	-	-	300
Interest paid	(22)	(25)	(26)
Dividends paid	-	(1,000)	(750)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(215)</b>	<b>1,583</b>	<b>956</b>
<b>Net movement in cash and cash equivalents</b>	<b>(2,312)</b>	<b>686</b>	<b>(124)</b>
Cash and cash equivalents at beginning of year	2,005	(307)	379
<b>Cash and cash equivalents at end of year</b>	<b>(307)</b>	<b>379</b>	<b>255</b>



During the period 1 January 2016 to 31 December 2018, Harvest generated aggregate cash from operations before working capital changes amounting to €3.7 million. During this period, the Group's working capital increased by €4.1 million principally due to the growth in the Group's operations as well as the increase in trade and other receivable balances in 2018. Net taxes of €0.6 million were paid in the period under review. Aggregate net cash flows used in continuing operations amounted to €1.1 million in the period whereas net cash flows used in operating activities after considering discontinued operations amounted to €1.2 million.

Aggregate cash used in investing activities amounted to €2.8 million in the period, which besides the acquisition of plant and equipment and intangible assets, was principally made up of a €1.5 million cash outflow resulting from the transfer of iSpot Holding BV from the Company to 1923 Investments p.l.c. and €0.3 million investment in joint ventures (mainly the investment in Poang Ltd). The capital expenditure incurred over the period under review comprised the acquisition of intangible assets totalling €1.0 million (mainly comprising capitalised development costs in relation to *Apcopay*) and the acquisition of plant and equipment amounting to €0.3 million. In 2017, the Group received dividends of €0.2 million from one of the Group's associates, Smart Technologies Limited, which was disposed of during the same year.

During the period, balances due to companies in the Hili Ventures Group increased by €3.8 million. The Group also raised €0.3 million in bank funding.

Net dividends of €1.8 million were distributed during the period under review.

## 10.5. INTERIM AND OTHER FINANCIAL INFORMATION

This section summarises the Group's unaudited interim consolidated Income Statement and consolidated Statement of Cash Flows for Harvest for the eight-month period from 1 January 2019 to 31 August 2019 and the comparable period from 1 January 2018 to 31 August 2018. This section also includes the unaudited consolidated Statement of Financial Position of the Harvest Group as at 31 August 2019, and the comparative audited Statement of Financial Position as at 31 December 2018.

### 10.5.1 Summary of interim consolidated income statements

The Group's interim consolidated Income Statements for the eight-month periods ended 31 August 2018 and 31 August 2019 are summarised below.

Harvest Technology p.l.c. Interim consolidated Income Statements	8 months to 31 August 2018 Unaudited €000s	8 months to 31 August 2019 Unaudited €000s
<b>Revenue</b>	<b>9,078</b>	<b>10,041</b>
Cost of sales	(5,605)	(5,516)
<b>Gross profit</b>	<b>3,473</b>	<b>4,525</b>
Administrative expenses	(2,898)	(2,150)
Other operating income	12	-
<b>EBITDA</b>	<b>587</b>	<b>2,375</b>
Depreciation and amortisation	(164)	(432)
Investment losses	(41)	(58)
Net finance costs	(26)	(84)
<b>Profit before tax</b>	<b>356</b>	<b>1,801</b>
Tax expense	(153)	(541)
<b>Profit for the year</b>	<b>203</b>	<b>1,260</b>

Over the period 1 January to 31 August 2019, the Group generated revenue of €10.0 million, representing 10.6% increase over the comparable period 1 January to 31 August 2018. EBITDA in the eight-month period to 31 August 2019 amounted to €2.4 million, representing 23.7% margin on revenue (compared to 6.5% margin on revenue in the comparative period). The increase in profitability is stemming from a higher average gross profit margin (45.1% gross profit margin in the eight months to 31 August 2019 compared to 38.3% gross profit margin in the comparative period) which is primarily due to the growth reported by higher value-added business segments such as payment gateway services, as well as the lower administrative expenses in the period. The decrease in administrative expenses is partly due to administrative costs incurred in 2018 in relation to business which are no longer operating within the Company, including Eunoia Limited and Poang Ltd. and the reclassification of operating lease costs to depreciation and amortisation expenses and net finance costs as a result of the application of IFRS 16. Certain costs pertaining to Stride Technology Limited incurred in 2018 were also curtailed resulting in a further decrease in administrative costs.

Investment losses of €58,000 in the eight months to 31 August 2019 were incurred on the disposal of Eunoia Limited, one of the subsidiaries previously held by the Group.

In the eight months to 31 August 2019, the Group generated a profit after tax of €1.3 million compared to €0.2 million in the comparative period.





## 10.5.2. Summary of interim consolidated Statements of Financial Position

The table below sets out extracts from the interim consolidated Statement of Financial Position of Harvest as at 31 August 2019.

### Harvest Technology p.l.c.

#### Interim consolidated Statements of Financial Position

	31 Dec 2018 Audited €000s	31 Aug 2019 Unaudited €000s
<b>ASSETS</b>		
<b>Non-current</b>		
Goodwill and intangible assets	8,743	8,664
Property, plant and equipment	293	243
Right-of-use asset	-	2,158
Investments and financial assets	50	50
Loans and receivables	1,064	30
Deferred tax assets	324	497
<b>Total non-current assets</b>	<b>10,474</b>	<b>11,642</b>
<b>Current</b>		
Inventories	740	1,111
Loans and receivables	-	64
Trade and other receivables	7,136	4,000
Cash and cash equivalents	990	1,997
Current tax assets	330	194
<b>Total current assets</b>	<b>9,196</b>	<b>7,366</b>
<b>Total assets</b>	<b>19,670</b>	<b>19,008</b>
<b>EQUITY</b>		
<b>Equity and reserves</b>	<b>9,215</b>	<b>10,475</b>
<b>LIABILITIES</b>		
<b>Non-current</b>		
Borrowings	100	100
Other financial liabilities	2,133	1,241
Lease liability	-	1,950
Deferred tax liabilities	273	273
<b>Total non-current liabilities</b>	<b>2,506</b>	<b>3,564</b>
<b>Current</b>		
Borrowings	935	447
Trade and other payables	4,282	3,330
Other financial liabilities	2,372	87
Lease liability	-	253
Current tax liabilities	360	852
<b>Total current liabilities</b>	<b>7,949</b>	<b>4,969</b>
<b>Total liabilities</b>	<b>10,455</b>	<b>8,533</b>
<b>Total equity and liabilities</b>	<b>19,670</b>	<b>19,008</b>

The Group's total assets decreased from €19.7 million as at 31 December 2018 to €19.0 million as at 31 August 2019. The main movements comprised €3.2 million decrease in trade and other receivables and €1.0 million decrease in loans and receivables (current and non-current); and the effect of the recognition of the €2.2 million right-of-use asset in line with the provisions of IFRS 16 "Leases". The decrease in trade and other receivables is mainly due to receipts from debtors in relation to a number of large projects for which amounts were due as at 31 December 2018, as well as receipts of amounts due from the Hili Ventures Group as at that date.

Equity and other reserves increased from €9.2 million as at 31 December 2018 to €10.5 million as at 31 August 2019 as a result of the profit generated in the period.



Total liabilities decreased from €10.5 million as at 31 December 2018 to €8.5 million as at 31 August 2019 mainly due to the €3.2 million decrease in other financial liabilities (current and non-current) and the €1.0 million decrease in trade and other payables, net of the effect of the recognition of the €2.2 million lease liability (current and non-current) in line with the provisions of IFRS 16 "Leases".

### 10.5.2. Summary of interim consolidated Statements of Cash Flows

The table below sets out extracts from the interim consolidated Statements of Cash Flows of the Group for the eight-month periods ended 31 August 2018 and 31 August 2019.

Harvest Technology p.l.c. Interim consolidated Statements of Cash Flows	8 months to 31 August 2018 Unaudited €000s	8 months to 31 August 2019 Unaudited €000s
<b>Cash flows from operating activities</b>		
Cash generated from operations before working capital changes	587	2,162
Movements in working capital	1,447	1,755
Net income tax refunded/(paid)	168	(86)
<b>Net cash flows generated from operating activities</b>	<b>2,202</b>	<b>3,831</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(33)	(10)
Acquisition of intangible assets	(269)	(103)
<b>Net cash flows used in investing activities</b>	<b>(302)</b>	<b>(113)</b>
<b>Cash flows from financing activities</b>		
Net movement in loans and receivables, and other financial liabilities	(2,211)	(2,207)
Proceeds from/(repayment of) bank loan	300	(50)
Interest paid	(26)	(16)
<b>Net cash flows used in financing activities</b>	<b>(1,937)</b>	<b>(2,273)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(37)</b>	<b>1,445</b>
Cash and cash equivalents at beginning of period	379	255
<b>Cash and cash equivalents at end of period</b>	<b>342</b>	<b>1,700</b>

In the period 1 January to 31 August 2019, the Group generated €2.2 million aggregate cash from operations before working capital changes, compared to €0.6 million generated over the same period in 2018. The Group's working capital decreased by €1.8 million mainly due to the decrease in trade and other receivables, resulting in net cash from operating activities of €3.8 million being generated in the eight months ended 31 August 2019.

Net cash used in the Group's investing activities of €0.1 million is largely made up of capitalised payroll costs relating to the continued investment in the payment services gateway.

In the eight months ended 31 August 2019, net payments of €2.2 million were made to settle balances with parent and related companies in the Hili Ventures Group. Bank loan repayments of €50,000 and interest payments of €16,000 were also made in the period.

### 10.6. CAPITAL RESOURCES

The Group's operations are financed through a mix of equity and reserves, existing bank loans and overdraft facilities, shareholder loans, and other loans with related parties.

The Group's consolidated equity value amounted to €10.5 million as at 31 August 2019, comprising share capital of €11.4 million, retained earnings of €1.9 million, and net of a negative other equity reserve of €2.8 million. The negative other equity reserve results upon consolidation and includes mainly: (i) €1.4 million relating to the acquisition of PTL Limited in 2013, which given that the acquisition formed part of a restructuring whereby PTL Limited remained under the ultimate control of Hili Ventures Limited, resulted in no goodwill being recognised by the Company; (ii) €1.8 million relating to the set-off of accumulated losses against the share premium account of the Company; and (iii) net of €0.3 million recognised on the disposal of the investment in Smart Technologies Limited (C 43711).

Total capital employed as at 31 August 2019 amounted to €10.3 million, representing the Group's goodwill and intangible assets; property, plant and equipment; current and deferred tax assets and liabilities; and working capital.

The Board expects that the Group will retain a low gearing and interest cover and does not expect the Group to raise additional debt funding. The Directors are not aware of any material change in the Company's borrowing and funding structure since the end of the latest financial year ended 31 December 2018.



Going forward, the Directors expect the Company's working capital and funding requirements, including, the repayment of the related party loans, to be met by a combination of the following sources of finance: equity and retained earnings, return on investments in Subsidiaries and other investments, existing external bank credit and loan facilities, and positive cash flow balances existing from time to time and generated by the revenue-generating activities of the operating Subsidiaries.

## **II. TREND INFORMATION, INCLUDING THE GROUP'S PROJECTIONS**

There has been no material adverse change in the prospects of the Company since the date of publication of its latest audited financial statements.

