HARVEST

Harvest Technology plc
Nineteen Twenty Three,
Valletta Road, Marsa,
MRS 3000, Malta

T +356 2144 5566
E info@harvest.tech

COMPANY ANNOUNCEMENT

Harvest Technology p.l.c.

Approval of Interim Financial Statements and Declaration of Interim Dividend

Date of Announcement	5 August 2022
Reference No:	35/2022
Capital Markets Rules:	5.16.4/5.16.20

QUOTE

Approval of interim financial statements

Further to the meeting of the Board of Directors of Harvest Technology p.l.c. (C 63276) (**the "Company"**) held today the 5 August, 2022, the Board of Directors of the Company approved the Company's interim financial statements for the six-month period ended 30 June, 2022. A copy of the Company's interim financial statements is attached to the present company announcement and may also be viewed on the Company's website on https://harvest.tech/financial-statements/.

Interim dividend

The Board of Directors also announces that it has resolved to distribute an interim net dividend of €455,613 (subject to rounding), equivalent to €0.020 per share (the "**Dividend**"). Shareholders of the Company appearing on the Company's register of members maintained by the Central Securities Depository of the Malta Stock Exchange as at close of business on 19 August 2022 shall be entitled to receive their respective share of the Dividend. Payment of the Dividend shall be effected by not later than 31 August 2022.

Update to the market

The Board of Directors notes that the unaudited consolidated net profit before tax of the Company and its subsidiaries (the **"Group"**) in H1, 2022 amounted to €1,105,383.

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Based on updated forecasts, and as detailed in the company announcement published on 3 June, 2022 (HRV30), the Group is expected to achieve higher revenues in 2022 versus prior year and profit before tax for the year is expected to be around the €3 million mark. That said, whilst the Group will strive to meet the budgeted projections for 2022, The Board of Directors is conscious of the fact that projected performance may be impacted by the challenges which the Group is currently experiencing, particularly as a result of: increased scrutiny from a regulatory perspective in the payment processing services segment; additional licensing requirements mandated on operators in online gaming; increasing costs due to inflation; delays at operational level resulting from supply chain issues; and delays in awards of certain contracts within the retail and IT services segment.

UNQUOTE

Malcolm Falzon
Company Secretary

Harvest Technology p.l.c.

Interim Financial Report

For the period 1 January to 30 June 2022

Company Registration Number: C 63276

Contents

Interim Directors' Report

Pursuant to Listing Rules 5.75.2 for period 1 January to 30 June 2022

The directors present the interim report, together with the unaudited interim condensed financial statements ("the condensed interim financial statements") of the company and its subsidiaries (the "Group") for the period 1 January to 30 June 2022.

Principal activities

The principal activity of the parent company is that of acting as a holding company. The Group is mainly involved in the sale, maintenance and servicing of information technology solutions, security systems, and to provide electronic payments solutions.

Business model

Harvest Technology p.l.c.'s business line in Malta is a multi-brand information technology solutions provider to businesses and the public sector. In addition, Harvest Technology p.l.c. Group is a payments solutions provider offering e-commerce processing services for retailers and internet-based merchants together with the provision of a wide range of automation and security solutions catering to the banking, retail, fuel distribution and other sectors.

Through the wide range of services and experience in technology, the Group is positioned to continue to develop and offer a broad range of state-of-the-art solutions and assure an excellent quality of service to its customers.

Performance review

The published figures have been extracted from the unaudited management financial statements for the half-year ended 30 June 2022 and its comparative period in 2021.

The Group

During the period under review, the Group registered an operating profit of €1,121,232 (1 January to 30 June 2021: € 1,976,540) on revenue of €8,291,071 (1 January to 30 June 2021: € 7,880,391). After accounting for other items of income, net finance costs and taxation, the Group registered a profit for the period of €721,555 (1 January to 30 June 2021: € 1,241,886). The Group's net assets at 30 June 2022 amounted to €13,664,255 (31 December 2021: €13,398,459).

The overall results were lower than the prior year as anticipated in the communication to the market on 3rd June 2022.

In the Payment Processing Services segment, both revenue and profitability were lower than the previous year. This is particularly due to the increased scrutiny from a regulatory perspective and additional licensing requirements mandated on the operators in online gaming which is impacting the partnering bank commissions receivable. In the previous year the company also benefited from extraordinary revenue generated from the Covid-19 pandemic.

In line with expectations, The Retail and IT Services segment generated higher revenue from the sale of hardware due to new contract wins. Profitability in the period under review was lower due to less services revenue recognised during the first half of the year when compared to the same period last year however profitability is expected to improve in the second half of the year.

The group is investing in the organic growth of the different businesses, notably in the expansion of the payment processing business in Greece and internationalization of its IT Services business. In this regard, on 22nd June a new subsidiary APCOPAY Greece S.A. was incorporated which is a fully owned subsidiary of APCO Systems Limited.

