



FACT SHEET

- OFFER FOR SALE OF ORDINARY SHARES IN HARVEST TECHNOLOGY PLC -

KEY DETAILS*¹

Company:	Harvest Technology plc	Total No. of Shares in Issue:	22,780,636 ordinary shares
Listing:	Official List, Malta Stock Exchange	Selling Shareholders:	<ul style="list-style-type: none"> • 1923 Investments plc • Prof. Juanito Camilleri
Total No. of Shares on Offer:	9,112,256 ordinary shares (representing 40% of the total no. of shares in issue)	Offer Price:	€1.50 per share
Market Capitalisation*²:	€34.2 million	Enterprise Value*³:	€37.0 million (forward 2019)
Price-to-Earnings Ratio*⁴:	21.9x (forward 2019)	Enterprise Value-to-EBITDA*⁵:	11.7x (forward 2019)
Net Dividend per Share:	€0.0597 (2020 projection)	Net Dividend Yield:	3.98% (for 2020)

¹ The share offer is not applicable to persons who do not reside in Malta, are not Maltese citizens, or do not have a registered address in Malta.

² Calculated by multiplying the share offer price of €1.50 by the total number of shares in issue of 22,780,636.

³ Calculated by adding the forecasted net debt of €2.82 million as at 31 December 2019 (including lease liabilities of €2.13 million) to the market capitalisation of €34.2 million.

⁴ Calculated by dividing the share offer price of €1.50 by the forecasted earnings per share of €0.0685 for the financial year ending 31 December 2019.

⁵ Calculated by dividing the enterprise value of €37 million by the forecasted EBITDA of €3.17 million for the financial year ending 31 December 2019.

A copy of our investment research report containing our analysis and opinion on this share offer will be available through our fee-based Research Portal. Should you be interested in subscribing to our Research Portal, kindly send us an email on researchportal@rizzofarrugia.com to obtain a copy of the Subscription Agreement containing our 'Terms of Use'.

ABOUT HARVEST TECHNOLOGY PLC

The shareholders of Harvest are 1923 Investments plc (a subsidiary of Hili Ventures Ltd) with a 90% stake and Prof. Juanito Camilleri who is the Chairman of Harvest holding the remaining 10%. The two shareholders are offering part of their shares, amounting to just under 22.8 million, to the general public. Assuming that the entire share offer is taken-up, the shareholding structure of Harvest following admission to the Official List of the Malta Stock Exchange will be as follows: (i) 1923 Investments plc will have 12,301,542 shares representing 54% of the company's issued share capital; (ii) Prof. Juanito Camilleri will have 1,366,838 shares representing 6% of the company's issued share capital; and (iii) the remaining shares amounting to 9,112,256 (representing 40% of the company's issued share capital) will be held by the general public.

Harvest is focused on three principal business activities, namely: (i) the provision of systems integration services and IT solutions which are conducted through PTL Ltd ("PTL"); the provision of automation solutions via APCO Ltd ("APCO"); and (iii) the provision of payment processing solutions under the 'Apcopay' brand through APCO Systems Ltd ("APCO Systems"). Furthermore, Harvest holds the entire share capital of Ipsyon Ltd ("Ipsyon") which, in turn, owns the intellectual property rights and the software pertaining to 'Apcopay'.

PTL has been in operation since 1976 and offers a broad array of products and services to a diversified client base, both in the public and private sectors, having key strongholds in the banking, retail, public law and enforcement, as well as health sectors. PTL also acts as a reseller for major software publishers and multi-national IT hardware manufacturers who are leaders in the field. Going forward, PTL aims at increasing its market penetration in Malta, penetrate new markets overseas and also tap emerging opportunities within the blockchain, multi-cloud environments and robotic process automation spheres.

APCO was established in 1984 and acts as a supplier of a wide range of automation and security solutions targeting principally the banking, retail and energy sectors. Banking represents over 80% of the company's revenues, and in the years ahead APCO aims at diversifying its customer base apart from continuing to expand internationally following the recent award of an important contract in Africa.

APCO Systems was incorporated in 2001 and offers e-commerce processing services for retailers and internet-based merchants. Its platform handles front-end authorisation processes, settlement and funding processes, billing and statements consolidation, as well as online monitoring and reporting. Its revenues are 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. APCO Systems has a relationship with over 40 acquiring partners and services more than 1,200 merchants across 25 countries. Its major clients include public sector entities and private companies operating in the online gaming industry.

RISK FACTORS

Harvest is subject to a number of risks pertaining to the nature of its businesses. Prospective investors are urged to read the 'Risk Factors' found in the Prospectus dated 18 November 2019. These are listed in Section 3 – 'Risk Factors' of the Registration Document found on pages 6 to 13, and in Section 2 – 'Risk Factors' of the Securities Note found on pages 6 to 8. Copies of the Prospectus are available by email upon request or from our website at <http://rizzofarrugia.com>.



Prospective investors must also note that since the profit forecasts and the assumptions on which they are based relate to the future, they may be affected by unforeseen events. As such, the variation between forecasts and actual results may be material.