As at the time of publication of this Prospectus, the Board considers that generally the Company shall be subject to the normal business risks associated with the business in which the Group operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Group and its business, at least with respect to the current financial year, however investors are strongly advised to carefully read the risk factors included in the Prospectus.

### **III.1. ANALYSIS OF CURRENT TRENDS IMPACTING THE BUSINESS OF THE GROUP**

The Group aims to bring people together to share their skills, creativity, optimism and vision. Through entrepreneurship, ambition and opportunity, Harvest wants to create a space where companies with long-lasting ideas can gain access to resources and expertise that will help them define the right strategic footing to broaden their horizons and succeed.

Harvest's value is rooted in enabling the customers of the companies within its fold to do more, faster and more efficiently. The entities within Harvest have helped many customers flourish thanks to the ideas, technologies and systems that have been implemented for them. As such, Harvest is passionate about supporting other technology companies to grow, and is looking to partner with ambitious founders to lead them to a brighter, prosperous future, driving the growth of the Group's value in the process.

The IT hardware, software and services industry is very fragmented and highly competitive. The Group competes with a large number and wide variety of marketers and resellers of IT hardware, software and services. The competitive landscape in the industry is continually changing as various competitors expand their product and service offerings. In addition, emerging models such as cloud computing are creating new competitors and opportunities in business applications, infrastructure, security, collaboration and other service offerings, and, as with other areas, the abovementioned companies resell and compete directly with many of these offerings.

With reference to payment gateway solutions, management believes that electronic transactions will expand further in the future and that an increasing percentage of these transactions will be processed through emerging technologies. Competitors are continually offering innovative products and enhanced services, such as products that support smart phones that contain mobile wallet software. As mobile payments continue to evolve and are desired by merchants and consumers, Harvest will continue to develop new products and services that will leverage the benefits that these new technologies can offer customers. In addition, it is expected that new markets will develop in areas that have been previously dominated by paper-based transactions. Industries such as e-commerce, government, recurring payments and business-to-business should continue to see transaction volumes migrate to more electronic-based settlement solutions.

As such, the continued development of new products and services and the emergence of new vertical markets will provide opportunities for the Group to expand its business in the years to come.

### **III.2. PROSPECTIVE FINANCIAL INFORMATION FOR THE HARVEST GROUP**

The expectations of the Directors with respect to the future operations of the Harvest Group for the financial years ending 31 December 2019, 31 December 2020, and 31 December 2021 are presented in the Prospective Financial Information summarised below. The basis of preparation and the key assumptions underlying the Prospective Financial Information are set out in detail in Annex 2 of this Registration Document.

The Prospective Financial Information includes the forecast for the financial year ended 31 December 2019. This forecast is based on the interim results for the Group to 31 August 2019, and the forecast for the period 1 September to 31 December 2019 based on the results achieved to August 2019 extrapolated until year-end, and adjusted for confirmed material new contracts or terminations. The forecast has been compiled and prepared on a basis which is both comparable with the Historical Financial Information and consistent with the Company's accounting policies.



### II.3. SUMMARY OF PROJECTED CONSOLIDATED INCOME STATEMENTS

The Group's forecast and projected consolidated Income Statements for the three-year period ending 31 December 2021 are summarised below.

#### Harvest Technology p.l.c.

Projected consolidated Income Statements for the years ending 31 December	2018 Audited €000s	2019 Forecast €000s	2020 Projected €000s	2021 Projected €000s
<b>Revenue</b>	<b>15,569</b>	<b>15,416</b>	<b>21,367</b>	<b>18,251</b>
Cost of sales	(9,888)	(8,889)	(13,218)	(10,448)
<b>Gross profit</b>	<b>5,681</b>	<b>6,527</b>	<b>8,149</b>	<b>7,803</b>
Administrative expenses	(4,343)	(3,360)	(3,748)	(3,442)
Other operating income	18	-	-	-
<b>EBITDA</b>	<b>1,356</b>	<b>3,167</b>	<b>4,401</b>	<b>4,361</b>
Depreciation and amortisation	(388)	(714)	(774)	(716)
Investment losses	-	(58)	-	-
Net finance costs	(39)	(136)	(503)	(246)
<b>Profit before tax</b>	<b>929</b>	<b>2,259</b>	<b>3,124</b>	<b>3,399</b>
Tax expense	(348)	(698)	(1,084)	(1,180)
<b>Profit for the year</b>	<b>581</b>	<b>1,561</b>	<b>2,040</b>	<b>2,219</b>
Earnings per share*	2.6c	6.9c	9.0c	9.7c
Dividends distributed (€000s)	750	951	543	1,360
Dividends per share*	3.3c	4.2c	2.4c	6.0c

\*The calculation of the earnings per share and dividends per share is based on the number of ordinary shares in issue after redenomination of the nominal value from €1.00 per share to €0.50 per share.

Further information on the dividend policy of the Company is contained in section 19.4 of this Registration Document.

#### REVENUE

In 2019, total revenue is forecast at €15.4 million, fairly in line with 2018, and is projected to increase to €21.4 million in 2020 and to amount to €18.3 million in 2021 (8.8% CAGR on 2019). The Directors expect the following key trends to drive revenue growth over this period:

- revenue from the sale of hardware and software is projected to increase from €6.8 million (representing 43.9% of total revenue) in 2018 to €7.3 million (representing 40.1% of total revenue) in 2021 equivalent to 2.3% CAGR. In 2020, revenue from the sale of hardware and software is projected to increase to €11.0 million as a result of revenue estimated to be generated from a major overseas technology implementation project being carried out in collaboration with IBM, a large part of which will be executed in 2020. Other revenues in this segment are based on the forecast revenue to be generated from existing contracts and the Group's continued ability to secure lucrative projects both on the local and international markets, leveraging particularly on the Group's exclusive representation of a large number of well-established international brands;
- payment gateway revenue is projected to increase from €3.9 million (representing 24.9% of total revenue) in 2018 to €5.3 million (representing 29.2% of total revenue) in 2021. This is equivalent to 11.2% CAGR, which the Directors expect the Group to achieve primarily through diversification of the Group's client base as well as the ability to tap into new markets;
- maintenance, support and servicing revenues are projected to increase from €2.9 million (representing 18.9% of total revenue) in 2018 to €3.5 million (representing 19.2% of total revenue) in 2021 equivalent to 5.8% CAGR. In the projected period, the Directors expect the Group to continue to secure new contracts and to continue to launch new product offerings with a view of increasing revenue; and
- revenue from the rendering of services and development is projected to decrease marginally from €1.9 million (representing 12.3% of revenue) in 2018 to €1.8 million (representing 9.9% of revenue) in 2021. This decrease is predominantly due to the shift from the sale of internally developed software to the implementation of IT solutions developed by the Group's international partners, which offer a more cost-effective solution to clients, but still enabling the Group to generate a reasonable profit margin.

#### COST OF SALES

Cost of sales includes the cost of the hardware and software sold by the Group, and the direct costs associated with the delivery of the Group's IT and payment gateway services. Cost of sales is projected to increase from €9.9 million in 2018 (representing 63.5% of revenue) to €10.4 million in 2021 (representing 57.2% of revenue). Cost of sales are largely made up of product and direct labour costs.



Gross profit is projected to increase from €5.7 million in 2018, equivalent to 36.5% margin on revenue, to €7.8 million in 2021, equivalent to a margin of 42.8% of revenue.

#### **ADMINISTRATIVE EXPENSES**

Administrative expenses are projected to decrease from €4.3 million in 2018 to €3.4 million in 2019 due to (i) one-off severance costs incurred by Harvest in 2018; (ii) administrative expenses relating to Eunoia Limited, which has been disposed of in 2019; (iii) synergies achieved from the merger of Stride Technology Limited and Poang Ltd into other companies within the Group; and (iv) the shift of operating lease costs from administrative expenses to amortisation and depreciation charges and finance costs as a result of the adoption of IFRS 16 on 1 January 2019.

Administrative expenses are projected to increase from €3.4 million in 2019 to €3.7 million in 2020 as a result of the projected incremental costs to be incurred to support the overseas technology implementation project. Administrative costs are projected to decrease back to €3.4 million in 2021.

Total payroll cost included in the Group's cost of sales and administrative expenses are projected to increase from €4.6 million in 2018 to €5.1 million in 2021 equivalent to an increase of 3.4% CAGR, attributable to the projected level of growth in operations and inflationary increases.

EBITDA is forecast to increase from €1.4 million (8.7% margin on total revenue) in 2018 to €3.2 million (20.5% margin on total revenue) in 2019. In the period from 1 January 2019 to 31 August 2019, the Group generated €2.4 million EBITDA. The Group is therefore on track to achieve the full year 2019 EBITDA forecast. EBITDA is projected to reach €4.4 million (23.9% margin on total revenue) by 2021.

#### **DEPRECIATION AND AMORTISATION**

The Group's depreciation and amortisation charges are projected to amount to €0.7 million per annum in the forecast period compared to €0.4 million in 2018. This increase is due to the abovementioned shift of operating lease costs from administrative expenses to depreciation and amortisation costs and finance costs as a result of the adoption of IFRS 16. Capitalised development costs are assumed to amount to circa €0.3 million per annum over the projected period.

#### **FINANCE COSTS**

In the period covered by the projections, it is assumed that the Group will not raise additional debt funding. Accordingly, the projected finance costs are predominantly resulting from interest paid on net balances due to the Hili Ventures Group as well as the operating lease component recorded within finance costs in terms of IFRS 16.

#### **TAXATION**

Current taxation has been provided at the corporate tax rate of 35% of profit before tax. Presently, the Harvest Group does not have any material balance of tax losses or tax credits.

#### **PROFIT AFTER TAX**

Profit after tax is forecast to increase from €0.6 million in 2018 (3.7% margin on total revenue) to €1.6 million in 2019 (10.1% margin on total revenue). Profit after tax is projected to reach €2.2 million by 2021 (12.2% margin on total revenue).



## II.4. SUMMARY OF PROJECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets out extracts from the forecast consolidated Statement of Financial Position of Harvest as at 31 December 2019, and from the projected consolidated Statements of Financial Position of the Group as at 31 December 2020 and 31 December 2021.