The Company

The Company earned investment income and management fees of €1,076,708 and € 231,811 respectively (2021: € 2,596,635 and € 120,661, respectively). After accounting for finance income, finance costs and administrative expenditure, the Company registered a profit after tax of €439,981 (1 January to 30 June 2021: €1,381,347). The net assets of the Company at 30 June 2022 amounted to €12,977,200 (31 December 2021: €12,992,832).

Results and dividends

The results for the period ended 30 June 2022 are shown in the statements of profit or loss on page 4. The Group's profit for the period after taxation was €721,555 (1 January to 30 June 2021: € 1,241,886).

During the period under review, the directors proposed a final net dividend of €455,613, equivalent to €0.02 per share for financial year ending 31 December 2021. This was paid by the company on 29 April 2022. On 5 August 2022 the directors approved a net interim dividend for financial year ending 31 December 2022 of € 455,613 equivalent to € 0.020 per share to be paid by 31 August 2022.

Likely future business developments

The key challenges, particularly regulatory changes, supply chain issues, the Russia-Ukraine war and rising inflation are expected to continue impacting the current year's performance. The Group is actively reviewing its cost structures for further optimisation. The Group continues to pursue acquisition targets to broaden its service offerings within the payment services business. The directors consider that in the current circumstances the period-end financial position was satisfactory.

Post balance sheet events

There have been no significant post-interim balance sheet events.

Preparation of the Condensed Consolidated Interim Financial Statements

This report is being published in terms of the Listing Rule 5.75 of the Listing Rules issued by the Listing Authority, and has been prepared in accordance with the applicable listing Rules and International Accounting Standard 34 - Interim Financial Reporting. This half-yearly report comprises the reviewed (but not audited) condensed consolidated interim financial statements. The financial statements published in this half-yearly report have been condensed in accordance with the requirements of IAS 34. These financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative statements have been extracted from the audited financial statements for the year ended 31 December 2021 and the management accounts for the period ending 30 June 2021.

Mr. Keith Busuttil
Non-executive Chairman

Mr. Peter Hili
Non-executive Director

Registered address:
Nineteen Twenty-Three
Valletta Road
Marsa MRS 3000
Malta

5 August 2022

Condensed Statements of Profit or Loss for the period ended 30 June 2022

	The group 1 January to 30 June 2022 (Unaudited)	The group 1 January to 30 June 2021 (Unaudited)	The company 1 January to 30 June 2022 (Unaudited)	The company 1 January to 30 June 2021 (Unaudited)
Revenue	**8,291,071**	**7,880,391**	**237,361**	**120,661**
Cost of sales	(5,146,798)	(3,886,794)	-	-
Gross profit	**3,144,273**	**3,993,597**	**237,361**	**120,661**
Foreign exchange gains/ (losses)	172,393	(33,895)	-	-
Administrative expenses	(2,195,434)	(1,983,162)	(631,692)	(602,744)
Operating profit / (loss)	**1,121,232**	**1,976,540**	**(394,331)**	**(482,083)**
Investment income	-	-	1,076,708	2,596,635
Finance income	-	-	4,462	19,237
Finance costs	(15,849)	(43,256)	(9,884)	(8,642)
Profit before tax	**1,105,383**	**1,933,284**	**676,955**	**2,125,147**
Tax expense	(383,828)	(691,398)	(236,974)	(743,800)
Profit for the year	**721,555**	**1,241,886**	**439,981**	**1,381,347**
Earnings per share	**0.032**	**0.055**	**-**	**-**

Condensed Statements of financial position

	Notes	The group 30 June 2022 (Unaudited) €	The group 31 December 2021 (Audited) €	The company 30 June 2022 (Unaudited) €	The company 31 December 2021 (Audited) €
Assets					
Non-current					
Goodwill	6	7,493,487	7,493,487	-	-
Intangible assets	7	1,163,187	1,176,895	2,027	4,055
Plant and equipment		131,595	142,255	5,591	3,532
Right-of-use assets	8	635,758	788,950	429,476	536,845
Investment in subsidiaries		-	-	11,119,723	11,119,723
Other investments		149,977	149,977	149,977	149,977
Loans and receivables		-	-	100,000	200,000
Deferred tax assets		423,618	410,050	111,753	109,635
		9,997,622	**10,161,614**	**11,918,547**	**12,123,767**
Current					
Inventories		1,549,577	2,156,966	-	-
Contract assets		664,988	662,843	-	-
Other assets		97,831	48,480	15,549	10,870
Trade and other receivables	9	3,753,315	5,973,040	268,030	54,355
Current tax assets		648,165	620,302	460,899	503,699
Cash and cash equivalents	10	3,927,577	2,999,405	827,778	1,071,116
		10,641,453	**12,461,036**	**1,572,256**	**1,640,040**
Total assets		**20,639,075**	**22,622,650**	**13,490,803**	**13,763,807**