DIVIDEND POLICY

Harvest intends to distribute a net dividend of €0.0597 per share annually which, in turn, would translate into a yield of 3.98% based on the offer price of €1.50 per share. In this respect, the Prospectus dated 18 November 2019 explains that although it is the company's intention to pay its dividend on an annual basis, the Board of Directors may also declare to distribute the dividend on a semi-annual basis.

In this context, it is expected that following the conclusion of the share offer, Harvest will pay out its first interim dividend following the approval of the interim financial statements for the period ending 30 June 2020. The final dividend for the 2020 financial year is expected to be distributed in Q2 2021.

The Prospectus also notes that the extent of any dividend distribution by Harvest is dependant, amongst other things, upon the profit available for distribution for the year, the Directors' view on the prevailing market outlook, any debt servicing and repayment requirements including financial and other restrictive covenants, cash flow and working capital requirements, investment opportunities, capital expenditure and legal requirements.

APPLICATION PROCEDURE

Prospective investors wishing to participate at the 'General Public' stage are kindly asked to either complete our 'Application Form' or 'Application Form – B' which is provided by Harvest. Applications must be returned to us by Thursday 12 December at noon together with a duly completed and signed 'Assessment & Confirmation Form'.

All applications must be for a minimum of 1,000 shares (equivalent to €1,500) and in multiples of 100 shares (equivalent to €150) thereafter.

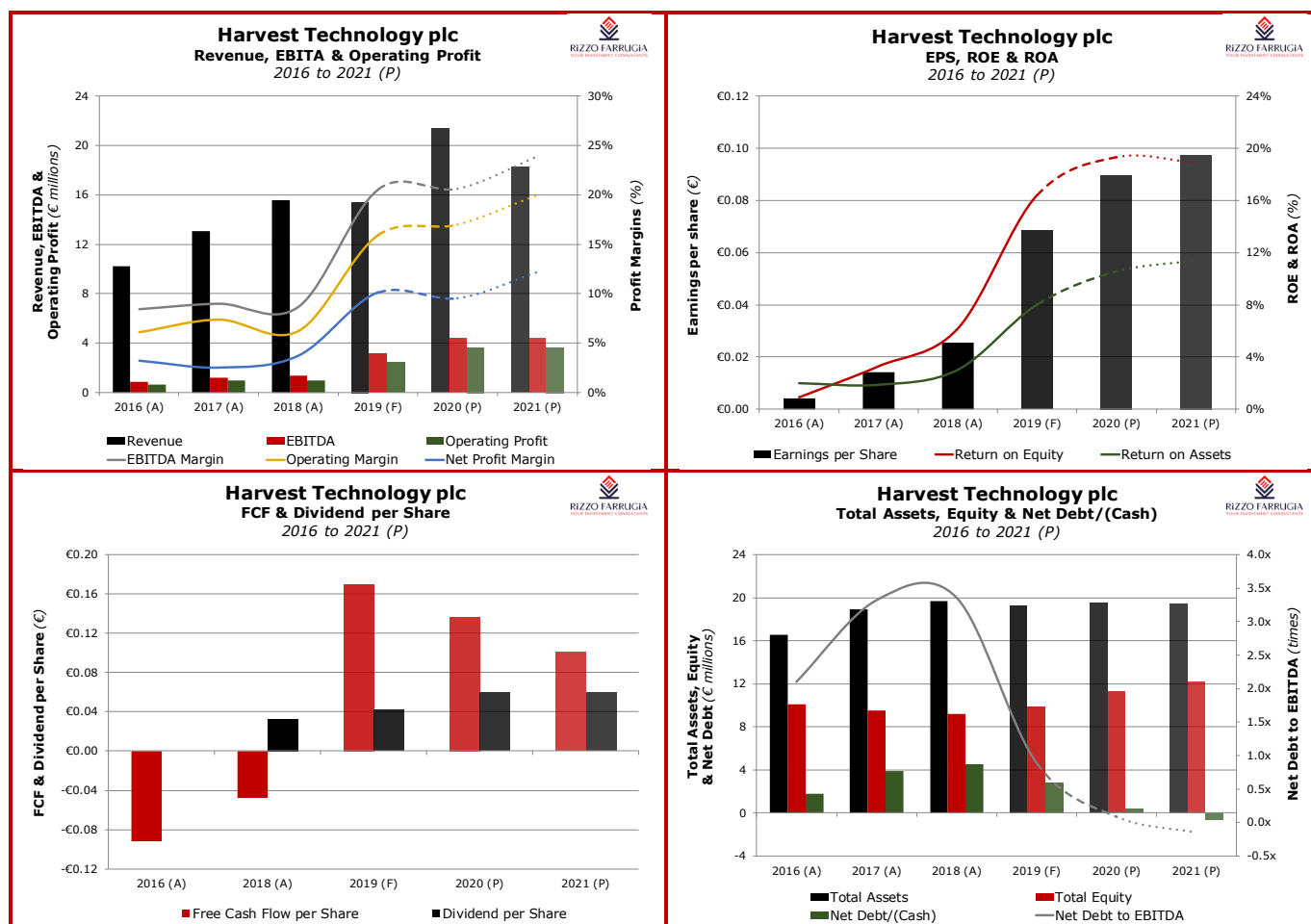
All application forms must be accompanied by the appropriate payment, either by cheque in EUR payable to 'Rizzo, Farrugia & Co (Stockbrokers) Ltd – Clients a/c' or credited into either one of our EUR denominated Clients' Accounts as detailed below:

	HSBC Bank Malta plc	Bank of Valletta plc
EUR A/C No	006 050041 004	400 135 62906
IBAN	MT46 MMEB 4406 0000 0000 0605 0041 004	MT18 VALL 2201 3000 0000 400 135 62906
SWIFT CODE	MMEB MTMT	VALL MTMT

KEY FINANCIAL HIGHLIGHTS & METRICS – HARVEST TECHNOLOGY PLC

	ACTUAL 2016	ACTUAL 2017	ACTUAL 2018	FORECAST 2019	PROJECTION 2020	PROJECTION 2021
Revenue (€000)	10,195	13,087	15,569	15,416	21,367	18,251
EBITDA (€000)	863	1,180	1,356	3,167	4,401	4,361
Operating Profit (€000)	621	964	968	2,453	3,627	3,645
Profit before Tax (€000)	335	887	929	2,259	3,124	3,399
Net Profit (€000)	95	325	581	1,561	2,040	2,219
Total Assets (€000)	16,531	18,918	19,670	19,230	19,488	19,409
Total Liabilities (€000)	6,431	9,377	10,455	9,405	8,166	7,228
Total Borrowings ¹ (€000)	2,238	4,905	5,540	4,895	3,515	2,478
Net Debt/(Cash) (€000)	1,810	3,911	4,550	2,820	382	(667)
Shareholders' Funds (€000)	10,100	9,541	9,215	9,825	11,322	12,181
Net Cash from Operating Activities (€000)	(321)	(297)	(630)	4,273	3,591	2,762
Free Cash Flow ("FCF") (€000)	(2,097)	(897)	(1,080)	3,867	3,119	2,292
FCF per Share (€)	(0.0921)	(0.0394)	(0.0474)	0.1697	0.1369	0.1006
Earnings per Share (€)	(Net Profit / No. of Shares in Issue)	0.0042	0.0143	0.0255	0.0685	0.0895
Price-to-Earnings Ratio [times]	(Share Offer Price / Earnings per Share)	359.7x	105.1x	58.8x	21.9x	16.8x
Earnings Yield [%]	(Earnings per Share / Share Offer Price)	0.28%	0.95%	1.70%	4.57%	5.97%
Enterprise Value to Revenue [times]	((Market Cap. + Net Debt) / Revenue)	3.53x	2.91x	2.49x	2.40x	1.62x
Enterprise Value to EBITDA [times]	((Market Cap. + Net Debt) / EBITDA)	41.7x	32.3x	28.6x	11.7x	7.9x
Cost-to-Income Ratio [%]	(Operating Expenses / Revenue)	94.8%	91.1%	91.4%	79.5%	79.4%
EBITDA Margin [%]	(EBITDA / Revenue)	8.46%	9.02%	8.71%	20.5%	20.6%
Operating Profit Margin [%]	(Operating Profit / Revenue)	6.09%	7.37%	6.22%	15.9%	17.0%
Net Profit Margin [%]	(Net Profit / Revenue)	3.22%	2.52%	3.73%	10.1%	9.55%
Return on Equity [%]	(Net Profit / Average Equity)	0.94%	3.31%	6.20%	16.4%	19.3%
Return on Assets [%]	(Net Profit / Average Assets)	1.98%	1.86%	3.01%	8.03%	10.5%
Net Dividend per Share (€)	(Net Dividend / No. of Shares in Issue)	-	0.0439	0.0329	0.0417	0.0597
Net Dividend Yield [%]	(Net Dividend / Share Offer Price)	-	2.93%	2.19%	2.78%	3.98%
Payout Ratio [%]	(Net Dividend per Share / Earnings per Share)	-	307.7%	129.1%	60.9%	66.7%
Dividend Cover [times]	(Earnings per Share / Net Dividend per Share)	-	0.33x	0.77x	1.64x	1.50x
FCF/Share to Dividend/Share [times]	(FCF per Share / Net Dividend per Share)	-	(0.90x)	(1.44x)	4.07x	2.29x
Net Debt to EBITDA [times]	(Net Debt / EBITDA)	2.10x	3.31x	3.36x	0.89x	0.09x
Net Debt to Equity [times]	(Net Debt / Total Equity)	0.18x	0.41x	0.49x	0.29x	0.03x
Gearing Ratio [%]	(Total Debt / (Total Debt + Equity))	18.1%	34.0%	37.5%	33.3%	23.7%

¹ Including lease liabilities.



Disclaimer

This document was prepared by Josef Cutajar, a Research Analyst at Rizzo, Farrugia & Co (Stockbrokers) Ltd ("Rizzo Farrugia") and reviewed by Christopher Mallia, Head of Research, at Rizzo Farrugia which is a member of the Malta Stock Exchange and licensed to conduct Investment Services business by the Malta Financial Services Authority.

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