### Harvest Technology p.l.c.

Projected consolidated Statements of Financial Position as at 31 December	2018 Audited €000s	2019 Forecast €000s	2020 Projected €000s	2021 Projected €000s
<b>ASSETS</b>				
<b>Non-current</b>				
Goodwill and intangible assets	8,743	8,750	8,762	8,825
Property, plant and equipment	293	364	360	345
Right-of-use asset	-	2,058	1,783	1,489
Investments and financial assets	50	50	50	50
Loans and receivables	1,064	-	-	-
Deferred tax assets	324	618	635	657
<b>Total non-current assets</b>	<b>10,474</b>	<b>11,840</b>	<b>11,590</b>	<b>11,366</b>
<b>Current</b>				
Inventories	740	1,071	956	835
Loans and receivables	-	94	64	64
Trade and other receivables	7,136	3,962	3,557	3,811
Cash and cash equivalents	990	2,075	3,133	3,145
Current tax assets	330	188	188	188
<b>Total current assets</b>	<b>9,196</b>	<b>7,390</b>	<b>7,898</b>	<b>8,043</b>
<b>Total assets</b>	<b>19,670</b>	<b>19,230</b>	<b>19,488</b>	<b>19,409</b>
<b>EQUITY</b>				
<b>Equity and reserves</b>	<b>9,215</b>	<b>9,825</b>	<b>11,322</b>	<b>12,181</b>
<b>LIABILITIES</b>				
<b>Non-current</b>				
Borrowings	100	100	-	-
Other financial liabilities	2,133	1,296	696	-
Lease liability	-	1,881	1,626	1,355
Deferred tax liabilities	273	273	273	273
<b>Total non-current liabilities</b>	<b>2,506</b>	<b>3,550</b>	<b>2,595</b>	<b>1,628</b>
<b>Current</b>				
Borrowings	935	391	300	137
Trade and other payables	4,282	3,410	3,633	3,730
Other financial liabilities	2,372	982	627	724
Lease liability	-	245	266	262
Current tax liabilities	360	827	745	747
<b>Total current liabilities</b>	<b>7,949</b>	<b>5,855</b>	<b>5,571</b>	<b>5,600</b>
<b>Total liabilities</b>	<b>10,455</b>	<b>9,405</b>	<b>8,166</b>	<b>7,228</b>
<b>Total equity and liabilities</b>	<b>19,670</b>	<b>19,230</b>	<b>19,488</b>	<b>19,409</b>

Non-current assets are projected to increase from €10.5 million as at 31 December 2018 to €11.4 million as at 31 December 2021, mainly as a result of the accounting for the right-of-use asset on 1 January 2019 in line with the provisions of IFRS 16 "Leases". Outstanding balances due by the Hili Ventures Group amounting to €1.1 million as at 31 December 2018 have been largely repaid in 2019.

Current assets are projected to decrease from €9.2 million as at 31 December 2018 to €8.0 million as at 31 December 2021, mainly as a result



of the reduction in trade and other receivables, which as at 31 December 2018 included a number of large balances which were repaid in 2019 as further explained in section 10.3. Cash balances are projected to increase from €1.0 million as at 31 December 2018 to €3.1 million as at 31 December 2021.

Current liabilities are projected to decrease from €7.9 million as at 31 December 2018 to €5.6 million as at 31 December 2021 largely due to the decrease in other financial liabilities. Other financial liabilities, which comprise the current portion of balances due to companies within the Hili Ventures Group, amounted to €2.4 million as at 31 December 2018. Out of this amount, €1.4 is projected to be repaid by 31 December 2019. Trade and other payables are projected to decrease from €4.3 million as at 31 December 2018 to €3.7 million as at 31 December 2021.

Non-current liabilities are forecast to increase from €2.5 million as at 31 December 2018 to €3.6 million as at 31 December 2019. This increase is due to the recognition of the €1.9 million non-current portion of the Group's lease liability in line with the provisions of IFRS 16 "Leases", which is partly offset by the €0.8 million reduction in other financial liabilities (balances due to the Hili Ventures Group). Non-current liabilities are projected to decrease to €1.6 million as at 31 December 2021 in line with the projected decrease in the lease liability and repayment of other financial liabilities.

Equity and other reserves are projected to increase from €9.2 million as at 31 December 2018 to €12.2 million as at 31 December 2021, reflecting the profit projected to be generated in the period after taking into account the projected distribution of dividends.

## II.5. SUMMARY OF PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below sets out extracts from the forecast/projected consolidated Statements of Cash Flows of the Group for the financial years ending 31 December 2019, 31 December 2020, and 31 December 2021.

### Harvest Technology p.l.c.

Projected consolidated Statements of Cash Flows for the years ending 31 December	2018 Audited €000s	2019 Forecast €000s	2020 Projected €000s	2021 Projected €000s
<b>Cash flows from operating activities</b>				
Cash generated from operations before working capital changes	1,501	2,838	4,031	3,998
Movements in working capital	(1,786)	1,818	743	(36)
Net income tax paid	(345)	(383)	(1,183)	(1,200)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(630)</b>	<b>4,273</b>	<b>3,591</b>	<b>2,762</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(52)	(192)	(124)	(122)
Acquisition of intangible assets	(398)	(309)	(348)	(348)
Proceeds on disposal of subsidiary	-	95	-	-
<b>Net cash flows used in investing activities</b>	<b>(450)</b>	<b>(406)</b>	<b>(472)</b>	<b>(470)</b>
<b>Cash flows from financing activities</b>				
Net movement in loans and receivables, and other financial liabilities	1,432	(1,257)	(925)	(599)
Proceeds from/(repayment of) bank loan	300	(100)	(100)	(100)
Interest paid	(26)	(30)	(402)	(158)
Dividends paid	(750)	(951)	(543)	(1,360)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>956</b>	<b>(2,338)</b>	<b>(1,970)</b>	<b>(2,217)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(124)</b>	<b>1,529</b>	<b>1,149</b>	<b>75</b>
Cash and cash equivalents at beginning of year	379	255	1,784	2,933
<b>Cash and cash equivalents at end of year</b>	<b>255</b>	<b>1,784</b>	<b>2,933</b>	<b>3,008</b>

Over the period 1 January 2019 to 31 December 2021, the Group is projected to generate aggregate cash from operating activities before working capital changes amounting to €10.7 million. The Group's working capital is projected to decrease by a net of €2.5 million over this three-year period, in line with management's efforts to reverse the working capital outflows reported in recent years, whilst net tax outflows of €2.8 million are projected during the period. Aggregate net cash flow from operations of €10.6 million is projected to be generated in this period.

The aggregate spend on investing activities is projected to amount to €1.3 million. This comprises mainly of capitalised payroll costs relating to the Group's continued investment in the *Apcopay* payment gateway system.



In the projected period, the Group is projected to apply aggregate cash flows of €6.5 million in financing activities comprising mainly €2.9 million in the distribution of dividends and €2.8 million in the net settlement of loans and receivables and other financial liabilities. After considering such financing activities, the Group is projected to accumulate cash balances of €3.0 million by 31 December 2021.

## II.6. BASIS OF PREPARATION AND PRINCIPAL ASSUMPTIONS

The Prospective Financial Information is intended to show a possible outcome based on a mixture of best estimate assumptions as to future events which the Directors expect to take place and actions the Directors expect to take and hypothetical assumptions about future events and management actions which are not necessarily expected to take place. Events and circumstances frequently do not occur as expected and therefore actual results may differ materially from those included in the Prospective Financial Information.

Attention is drawn, in particular, to the risk factors set out in the Prospectus, which describe the primary risks associated with the business and operations to which the Prospective Financial Information relates.

The Prospective Financial Information is not intended to, and does not, provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position and cash flows of the Company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Directors have exercised due care and diligence in adopting the assumptions set out in Annex 2. The Directors formally approved the Prospective Financial Information on 18 August 2019 and the stated assumptions reflect the judgments made by the Directors at that date.

The assumptions that the Directors believe are significant to the Prospective Financial Information are set out in Annex 2 of this Registration Document.

## 12. REGULATORY ENVIRONMENT

### *Introduction*

Given its diverse business lines, the Group is subject to a variety of regulatory regimes. In particular, as the core business activities and operations of the Group intrinsically involve the storage and processing of data, including personal data, the Group is subject to the requirements of the GDPR and the local Data Protection Act (Cap. 586 of the laws of Malta).

In addition, as the Group offers products and solutions to clients operating in the regulated iGaming and financial services industries (principally through the operations undertaken by APCO Systems Limited), the Group is also indirectly subject to the regulatory framework applicable to such industries, including the requirements of the Gaming Act (Cap. 583 of the laws of Malta) insofar as the provision of ancillary services to regulated gaming entities are concerned, as well as the Financial Institutions Act (Cap. 376 of the laws of Malta), insofar as the provision of ancillary services to regulated payment services providers and credit and financial institutions are concerned. In this respect, the Group is, therefore, indirectly subject to the supervisory powers of the Malta Gaming Authority and the Malta Financial Services Authority, as the relevant competent national authorities in these fields.

### *Legal and regulatory compliance*

The Group is committed to legal and regulatory compliance and devotes significant attention to promoting and ensuring acquiescence with the legal and regulatory framework affecting its various operations. The Group is able to rely on the dedicated in-house legal team of the wider Hili Ventures Group, headed by the Group's General Counsel, who engages third parties legal experts where necessary through ongoing and, or *ad-hoc* arrangements in order to provide sector specific legal and advice and the necessary support and assistance, with the objective of properly mitigating the business and legal risks of undertaking its activities.

Furthermore, the companies forming part of the Group may enter into contractual arrangements governed by foreign law and subject to the jurisdiction of foreign courts or arbitral tribunals. In this respect, the Group engages with foreign expert counsel, where necessary, in order to enable an understanding of the jurisdiction-specific legal and regulatory requirements and to appropriately address the risks associated therewith.

Insofar as compliance with data protection legislation is concerned, the Group has appointed its own Data Protection Officer, who is supported by a specialist third-party data protection compliance service provider, who supports the Group with ongoing regulatory, legal and technical advice with respect to ongoing obligations and compliance requirements relative to data protection matters.

### *Policies and Procedures*

As part of the good governance best practices adopted by the Group, the Group implements various policies, procedures, systems and controls, designed to detect, prevent, and properly and effectively mitigate and manage legal, regulatory, business and commercial risks to which the Group is or may become exposed to. In this respect, the Group has adopted the following policies:

- **Code of Conduct and Whistle-blower Policy:** this policy sets out the Group's approach to the prevention and detection of corrupt practices or bribery, as well as setting adequate deterrents and punitive measures to discourage such conduct and to promote employees to blow the whistle on such conduct;





- **Health and Safety Policy:** this policy sets out the Group’s approach to ensuring a safe and secure work environment, providing employees with guidance as to the pre-emptive or resolute measures to be implemented when dealing with unsafe or hazardous conditions, injuries or accidents arising in the course of the activities of the Group. In turn this policy is supplemented by a comprehensive Health and Safety Manual, providing a detailed instructions and guidance manual on the processes and procedures to be followed. In this respect, the Group has appointed a dedicated Health & Safety Officer, responsible for overseeing compliance with the Group’s policy and for handling incidents that may arise from time to time. The Group undertakes a periodic risk assessment, with the objective of identifying any weaknesses in the Group’s property, plant and equipment, or in its internal systems and controls and so assess how this may impact the Group’s exposure to risks associated with health and safety and what rectifying measures ought to be implemented.

Each policy sets out clear reporting lines, to enable employees to disclose incidents to their superiors in a confidential and secure manner, without fear of reprisal. Policies are periodically reviewed and updated.

In addition to the policies described above, the Group implements a combination of organisational checks and balances designed, on the one hand, to identify, evaluate and ultimately mitigate risk and, on the other hand, to explore and exploit business opportunities. These policies, procedures, controls and systems are reviewed from time to time in order to reflect new operational and market realities, ensuring that the Group evolves in tandem with the latest developments in a timely manner, seeking pre-empting challenges and maximising potential.

In particular, the Group adopts:

- **Finance Policies and Procedures:** designed to ensure best practices in internal controls by management and members of staff. These policies and procedures cover procurement, credit control, travel policies, credit card payments, bank reconciliations among others; and
- **HR policies and procedures:** which govern best practices in employee recruiting, career development, training, performance management, termination of contract, among others.

#### ***Evolving regulatory landscape for innovative technologies***

As further described in section 9 of this Registration Document entitled ‘Business Overview’, as part of the Group’s overall strategy, the Group intends to pursue various research and development initiatives in innovative technologies, products and solutions, including but not limited to artificial intelligence, blockchain-based solutions and drone technology. As the regulatory, legal and ethical framework governing innovative technologies is constantly under development, the Group’s initiatives in this space may be subject to a variety of legal and regulatory requirements, including but not limited to registration, certification, technical auditing or other authorisation requirements. For instance, the Group may be subject to the provisions regulating so-called ‘innovative technology arrangements’ under the Innovative Technology Arrangements and Services Act (Chapter 592 of the laws of Malta) and may be subject to the regulatory and supervisory review of the Malta Digital Innovation Authority. In addition, the Group is aware that Government of Malta intends to develop a dedicated legal, regulatory and ethical framework for artificial intelligence, the exact terms of which may have an impact on the AI-driven solutions and products that may be developed by the Group.

## **13. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**

### **13.1. THE BOARD**

The Company is currently managed by a board of directors (the “**Board**”) consisting of five members who are entrusted with the overall direction, administration and management of the Company. Two of the said Directors are independent within the meaning of the Listing Rules, such independent directors being Jacqueline Camilleri and Stephen Paris.

As at the date of this Registration Document, the Board of Directors of the Company is constituted by the following persons:

<b>NAME</b>	<b>DESIGNATION</b>	<b>DATE OF APPOINTMENT</b>
Juanito Camilleri	Non-Executive (Chairman)	1 March 2015
Richard Abdilla Castillo	Non-Executive	3 September 2019
Conrad Aquilina	Non-Executive	3 September 2019
Jacqueline Camilleri	Independent Non-Executive	3 September 2019
Stephen Paris	Independent Non-Executive	14 October 2019

The business address of the Directors is the same as that of the Company.

The Company Secretary is Dr Malcolm Falzon.



### 13.2. CURRICULUM VITAE OF THE DIRECTORS

Hereunder is a brief curriculum vitae of each of the current Directors:

#### **Juanito Camilleri, Chairman**

Juanito Camilleri is Rector Emeritus, Chairman and resident Professor at the Centre for Entrepreneurship and Business Incubation at the University of Malta and a Fellow of the IC2 Institute of the University of Texas at Austin. He served as Rector of the University of Malta between 2006 and 2016. He was previously Group Chief Executive at Melita Limited (C 12715) (formerly Melita Cable p.l.c.), and earlier, he was the founding Chief Executive Officer at Mobisle Communications Limited (C 24655). Throughout his career he has served on the boards of a broad spectrum of entities in the public and private sectors. Professor Camilleri obtained a Bachelor degree in Computer Science at the University of Kent at Canterbury, and moved to Cambridge to pursue a doctorate in Theoretical Computer Science which he completed in 1990, at the age of 23. Professor Camilleri is the non-executive Chairman of the Company and its Subsidiaries.

#### **Richard Abdilla Castillo**

Richard Abdilla Castillo is a Certified Public Accountant. He joined the Hili family business in 1989 as a financial controller and has been extensively involved in the growth of the group's companies. Mr Abdilla Castillo earlier occupied senior roles at KPMG Malta, formerly Joe Tabone and Co., within the firm's consultancy division, responsible for several companies in diverse industries based in Malta and overseas. He is a member of the board of directors of Hili Ventures and Chairman of Hili Properties p.l.c. (C 57954).

#### **Conrad Aquilina**

Conrad Aquilina is an IT specialist with experience in the healthcare, national and EU-wide security and information management sectors. He was appointed IT Project Manager at Hili Ventures Limited in June 2015 and was promoted to Head of Group IT in 2016 and later Director of IT. Mr Aquilina provides direction for the development and maintenance of the group's IT strategy and guides the implementation of best practice. He leads the development of corporate technology, policies, and corporate information systems across the group. Mr Aquilina also assumed responsibility for the overall IT function as director of IT at Premier Capital p.l.c. (C 36522), a company forming part of the Hili Ventures group of companies, the developmental licensee for McDonald's in Estonia, Greece, Latvia, Lithuania, Malta and Romania in December 2018. Mr Aquilina holds a Masters in Strategic Information Technology Management from the University of Derby.

#### **Jacqueline Camilleri**

Jacqueline Camilleri is a Certified Public Accountant and a fellow member of the Malta Institute of Accountants. She graduated from the University of Malta with a B.A (Hons) in Accountancy and holds an MBA from Heriot-Watt University's Edinburgh Business School. Ms Camilleri held various roles at AX Holdings Limited (C 3595) between 1990 and 1998. She later joined the team at the Foundation for Medical Services responsible for the opening of Mater Dei Hospital, and served as Directorate Management Accountant at Stoke Mandeville Hospital in the UK. Ms Camilleri has provided financial consultancy to the private and national health sector in Malta and worked on privatisation processes, strategic reviews and business evaluations during her time at Malta Investment Management Company Limited ("MIMCOL", C 9588). In 2010, she was appointed Director General Finance and Administration at the Ministry for Health, Elderly and Community Care. In 2014, Ms Camilleri was appointed Chief Executive Officer of retirement village Hilltop Gardens, a subsidiary of AX Holdings. She served on the board of the Foundation for Medical Services between 2005 and 2010 and was Vice Chair of Malta International Airport between 2008 and 2013. Ms Camilleri now provides business advisory services.

#### **Stephen Paris**

Stephen Paris is an accountant and auditor by profession having completed his ACCA final exams in 1989. He spent 30 years in the profession with Deloitte Malta and was admitted as a partner in 2000. Over the past 19 years, Mr Paris served in various leadership roles at Deloitte as Head of Audit, Financial Services Industry Leader and Head of Risk and Regulatory Advisory. Throughout his career, Mr Paris has led numerous audit and non-audit assignments for a variety of clients – private, public, listed, state owned, foreign owned, family businesses, regulated entities as well as organisations operating in a variety of sectors including financial services, leisure, entertainment, real estate, transportation, manufacturing, import/distribution, retailing etc. As the jurisdiction evolved to an attractive financial services centre, Stephen Paris focused his efforts to this sector and transformed his client portfolio exclusively to entities regulated by the Malta Financial Services Authority, leading several audit and advisory engagements to clients involved in this sector. Mr Paris was a council member of the Malta Institute of Accountants and lecturer in auditing for several years.

A list of all current and past directorships of Board members of the past five years is set out at Annex I of this Registration Document.

### 13.3. POWERS OF DIRECTORS

The Directors are empowered to act on behalf of the Company and in this respect, have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may transact all business of whatever nature of the Company not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.



### 13.4. POTENTIAL CONFLICTS OF INTEREST

Save as stated below, the Directors are not aware of any potential conflicts of interest which could relate to their roles within the Company:

- (i) the Selling Shareholder II (Juanito Camilleri) is also a member of the Board of Directors and occupies the position of chairperson of the Board of Directors;
- (ii) Richard Abdilla Castillo sits on the board of directors of other companies forming part of the group of companies of which the Selling Shareholder I (I923 Investments p.l.c.) forms part of, namely Hili Ventures Limited (C 57902);
- (iii) Jacqueline Camilleri sits on the board of directors of other companies forming part of the group of companies of which the Selling Shareholder I (I923 Investments p.l.c.) forms part of, namely Hili Finance Company p.l.c. (C 85692); and
- (iv) Conrad Aquilina is a member of the senior management team of Hili Ventures Limited (C 57902).

### 13.5. REMUNERATION OF DIRECTORS

In terms of Article 21.I of the Articles of Association of the Company, the aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Company in a general meeting, and any notice convening the General Meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact.

The maximum aggregate annual directors' emoluments currently approved by the shareholders, including salaries due in respect of executive roles, amount to €465,000. The aggregate annual emoluments payable in the financial year ended 31 December 2018 to members of the directors amounted to €140,000.

### 13.6. LOANS TO DIRECTORS

As at the date of this Prospectus, there are no loans outstanding by the Company to any of its Directors, or any guarantees issued for their benefit by the Company.

### 13.7. SENIOR MANAGEMENT OF THE GROUP

In addition to the executive Directors, the senior management of the Group comprises:

#### **Godwin Caruana, Chief Executive Officer, Harvest**

Godwin Caruana is a member of the research community at the University of Brunel within the Electronic and Computer Engineering Group and a visiting Senior Lecturer at the University of Malta. Dr Caruana is also an Independent Expert & Evaluator on the European Horizon 2020, European FP7 programmes, besides a member of EU COST (European Cooperation in Science and Technology). In Malta, he is an Appointed Courts Expert on information technology. Dr Caruana is a post-graduate from the University of Liverpool and the University of Brunel, where he graduated with a Master of Science with distinction in Information Technology and a PhD with a research focus on High-Performance Computing, Algorithms & Machine Learning. Before joining Harvest in 2017, Dr Caruana served as Chief Technology Officer at Malta Information Technology Agency (MITA) where he contributed to numerous high-profile projects.

#### **Chris Fenech, Chief Financial Officer, Harvest**

Chris Fenech is a qualified accountant and auditor. Mr Fenech graduated in Accountancy from the University of Malta in 2012 and worked at PwC Malta where he was an audit and tax supervisor. He joined Hili Ventures in 2016 as Finance Manager (Accounting and Controls) and moved to I923 Investments as Director of Finance in 2018. A year later he was appointed Chief Financial Officer with Harvest.

#### **Pierre Attard, Managing Director, PTL Limited**

Pierre Attard is an experienced sales professional with a proven track record in sales growth and business development and key account management skills. He has always worked in the ICT and security sectors, mainly focusing on solutions for government and banking. At PTL Limited, Mr Attard was Head of Business Development, responsible for the execution of PTL Limited's sales strategy and for building stronger partner relationships, before being appointed Head of Sales, and later General Manager. He holds an Honours degree in Information Systems and Statistics, as well as a Masters in Business Administration ('MBA').

#### **Benson Bosman, Managing Director, APCO Limited**

Benson Bosman joined APCO Limited as General Manager after 15 years in the IT industry with companies such as NetApp, Cisco, HP and Vodafone, bringing with him a vast range of experience in business and channel development. After matriculating in Cape Town, South Africa, Mr Bosman began his IT career in 1999 with Westcon Distribution and eventually joined Cisco as Territory Market Manager for five years. During a stint at HP, he was headhunted by Vodafone to build a reseller channel market and in 2015 moved to Vodafone in Malta.

#### **George Kakouras, Managing Director, APCO Systems Limited**

George Kakouras gained extensive international management and leadership experience serving Intralot group and Maltco Lotteries, where he was Chief Operating Officer as well as board member. He joined APCO Systems Limited as Managing Director in 2019, assuming responsibility for the overall direction, product and service strategy while overseeing its operations including merchant services,



operations support and technology development. Mr Kakouras holds an Masters in Electrical and Computer Engineering ('MEng') and a Masters in Business Administration ('MBA') in Engineering Economics Systems from the National Technical University of Athens.

A list of all current and past directorships of senior management of the Company is set out at Annex I of this Registration Document.

The business address of each member of the Senior Management is the same as the registered address of the Company.

#### **Senior Management emoluments**

The aggregate annual emoluments payable in the financial year ended 31 December 2018 to members of the Senior Management referred to above amounted to €465,000.

#### **13.8. SERVICE CONTRACTS**

None of the Directors, members of the board committees or members of management referred to in this section 13 are party to service contracts with the Company or any of the Subsidiaries providing for benefits upon termination of employment.

#### **13.9. DECLARATION**

None of the Directors, members of the board committees or members of management referred to in this section 13 have, in the last five (5) years:

- i. been the subject of any convictions in relation to fraudulent offences;
- ii. been associated with bankruptcies, receiverships or liquidations in respect of entities in respect of which they were member of administrative, management or supervisory bodies, partners with unlimited liability (in the case of a limited partnership with a share capital), founders or members of senior management;
- iii. been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or
- iv. been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

### **14. BOARD PRACTICES**

The Directors have constituted the following board committees, the terms of reference of which shall be determined by the Board from time to time with the purpose of fulfilling the below mentioned purposes:

#### **14.1. AUDIT COMMITTEE**

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management and the internal and external auditors. The external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board.

The terms of reference of the Audit Committee include support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance of the Company. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Briefly, the Audit Committee is expected to deal with and advise the Board on:

- (a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- (b) maintaining communications on such matters between the Board, management and the external auditors; and
- (c) preserving the Company's assets by assessing the Company's risk environment and determining how to deal with those risks.

In addition, the Audit Committee has the role and function of evaluating any proposed transaction to be entered into by the Company and a related party to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Company. Furthermore, the Audit Committee has the role of assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Company.

The Audit Committee is made up entirely of non-executive Directors, the majority of whom are independent of the Company. Audit Committee members are appointed for a period of three years, unless terminated earlier by the Board.

The Audit Committee is composed of Jacqueline Camilleri (independent and non-executive Director), Richard Abdilla Castillo (non-executive Director) and Stephen Paris (independent and non-executive Director). The Chairperson of the Audit Committee, appointed by the Board, is entrusted with reporting to the Board on the workings and findings of the Audit Committee. Jacqueline Camilleri occupies the post of Chairperson



of the Audit Committee, which role is subject to rotation between the members of the Audit Committee on an annual basis. All the present members of the Audit Committee are considered by the Board to be competent in accounting and/or auditing in terms of the Listing Rules.

#### **14.2. REMNOM COMMITTEE**

In view of its size, the Company has taken the view that whilst it considers the role and function of each of the remuneration committee and the nomination committee as important, it would be more efficient for these committees to be merged into one committee (“RemNom Committee”) that would serve a dual role.

The RemNom Committee is composed of Juanito Camilleri and Jacqueline Camilleri.

In its function as remuneration committee, the RemNom Committee is charged with the oversight of the remuneration policies implemented by the Company with respect to its management and employees. Its objectives are those of determining a remuneration policy aimed to attract, retain and motivate directors, whether executive or non-executive, as well as senior management with the right qualities and skills for the benefit of the Company. It is responsible for making proposals to the Board on the individual remuneration packages of directors and senior management and is entrusted with monitoring the level and structure of remuneration of the non-executive directors. In addition, the RemNom Committee is responsible for reviewing the performance-based remuneration incentives that may be adopted by the Company from time to time, and is authorised to determine whether a performance-based bonus or other incentive should be paid out or otherwise.

In its function as nomination committee, the RemNom Committee’s task is to propose to the Board candidates for the position of director, including persons considered to be independent in terms of the Listing Rules, whilst also taking into account any recommendation from Shareholders. It is to periodically assess the structure, size, composition and performance of the Board and make recommendations to the Board regarding any changes, as well as consider issues related to succession planning. It is also entrusted with reviewing the Board’s policy for selection and appointment of senior management.

#### **14.3. GOVERNANCE AND RISK COMMITTEE**

Cognizant of the critical importance of adopting a risk-based approach to its business and operations, and as part of its endeavors to ensure proper and effective risk management, the Company has established a risk committee (the “**Governance and Risk Committee**” or the “**GRC**”).

The GRC is entrusted with:

- (i) assisting management of each business component with the identification of risks to which the Group and its business and operations are, or may be, exposed to including, but not limited to, client risk, transaction risk, enterprise and business risk, jurisdictional risk, product risk, and delivery risk, among others;
- (ii) risk quantification to assess the potential likelihood of the occurrence of the risks identified and the potential impact of such occurrence;
- (iii) oversight of screening of existing and potential customers and suppliers, including know-your-customer and due diligence verifications, and ongoing due diligence thereafter;
- (iv) the design, implementation, and oversight of risk management internal policies, procedures, processes, controls, systems and governance structures;
- (v) the ongoing monitoring and evaluation of risks;
- (vi) reporting on findings of evaluations undertaken and recommendations to address weaknesses or deficiencies in the processes and procedures of the Group; and
- (vii) effective and timely implementation of remedial actions to address governance and risk management deficiencies.

The GRC reports directly to the Board of Directors of the Company. At the date of this Registration Document, the GRC is composed of Stephen Paris, Jacqueline Camilleri and Conrad Aquilina. In determining the composition of the GRC, a balance is sought between expertise and experience in legal and regulatory affairs, compliance with anti-money laundering legislation, and I.T. and technical expertise, including in particular cyber-security. The Chief Executive Officer of the Company, together with members of senior management, may be invited to meetings of the GRC from time to time as observers.

When identifying, evaluating and monitoring the risks to which the Group is, or may become, exposed to, the GRC adopts a three-pronged approach to risk assessments comprised of risk identification, risk quantification and risk evaluation. Where appropriate, the GRC seeks to identify and implement the appropriate measures to be implemented in order to properly and effectively manage the risks identified.

### **15. CORPORATE GOVERNANCE**

Prior to the present Offer, the Company was not regulated by the Listing Rules and accordingly was not required to comply with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the “**Code**”). As a consequence of the present Offer the Company is required to comply with the provisions of the Code. The Company declares its full support of the Code and undertakes to fully



comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Company.

The Company supports the Code and is confident that the application thereof shall result in positive effects accruing to the Company.

Going forward, in view of the reporting structure adopted by the Code, the Company shall, on an annual basis in its annual report, explain the level of the Company's compliance with the principles of the Code, in line with the "comply or explain" philosophy of the Code, explaining the reasons for non-compliance, if any.

As at the date of this Prospectus, the Board considers the Company to be in compliance with the Code save for the following exceptions:

Principle 7 "Evaluation of the Board's Performance": under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company's shareholders, the market and the rules by which the Company is regulated as a listed company.

## 16. EMPLOYEES

As at 30 September 2019, the Group employed a total of 112 employees, of whom 30 occupied an administrative role, while the remaining 82 held an operational position. All employees of the Group were based in Malta. The Group also engages sub-contractors on an 'as-needed' basis from time to time.

The table below provides an overview of the changes in the number of employees of the Group over the financial years ended 31 December 2016, 2017 and 2018 respectively:

Employees	2018	2017	2016
Operations	90	89	85
Administration	36	52	32
<b>Total</b>	<b>126</b>	<b>141</b>	<b>117</b>

Furthermore, the table below provides an overview of the number of employees of each of the Company *per se* and each of its principal Subsidiaries as at date up to which the interim financial statements have been drawn up:

Employees	Company	PTL Limited	APCO Limited	APCO Systems Limited
Operations	-	56	13	19
Administration	5	5	4	5
<b>Total</b>	<b>5</b>	<b>61</b>	<b>17</b>	<b>24</b>

## 17. MAJOR SHAREHOLDERS

As at the date of this Registration Document, the Selling Shareholder I holds 90% of the issued share capital of the Company. Following completion of the Offer, the Selling Shareholder I will hold 54% of the issued share capital of, and will continue to exercise control over, the Company. There are no arrangements the operation of which may at some future date result in a change of control of the Company. The Selling Shareholders hold shares of the same class and carry the same voting rights.

As set out in this Registration Document, and in line with sound governance procedures and relevant regulatory requirements, measures have been instituted to ensure that the control exercised by the Selling Shareholder I, as major Shareholder, is not abused. These measures include:

- the composition of the Group, which includes all businesses that are fully controlled by the Selling Shareholder I, thus reducing the scope for related party transactions and potential conflicts of interest;
- the composition of the Board, which includes a balanced mix of executive and experienced, independent non-executive directors; and
- the adoption of the governance rules set out above in section 15 headed "Corporate Governance" of this Registration Document.

There is no person other than the Selling Shareholder I and the Selling Shareholder II having an interest, directly or indirectly, in the Company's capital or voting rights.

## 18. RELATED PARTY TRANSACTIONS

Related party transactions entered into by the Company may be categorised under three types, as follows:

- transactions with the ultimate parent company of the Harvest Group, that is, Hili Ventures Limited (C 57902);



- ii. transactions with the direct parent company of the Company, that is, the Selling Shareholder I; and
- iii. transactions with the Subsidiaries and other related parties (the latter consisting of related parties other than the Selling Shareholder I, entities with joint control or significant influence over the Company, its subsidiaries, associates, or joint ventures in which the Company is a venture, and key management personnel of the Company or the Selling Shareholder I).

The following are related party transactions that the Company has entered into during the financial years ending 31 December 2016, 31 December 2017 and 31 December 2018, and the ensuing period up until the date of this Registration Document:

**Related Party Transactions with the ultimate parent:**

The Company and Hili Ventures Limited were, until recently, parties to an agreement, whereby the latter provided Office 365 Support to the former. The agreement was entered into on 1 October 2018 and lapsed on 30 October 2019.

**Related Party Transactions with the Subsidiaries:**

- i. the Company and PTL Limited entered into a loan agreement dated 1 April 2019 pursuant to which the Company granted PTL Limited a loan in the amount of €1.27 million to be used for the for the operations of PTL Limited. As at 31 August 2019 an amount of €179,423 was still outstanding;
- ii. the Company and APCO Limited entered into a loan agreement dated 1 April 2019 pursuant to which the Company granted APCO Limited a loan in the amount of €0.85 million to be used for the operations of APCO Limited. As at 31 August 2019 an amount of €850,000 was still outstanding;
- iii. APCO Systems Limited and the Company entered into a loan agreement dated 1 April 2019 pursuant to which APCO Systems Limited granted the Company a loan in the amount of €0.89 million to be used for the operations of the Company. As at 31 August 2019 an amount of €454,000 was still outstanding;
- iv. the Company entered into separate management services agreements, each dated 19 June 2019, with each of PTL Limited, APCO Systems Limited and APCO Limited respectively, pursuant to which the Company provides various management and ongoing support services to each of the Subsidiaries. The Company receives a monthly management services fee from the Subsidiaries and the agreements are automatically renewable for periods of 12 months;
- v. the Selling Shareholder I and the Company entered into a loan agreement dated 2 October 2019, pursuant to which the Seller Shareholder I granted the Company a loan in the amount of €1.8 million to be used for the working capital requirements of the Company and its Subsidiaries; and
- vi. the Company and Ipsyon Limited entered into a loan agreement dated 1 April 2019 pursuant to which the Company granted Ipsyon Limited a loan in the amount of €0.25 million to be used for the operations of Ipsyon Limited. This loan was repaid in full in July 2019.

Other than the aforesaid, the Directors are not aware of any related party transactions having been entered into by the Company during the financial period under review up until the date of the Registration Document.

## **19. FINANCIAL INFORMATION**

### **19.1. HISTORICAL FINANCIAL INFORMATION**

The historical financial statements relating to the Company for the period 1 January 2016 to 31 December 2018 have been audited by Grant Thornton. Such historical financial statements, relating to the Company, together with the audited reports thereon, are incorporated by reference in this Registration Document and are available for inspection as set out in section 23 of this Registration Document headed "Documents on Display". There have been no significant changes to the financial or trading position of the Company since the end of the financial period to which the last audited financial statements relate.

Pursuant to Regulation (EC) No. 1606/2002 on the application of international accounting standards, the financial statements for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 were prepared in accordance with IFRS as issued by the International Accounting Standards Board and endorsed by the European Union.

### **19.2. INTERIM FINANCIAL INFORMATION**

Section 10.5 of this Registration Document headed "Interim and other Financial Information", includes Harvest's unaudited interim consolidated Income Statement and consolidated Statement of Cash Flows for the eight-month period from 1 January 2019 to 31 August 2019 and the comparable period from 1 January 2018 to 31 August 2018. The same section also includes the unaudited consolidated Statement of Financial Position of Harvest as at 31 August 2019, and the comparable audited financial position as at 31 December 2018.

There has been no significant change in the financial or trading position since 31 August 2019, the latest period for which interim consolidated financial statements have been prepared.



The Company hereby confirms that there has been no material change or recent development, which could adversely affect potential investors' assessments in respect of the Shares, other than the information contained and disclosed in the Prospectus.

### 19.3. PROSPECTIVE FINANCIAL INFORMATION

The Prospective Financial Information for the Group included in this Prospectus reflects the Directors' expectations with respect to the future operations of the Group for the three-year financial period from 1 January 2019 to 31 December 2021. The Prospective Financial Information reflects, *inter alia*, the key trends affecting the Group's business as outlined in section II of this Registration Document headed "Trend Information, including the Group's Projections".

The basis of preparation and the key assumptions underlying the Prospective Financial Information are set out in Annex 2 of this Registration Document.

### 19.4. DIVIDEND POLICY

It is the Board of Directors' objective to distribute a total dividend to holders of ordinary shares of the Company amounting to an estimated 4% net dividend yield (6.15% gross).

The Board's policy is to pay an annual final dividend. Notwithstanding the aforesaid, the Board will evaluate the financial position and performance of the Company from time to time and carefully consider whether, in light of the financial results of the Company, as well as prevailing economic conditions, the Board may declare and pay out an interim dividend. The net dividend distributions that have been provided for in the Company's prospective financial information in line with the above policy are illustrated below:

Net Dividend	2020	2021
	€	€
Interim	543,000	544,000
Final	-	816,000
<b>Total</b>	<b>543,000</b>	<b>1,360,000</b>

The first dividend of the Company following the completion of the Share Offer is expected to be distributed following the approval of the interim financial statements for the period ending 30 June 2020.

The net dividend yield assumes an effective tax rate of 35%. Projected dividend yields are based on the share price and may vary if the market price changes.

The extent of any dividend distribution will depend upon, amongst other factors, the profits available for distribution for the year, the Directors' view on the prevailing market outlook, any debt servicing and repayment requirements including financial covenants and other restrictive covenants, the cash flows for the Company, working capital requirements, investment opportunities, capital expenditure and the requirements of the Act.

### 19.5. LEGAL AND ARBITRATION PROCEEDINGS

The Directors are not aware of any pending or threatened governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

### 19.6. SIGNIFICANT CHANGE IN THE COMPANY'S FINANCIAL OR TRADING POSITION

There has been no significant change in the financial or trading position of the Group since 31 December 2018.

## 20. ADDITIONAL INFORMATION

### 20.1. SHARE CAPITAL

#### 20.1.I. INFORMATION ABOUT THE AUTHORISED AND ISSUED SHARE CAPITAL OF THE COMPANY

The Company was incorporated in Malta on 23 December 2013 as a private limited liability company in terms of the Act. On the 6 November 2019, the Company was converted to a public limited liability in terms of the Act. Furthermore, simultaneously with this conversion, the nominal value of the authorised and issued share capital of the Company was re-denominated from a nominal value of €1.00 per share to a nominal value of €0.50 per share.

The authorised share capital of the Company is €35,000,000 divided into 70,000,000 ordinary shares of a nominal value of €0.50 each<sup>1</sup>. As at the date of this Registration Document, the issued share capital of the Company is €11,390,318 divided into 22,780,636 ordinary shares of a nominal value of €0.50 each, fully paid-up, allotted as follows:

<sup>1</sup> The authorised share capital indicated herein reflects the position following the re-denomination of share capital. Immediately prior to the re-denomination, the authorised share capital of the Company was that of €35,000,000 divided into 35,000,000 ordinary shares of a nominal value of €1.00 per share.





1923 Investments p.l.c. (Selling Shareholder I)	20,502,574 ordinary shares of a nominal value of €0.50 each, fully paid-up representing 90% of the issued share capital of the Company
Juanito Camilleri (Selling Shareholder II)	2,278,062 ordinary shares of a nominal value of €0.50 each, fully paid-up representing 10% of the issued share capital of the Company

Immediately following the completion of the Offer, on the assumption that the Shares will be subscribed for in full, the issued share capital shall be held as follows:

1923 Investments p.l.c. (Selling Shareholder I)	12,301,542 ordinary shares of a nominal value of €0.50 each, fully paid-up representing 54% of the issued share capital of the Company
Juanito Camilleri (Selling Shareholder II)	1,366,838 ordinary shares of a nominal value of €0.50 each, fully paid-up representing 6% of the issued share capital of the Company
Shares in public hands	9,112,256 ordinary shares of a nominal value of €0.50 each, fully paid-up representing 40% of the issued share capital of the Company

For the financial period ending on the 31 December 2016 to the financial period ending on the 31 December 2018, more than 10% of the issued share capital of the Company was paid for with assets other than cash. In this respect on the 22 December 2016, the Company issued 6,990,594 ordinary shares of a nominal value of €1.00 each in favour of the Selling Shareholder I at a premium of €0.250916 per share. The said shares were issued as consideration for the capitalisation of a shareholder loan in the amount of €8,744,645.

## 20.1.2. INFORMATION ABOUT THE CHANGES TO SHARE CAPITAL FOR THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION

Set out below are the notable changes to the share capital of the Company and entities forming part of the Group for the financial period ended on the 31 December 2016 to the financial period ending on the 31 December 2018, and up to the date of this Registration Document:

6 November 2019	Hili Ventures Limited transferred 2 ordinary shares of a nominal value of €0.50 to the Selling Shareholder I.
14 October 2019	The Selling Shareholder I transferred 1,080,211 ordinary shares of a nominal value of €1.00 each to the Selling Shareholder II. The transfer was made following the exercise by the Selling Shareholder II of an option to purchase shares in the Company by virtue of a share option agreement dated 24 October 2016.
14 October 2019	The Selling Shareholder I transferred 14,705 ordinary shares of a nominal value of €1.00 each to the Selling Shareholder II. The transfer was made following the exercise by the Selling Shareholder II of an option to purchase shares in the Company by virtue of a share option agreement dated 24 October 2016.
20 December 2018	The Selling Shareholder I transferred 14,705 ordinary shares of a nominal value of €1.00 each to the Selling Shareholder II. The transfer was made following the exercise by the Selling Shareholder II of an option to purchase shares in the Company by virtue of a share option agreement dated 24 October 2016.
29 December 2017	The Selling Shareholder I transferred 14,705 ordinary shares of a nominal value of €1.00 each to the Selling Shareholder II. The transfer was made following the exercise by the Selling Shareholder II of an option to purchase shares in the Company by virtue of a share option agreement dated 24 October 2016.
1 September 2017	The Selling Shareholder I transferred 14,705 ordinary shares of a nominal value of €1.00 each to the Selling Shareholder II. The transfer was made following the exercise by the Selling Shareholder II of an option to purchase shares in the Company by virtue of a share option agreement dated 24 October 2016.
22 December 2016	On 22 December 2016, the Company resolved to increase its issued share capital from €4,399,724 divided into 4,399,724 ordinary shares to €11,390,318 divided into 11,390,318 ordinary shares by the issue and allotment of a further 6,990,594 ordinary shares each issued at an aggregate premium of €1,754,051 to the Selling Shareholder I for a consideration to be satisfied by the capitalisation of a loan in the amount of €8,744,645 outstanding and owing to the Company by the Selling Shareholder I.
22 December 2016	The Company resolved to reduce its share premium account by €1,754,051. The reduction in share premium was made for the purpose of offsetting losses incurred by the Company.

## 20.2. MEMORANDUM AND ARTICLES OF ASSOCIATION

### 20.2.1. OBJECTS

The Company does not carry out any trading or operating activities of its own. Its principal purpose is that of acting as an intermediate holding and investment company. The Company currently invests in technology companies and has three principal operating subsidiaries, that is, APCO Systems Limited, APCO Limited and PTL limited. A full list of the objects for which the Company is established is provided in Clause 3 of the Memorandum of Association. These objects include to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests and to act as a holding company and invest and hold shares participations and debentures in any other company, partnership or business.



## **20.2.2. APPOINTMENT AND POWERS OF DIRECTORS**

At present, in terms of the Articles of Association of the Company, the board of directors shall consist of a minimum of five (5) directors and maximum of seven (7) directors, one of whom may include the Chief Executive Officer.

The Articles of Association of the Company distinguish between the process for the appointment of executive directors and non-executive directors.

### ***Appointment of executive directors***

The non-executive directors of the Company are entitled to appoint executive directors to the board of directors of the Company from amongst the most senior executive positions of the Company. An executive director appointed in such manner will have a term of office of three (3) years and will thereafter be eligible for re-appointment, and may not be removed from office by the non-executive directors: (i) unless his office as a senior executive has also been terminated; or (ii) with just cause being shown to the satisfaction of the Nominations Committee; provided that it will be deemed a sufficiently just cause to remove an executive director during his tenure of office, if the non-executive directors with the approval of the Nominations Committee are of the opinion that, in the then prevailing circumstances, the nature and extent of the skills and competence required on the Board can be better served by the appointment of another executive director eligible for such appointment under the Articles of Association, in which case the non-executive directors may proceed after the approval of the Nominations Committee, to terminate the original appointment and to appoint another senior officer with the appropriate skills and competence in his stead.

### ***Appointment of non-executive directors***

Non-executive directors of the Company shall be appointed by the shareholders in the annual general meeting of the Company. The Articles of Association of the Company provide for two mechanisms by which non-executive directors may be nominated for appointment by the shareholders at the annual general meeting, as follows: (i) any member or number of members who in the aggregate hold not less than 10% of the total number of equity securities having voting rights in the Company shall be entitled to nominate a fit and proper person for appointment as a director of the Company; and (ii) in addition to the aforementioned nominations, the directors themselves or the Nominations Committee may make recommendations and nominations for the appointment of directors at the next following annual general meeting. In either case, no person will be entitled to take office as a director unless approved by the Nominations Committee, which is empowered to reject any recommendation if in its considered opinion, such appointment could be detrimental to the Company's interests or if such person is not considered fit and proper to occupy that position.

In the event that there are more approved candidates than an election will take place in accordance with the provisions of the Articles of Association of the Company, in terms of which a separate vote shall be taken for each approved candidate. A candidate shall be deemed to have been elected if the resolution put forward for the appointment of such approved candidate receives the assent of more than fifty percent (50%) of the nominal value of the issued equity securities entitled to attend and vote at the meeting.

No further voting shall take place once enough resolutions have been passed to ensure that all vacancies on the Board have been filled, even if there are still approved candidates with respect to whom a resolution has not yet been called.

### ***Removal of directors***

Any Director may be removed at any time by the ordinary resolution of the Shareholders of the Company in accordance with the Act, or in accordance with any other applicable law, or in the specific cases set out in the Articles of Association of the Company. Once appointed to office in accordance with the provisions of the Articles of Association of the Company, a Director shall hold office for a minimum period of three (3) years and a maximum period of five (5) years, unless he resigns or is earlier removed or is due to retire by rotation in accordance with the Articles of Association of the Company. A Director whose term of office expires will be eligible for re-appointment.

### ***General role and powers of the Board of Directors***

The administration and management of the Company shall be conducted by the Directors. The Articles of Association of the Company do not contemplate any specific instances of administration and management of the Company which are reserved for the decision, or the prior approval of, the Shareholders of the Company and/or any committee of the Company.

## **20.2.3. CLASSES OF SHARES: RIGHTS, PREFERENCES AND RESTRICTIONS**

The Shares form part of one class of ordinary shares in the Company and shall accordingly have the same rights and entitlements as all other ordinary shares currently in issue in the Company.

A detailed description of the principal rights, preferences and restrictions attaching to the Shares is contained in section 5.2 of the Securities Note.

## **20.2.4. CHANGES TO RIGHTS OF SHAREHOLDERS**

The rights attached to any class of Shares as is currently in existence, or other classes of shares that may be created in the future, may (unless otherwise provided by the terms of issue of Shares), whether or not the Company is being wound up, be varied with the consent in writing of the holders of two-thirds (2/3rds) of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.



## **20.2.5. EXTRAORDINARY GENERAL MEETINGS AND ANNUAL GENERAL MEETINGS**

Subject to the provisions of the Act, annual general meetings of the Company shall be held at such time and place as the Directors shall appoint. A general meeting is not deemed to have been duly convened unless at least twenty-one (21) days' notice is given in writing to all persons entitled to receive such notice, which must specify the place, the day and the hour of the meeting, and in case of special business, the general nature of that business, and shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such special business. The notice period may be reduced to fourteen (14) days if certain conditions are satisfied. Persons are entitled to participate in, and vote at, a general meeting if they are entered as a holder of Shares on the register of members on the record date. The *quorum* of Shareholders required is not less than 51% of the nominal value of the issued Shares entitled to attend and vote at the meeting.

The Directors may convene an extraordinary general meeting whenever they think fit.

If at any time there are not sufficient Directors capable of acting to form a *quorum* for a meeting of the Directors, any Director, or any two members of the Company holding at least ten per cent (10%) of the Shares conferring a right to attend and vote at general meetings of the Company, may convene an extraordinary general meeting.

For further detail on general meetings of the Company, please refer to the section entitled "*General Meetings*" in the Articles of Association of the Company.

## **21. MATERIAL CONTRACTS**

Neither the Company nor any of the other companies forming part of the Group is party to any contract, not being a contract entered into in the respective company's ordinary course of business, giving rise to an obligation or entitlement which is material to the Group as at the date of the Registration Document.

## **22. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

This Registration Document does not contain any statement or report attributed to any person as an expert.

## **23. DOCUMENTS ON DISPLAY**

For the duration period of this Registration Document the following documents shall be available for inspection at the registered address of the Company:

- i. the Memorandum and Articles of Association of the Company;
- ii. the audited consolidated financial statements of the constituent divisions of the Group covering the years ended 31 December 2016, 2017 and 2018, together with the Auditors' Reports thereon; and
- iii. the unaudited interim financial statements covering the two financial periods 1 January 2018 to 31 August 2018 and 1 January 2019 to 31 August 2019;
- iv. forecast and projections for the years ending 31 December 2019, 31 December 2020 and 31 December 2021; and
- v. the consolidated audited financial statements of Hili Ventures Limited for the year ended 31 December 2018, together with the Auditors' Report thereon.

These documents are also available for inspection in electronic form on the Company's website at <https://harvest.tech/>



## ANNEX I: LIST OF DIRECTORSHIPS OF DIRECTORS AND SENIOR MANAGEMENT

### JUANITO CAMILLERI (CHAIRMAN)

Company name	Registration number	Date of appointment	Date of resignation
Malta University Holding Company Ltd (and its subsidiaries)	C 20375	July 2006	June 2016
Malta University Broadcasting Ltd	C 14660	July 2006	July 2006
Malta University Consulting Ltd	C 8317	July 2006	July 2006
P.E.I. Ltd	C 7192	July 2006	July 2006
HSBC Malta p.l.c.	C 3177	September 2014	January 2017
Malta University Innovations Portfolio Ltd	C 91490	April 2019	n/a
Childcare Services Ltd	C 20482	August 1996	n/a
Ta' Betta Wine Estates Ltd	C 32329	October 2003	n/a
1923 Investments p.l.c.	C 63261	January 2019	August 2019
APCO Limited	C 8724	July 2016	n/a
APCO Systems Limited	C 29099	July 2016	n/a
PTL Limited	C 345	July 2016	n/a
Poang Ltd	C77211	July 2016	n/a
Ipsyon Limited	C 65394	April 2017	n/a

### RICHARD ABDILLA CASTILLO

Company name	Registration number	Date of appointment	Date of resignation
Ispot Poland Sp. Z O.O.	KRS no. 0000500329	January 2015	n/a
SAD Sp. Z O.O.	KRS no. 0000011564	July 2014	n/a
Allcom Sp. Z O.O.	KRS no. 0000052320	February 2019	August 2019
Hili Ventures Limited	C 57902	December 2017	n/a
Babcock Aviation Services Holdings International Limited	C 88324	March 2019	n/a
Baltimore Fiduciary Services Limited (In Dissolution)	C 27997	April 2001	n/a
Cma Cgm Malta Agency Ltd	C 53237	April 2017	n/a
Hcl Holdings Limited	C 15213	July 1993	n/a
Hili Properties p.l.c.	C 57954	December 2017	n/a
Power Projects Ltd	C 15885	September 1999	n/a
Premier Assets (Malta) Limited	C 51357	December 2010	August 2015
Premier Capital Holdings Limited (In Dissolution)	C 58272	November 2012	n/a
Port Investments Limited	C 63391	January 2014	December 2017
Hv Hospitality Limited	C 91217	August 2019	n/a
1923 Investments p.l.c.	C 63261	December 2013	October 2016
1923 Investments p.l.c.	C 63261	December 2017	May 2019
Carmelo Caruana Company Limited	C 9616	April 2019	May 2019
Gozo Express Services Limited	C 39408	March 2019	May 2019



Professional Courier Services Limited	C 43012	March 2019	May 2019
Hili Logistics Limited	C 57955	October 2012	October 2016
Hili Logistics Limited	C 57955	January 2018	May 2019
Apco Limited	C 8724	August 2014	July 2016
Premier Capital p.l.c.	C 36522	June 2005	October 2016
Premier Restaurants Malta Limited	C 18843	July 2005	September 2014
Premier Arcades Limited	C 51358	December 2010	October 2016
Techniplus S.A.R.L.	Morocco – Casablanca No.61 289	September 2016	n/a
Hili Properties (Swatar) Limited	C 45465	May 2015	October 2016
Hili Estates Holdings Company Ltd	C 58254	November 2012	October 2016
Hili Estates Limited	C 20513	July 2008	October 2016
Premier Estates Limited	C 57813	October 2012	October 2016
Apco Systems Limited	C 29099	August 2014	July 2016
Ipsyon Limited	C 65394	September 2015	October 2016
PTL Limited	C 3545	February 2015	July 2016
Hili Premier Estates Romania S.R.L.	Romanian business registry code J40/15008/2016 Unique code 36741072	November 2016	n/a
SIA Premier Restaurants Latvia	Latvian company registration no. 40003189347	December 2017	n/a
Premier Restaurants Eesti OÜ	Estonian company registration no. 10190065	June 2015	n/a
UAB Premier Restaurants	Lithuanian company registration no. III537013	June 2015	n/a
SIA Premeir Estates Ltd	Latvian company registration no. 40003993068	February 2008	n/a
Premier Estates Eesti OÜ	Estonian company registration no. 11740668	September 2014	n/a
UAB Premier Estates Lietuva	Lithuanian company registration no. 302483287	November 2014	October 2018
SIA Apex Investments	Latvian company registration no. 40003612223	1 February 2015	n/a
SIA Tukuma Projekts	Latvian company registration no. 40003839145	February 2015	n/a
SIA Tirdzniecības centrs "DOLE"	Latvian company registration no. 40003434873	December 2018	n/a

#### JACQUELINE CAMILLERI

Company name	Registration number	Date of appointment	Date of resignation
Smartcare Finance p.l.c.	C90123	January 2019	June 2019
Hili Finance Company p.l.c.	C85692	April 2018	n/a

#### CONRAD AQUILINA

None



#### STEPHEN PARIS

Company name	Registration number	Date of appointment	Date of resignation
STAN Limited	C 32022	September 2003	n/a
DTT 06 Limited	C 51078	November 2010	n/a
DTT 060 Limited	C 75908	June 2016	June 2017
Deloitte Audited Limited	C 51312	December 2010	May 2019
Deloitte Services Limited	C 51320	December 2010	May 2019
Deloitte Holdings Limited	C 51139	November 201	May 2019
Deloitte Technology Solutions Limited	C 57959	October 2012	May 2019
Merill SICAV plc	SV 384	October 2019	n/a
Nextmarkets Trading Limited	C 77603	October 2019	n/a
TH Investments plc	C 75640	October 2019	n/a

#### GODWIN CARUANA (CEO)

Company name	Registration number	Date of appointment	Date of resignation
Apco Limited	C 8724	February 2019	n/a
Poang Ltd	C 77211	April 2018	n/a
Apco Systems Limited	C 29099	February 2019	n/a
Ipsyon Limited	C 65394	June 2019	n/a
PTL Limited	C 3545	February 2019	n/a
Harvest Technology Limited	C 63276	May 2018	n/a

#### CHRIS FENECH (CFO)

Company name	Registration number	Date of appointment	Date of resignation
Gozo Express Services Ltd	C 39408	February 2019	n/a
Professional Courier Services Limited	C 43012	February 2019	n/a

#### BENSON BOSMAN, MANAGING DIRECTOR, APCO LIMITED

Company name	Registration number	Date of appointment	Date of resignation
Apco Limited	C 8724	August 2019	n/a

#### GEORGE KAKOURAS, MANAGING DIRECTOR, APCO SYSTEMS LIMITED

Company name	Registration number	Date of appointment	Date of resignation
Maltco Lotteries Limited	C 32326	April 2013	December 2018
Apco Systems Limited	C 29099	April 2019	n/a

#### PIERRE ATTARD, MANAGING DIRECTOR, PTL LIMITED

Company name	Registration number	Date of appointment	Date of resignation
PTL Limited	C 3545	August 2019	n/a



## ANNEX 2

# PROSPECTIVE FINANCIAL INFORMATION: SUMMARY OF SIGNIFICANT ASSUMPTIONS AND ACCOUNTING POLICIES

### I. INTRODUCTION

The projected Statements of Financial Position, the projected Income Statements, and the projected Statements of Cash Flows of Harvest Technology p.l.c. ("Harvest") and its subsidiaries (collectively "the Harvest Group") for the three-year period from 1 January 2019 to 31 December 2021 ("Prospective Financial Information") have been prepared to provide financial information for the purpose of inclusion in the Registration Document of Harvest in connection with the Offer dated 18 November 2019. The Prospective Financial Information set out in section II of the Registration Document and the assumptions hereunder are the sole responsibility of the directors of Harvest ("Directors").

The Prospective Financial Information for the three-year period ending 31 December 2021 has been based on the financial projections of the Harvest Group covering the period from 1 January 2019 to 31 December 2021.

The Prospective Financial Information is intended to show a possible outcome based on a mixture of best-estimate assumptions as to future events which the Directors expect to take place and actions the Directors expect to take, and hypothetical assumptions about future events and management actions which are not necessarily expected to take place. Events and circumstances frequently do not occur as expected and therefore actual results may differ materially from those included in the Prospective Financial Information.

The Prospective Financial Information is not intended to, and does not, provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Harvest Group in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Directors have exercised due care and diligence in adopting the assumptions below. The Directors formally approved the Prospective Financial Information on 22 October 2019 and the stated assumptions reflect the judgements made by the Directors as at that date. The assumptions that the Directors believe are significant to the Prospective Financial Information are set out in section 3 below.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Harvest Group are set out in its consolidated audited financial statements for the year ended 31 December 2018. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of the Prospective Financial Information.

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the International Accounting Standards Board (IASB). None of these standards, amendments or Interpretations have been adopted early by the Group.

With the exception of IFRS 16, the impact of which is described below, other new Standards, amendments, and Interpretations are not expected to have a material impact on the Group's financial statements.

#### IFRS 16 "LEASES"

The Group has adopted IFRS 16 "Leases" as at 1 January 2019 using the Standard's modified retrospective approach. The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. As a result, no equity adjustment has been recognised on initial application of IFRS 16. Comparative information is not restated.

The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 4.5%.

### 3. BASIS OF PREPARATION AND PRINCIPAL ASSUMPTIONS

The Prospective Financial Information includes the forecast for the financial year ending 31 December 2019. This forecast is based on the year-to-date results for the Group for the eight months ended 31 August 2019, with the forecast for the period 1 September to 31 December based on the results achieved up to 31 August 2019 extrapolated until year-end and adjusted for material movements which are reasonably expected to occur during the period.

The principal assumptions relating to the environment in which the Harvest Group operates, and the factors which are exclusively outside the influence of the Directors and which underlie the projected financial information are the following:

- there will be no material adverse events originating from market and economic conditions;
- interest rates will not change materially throughout the period covered by the Prospective Financial Information;



- the basis and rates of taxation will not change materially throughout the period covered by the Prospective Financial Information; and
- the rate of inflation will not exceed the HICP<sup>3</sup> projections published by the Central Bank of Malta (CBM) for the period 2019-21, which range between 1.6% and 1.9% per annum (source: Economic Projections 2019-21, CBM).

The principal assumptions relating to the environment in which Harvest operates, and the factors that the Directors can influence and which underlie the Prospective Financial Information are outlined below. Note that the actual growth and financial performance of the Group depend on a number of uncertain factors, including but not limited to (i) continued innovations in the products and service offerings by Harvest's vendor partners and the competitiveness of their offerings; (ii) sustained growth in the igaming industry, which is one of the main industry segments in which the Group operates; and (iii) competitors' actions and the launch of disruptive technologies in the industries in which the Group operates.

### 3.1. REVENUES

The Group's revenue for the three years ending 31 December 2021 is based on the revenue generated from the sale of hardware and software products, transaction fees generated through the payment gateway, as well as fees generated from the provision of maintenance, support, servicing, and software development services. Revenue projections take into consideration the existing agreements with clients and confirmed new agreements or expected terminations in the period covered by the financial projections.

The revenue forecast for the year ending 31 December 2019 is based on the extrapolation of the actual revenue generated in the eight months up to 31 August 2019. The revenue projections for the years ending 31 December 2020 and 31 December 2021 are based on the key trends expected by the Directors and other assumptions as set out below:

- revenue from the sale of hardware and software is forecast to amount to €6.1 million in 2019, representing 11.2% decrease over 2018. This is mainly due to a number of large contracts being completed in 2018 and/or early 2019. Revenue is projected to increase by 80.7% to €11.0 million in 2020 as a result of the revenue estimated to be generated from the overseas technology implementation project being carried out in collaboration with IBM, a large part of which is expected to be executed in 2020. In 2021, revenues are projected at €7.3 million. In the projected period, the Directors expect that the Group will continue to secure a number of sizeable contracts both on the local and international markets;
- payment gateway revenue is forecast to increase from €3.9 million in 2018 to €4.5 million in 2019, representing growth of 16.2%. In the period 2019 to 2021, revenue is projected to increase at 8.8% CAGR reaching €5.3 million in 2021 as the Directors expect the Group to continue to diversify and increase its client base as well as increase the revenue generated from existing clients;
- maintenance, support and servicing revenues are forecast to increase from €2.9 million in 2018 to €3.2 million in 2019, representing growth of 7.0%. In the period 2019 to 2021, revenue is projected to increase at 5.3% CAGR reaching €3.5 million in 2021. In the projected period, the Directors expect the Group to continue to secure new contracts and to launch new product offerings with a view of attracting additional sales; and
- revenue from the rendering of services and development is forecast to amount to €1.7 million in 2019, representing 12.2% decrease over 2018 as a result of the shift in the Group's strategy in favour of the implementation of IT solutions developed by the Group's international partners instead of internally developed software products. In the period 2019 to 2021, revenue projected to increase at 3.3% CAGR reaching €1.8 million in 2021.

### 3.2. COST OF SALES

Cost of sales is projected to increase from €99 million in 2018 (representing 63.5% of revenue) to €10.4 million in 2021 (representing 57.2% of revenue). Cost of sales are largely made up of product and direct labour costs. The decrease in the percentage of cost of sales on revenue is largely due to the projected growth in payment gateway services, which carry a higher value-added margin compared to the other business lines.

### 3.3. ADMINISTRATIVE EXPENSES

Administrative expenses consist primarily of management and administrative payroll costs, advertising costs, and professional fees, together with other corporate and general expenses. These expenses have been based on the level of costs experienced in recent years, after taking into account increases due to inflation which has been assumed in line with HICP projections as set out above.

Administrative expenses are projected to decrease from €4.3 million in 2018 to €3.4 million in 2019 due to (i) one-off severance costs incurred by Harvest in 2018; (ii) administrative expenses relating to Eunoia Limited, which was disposed of in 2019; (iii) synergies achieved from the merger of Stride Technology Limited and Poang Ltd into other companies within the Group; and (iv) the shift of operating lease costs from administrative expenses to amortisation and depreciation charges and finance costs as a result of the adoption of IFRS 16 on 1 January 2019.

<sup>3</sup> Harmonised Index of Consumer Prices





Administrative expenses are projected to reach €3.4 million in 2021 (1.2% CAGR on 2019). In 2020, administrative expenses also include a provision for additional costs to be incurred in relation to the overseas technology implementation project, a large part of which will be carried out during this year.

#### 3.4. DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated using the straight-line method to allocate the cost of all items comprised within property, plant and equipment over their estimated useful lives.

The depreciation charge is based on the Group's fixed asset base as at 31 December 2018 adjusted for projected additions over the projected term and based on the following depreciation rates:

	%
Motor vehicles	20
Furniture, fittings and other equipment	10
Office and computer equipment	20-33

The right-of-use asset recognised in the Group's Statement of Financial Position on adoption of IFRS 16 is being depreciated over the term of the respective lease contracts which range between 5 and 12 for office space and 1 and 7 years for motor vehicles.

Depreciation in respect of property, plant and equipment is forecast at €412,000 in 2019 and is projected to increase to €431,000 in 2021.

#### 3.5. AMORTISATION OF INTANGIBLE ASSETS

Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives as follows:

	Years
Software	3
Patents and trademarks	7-10

Amortisation in respect of intangible assets is forecast at €302,000 in 2019, decreasing to €285,000 in 2021.

In view of the projected growth in profitability, the Prospective Financial Information assumes that no impairment losses will be recognised on goodwill, which is assumed to have an indefinite useful life.

#### 3.6. TAXATION

Current taxation has been provided for at the corporate tax rate of 35% of profit before tax. Presently, the Group does not have any balance of tax losses or tax credits.

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

#### 3.7. EARNINGS PER SHARE

Earnings per share are based on the projected profit after taxation attributable to the ordinary shareholders of Harvest divided by the projected weighted average number of ordinary shares in issue during the respective year.

Over the three years ending 31 December 2021, the number of shares in Harvest in issue are projected to remain at 22,780,636 shares in line with the shares in issue as at 31 December 2018 after considering the redenomination of the nominal value of these shares from €1.00 per share to €0.50 per share.

#### 3.8. DIVIDENDS

The ability to pay dividends and the extent of any dividend distribution will depend upon, amongst other factors, the profit for the year, the Directors' view on the prevailing market outlook, any debt servicing and repayment requirements, the cash flows for the Group, working capital requirements, investment opportunities, capital expenditure, and the requirements of the Act.

In the Prospective Financial Information it is assumed that in the financial year ending 31 December 2020, the Company will distribute €0.5 million net dividend, increasing to €1.4 million in 2021.

#### 3.9. CAPITAL EXPENDITURE

Annual capital expenditure comprises (i) the acquisition of plant and equipment; and (ii) capitalised payroll costs relating to the continued development of the Group's intellectual property underlying the *Apcopay* payment gateway system.

Capital expenditure is projected to amount to circa €0.5 million per annum. Capital expenditure is expected to be funded through the internal cash generation of the Harvest Group.

Cash proceeds of €95,000 from the sale of Eunoia Limited are expected to be received by the end of 2019.



### **3.I0. BORROWINGS AND FINANCE COSTS**

Net finance costs are forecast at €136,000 for 2019, increasing to €246,000 in 2021. These relate primarily to finance costs incurred in relation to the lease liability on the premises leased by the Group, recognised as from 1 January 2019 in line with the requirements of IFRS 16 "Leases".

### **3.II. RIGHT-OF-USE ASSET**

On adopting IFRS 16 on 1 January 2019, the Group started recognising a right-of-use asset on the statement of financial position. The right-of-use asset is forecast at €2.1 million as at 31 December 2019, decreasing to €1.5 million as at 31 December 2021.

### **3.I2. LEASE LIABILITY**

With effect from 1 January 2019, the Group's liabilities reflect the impact of the lease liability, representing the present value of the committed lease payments on the Group's leased assets in line with the requirements of IFRS 16. The total lease liability (including current and non-current portion) is projected at €2.1 million as at 31 December 2019, decreasing to €1.6 million as at 31 December 2021.

### **3.I3. WORKING CAPITAL**

The Group's working capital comprises the net impact of inventories, trade and other receivables, and trade and other payables. For the purpose of the Prospective Financial Information, working capital has been projected on the basis of historical average debtor and creditor days, and reflects the credit terms and client deposit requirements as set out in agreements with clients.

The Directors, having made due and careful enquiry, are of the opinion that in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be sufficient for the carrying out of its business.

### **3.I4. CAPITAL AND RESERVES**

Throughout the projected period, retained earnings will increase in line with undistributed profits.

Share capital and other reserves are assumed to remain unchanged.

## **4. CONCLUSION**

The Directors believe that the assumptions on which the Prospective Financial Information is based are reasonable.

Approved by the Board of Directors on 22 October 2019.