Condensed Statements of financial position – continued

	Notes	The group 30 June 2022 (Unaudited) €	The group 31 December 2021 (Audited) €	The company 30 June 2022 (Unaudited) €	The company 31 December 2021 (Audited) €
Equity					
Share capital		11,390,318	11,390,318	11,390,318	11,390,318
Other equity		(2,821,365)	(2,821,365)	-	-
Retained earnings		5,095,302	4,829,506	1,586,882	1,602,514
Total equity		**13,664,255**	**13,398,459**	**12,977,200**	**12,992,832**
Liabilities					
Non-current					
Lease liabilities		362,380	514,523	227,769	337,218
Deferred tax liabilities		306,614	327,758	-	-
		668,994	**842,281**	**227,769**	**337,218**
Current					
Lease liabilities	8	295,151	291,797	214,539	208,138
Trade and other payables	11	2,243,446	3,378,565	71,295	225,619
Contract liabilities		2,895,512	4,110,716	-	-
Current tax liabilities		871,717	600,832	-	-
		6,305,826	**8,381,910**	**285,834**	**433,757**
Total liabilities		**6,974,820**	**9,224,191**	**513,603**	**770,975**
Total equity and liabilities		**20,639,075**	**22,622,650**	**13,490,803**	**13,763,807**

Mr. Keith Busuttil
Non-executive Chairman

Mr. Peter Hili
Non-executive Director

Statement of changes in equity - the group

	Share capital €	Other equity €	Retained earnings €	Total equity €
At 1 January 2021	11,390,318	(2,821,365)	3,503,312	12,072,265
Dividends	-	-	(455,923)	(455,923)
Transactions with owners	**-**	**-**	**(455,923)**	**(455,923)**
Profit for the period	-	-	1,241,886	1,241,886
Total comprehensive income	**-**	**-**	**1,241,886**	**1,241,886**
At 30 June 2021	**11,390,318**	**(2,821,365)**	**4,289,275**	**12,858,228**
At 1 January 2022	**11,390,318**	**(2,821,365)**	**4,829,506**	**13,398,459**
Dividends	-	-	(455,759)	(455,759)
Transactions with owners	**-**	**-**	**(455,759)**	**(455,759)**
Profit for the period	-	-	721,555	721,555
Total comprehensive income	**-**	**-**	**721,555**	**721,555**
At 30 June 2022	**11,390,318**	**(2,821,365)**	**5,095,302**	**13,664,255**

Statement of changes in equity – the company

	Share capital	Retained earnings	Total equity
	€	€	€
At 1 January 2021	11,390,318	683,060	12,073,378
Dividends	-	(455,613)	(455,613)
Transactions with owners	**-**	**(455,613)**	**(455,613)**
Profit for the period	-	1,381,347	1,381,347
Total comprehensive income	**-**	**1,381,347**	**1,381,347**
At 30 June 2021	**11,390,318**	**1,608,794**	**12,999,112**
At 1 January 2022	**11,390,318**	**1,602,514**	**12,992,832**
Dividends	-	(455,613)	(455,613)
Transactions with owners	**-**	**(455,613)**	**(455,613)**
Profit for the period	-	439,981	439,981
Total comprehensive income	**-**	**439,981**	**439,981**
At 30 June 2022	**11,390,318**	**1,586,882**	**12,977,200**

Condensed Statements of Cash Flows for the period ended 30 June 2022

	The group 1 January to 30 June 2022 (Unaudited) €	The group 1 January to 30 June 2021 (Unaudited) €	The company 1 January to 30 June 2022 (Unaudited) €	The company 1 January to 30 June 2021 (Unaudited) €
Operating activities				
Profit before tax	1,105,383	1,933,284	676,955	2,125,147
Adjustments	457,290	405,164	(959,923)	(2,603,488)
Net changes in working capital	360,564	(210,327)	(272,825)	(27,645)
Tax paid	(356,064)	(288,132)	-	-
Tax refunded	180,555	221,668	180,555	221,668
Net cash generated from (used in) operating activities	**1,747,728**	**2,061,657**	**(375,238)**	**(284,318)**
Investing activities				
Payments to acquire property, plant and equipment	(23,866)	(12,165)	(4,025)	(3,014)
Proceeds from disposal of plant and equipment	-	3,841	-	-
Payments to acquire intangible assets	(175,294)	(132,121)	-	-
Dividends received from subsidiaries	-	-	699,860	1,699,688
Net cash (used in) generated from investing activities	**(199,160)**	**(140,445)**	**695,835**	**1,696,674**

Condensed Statements of Cash Flows for the period ended 30 June 2022

	The group 1 January to 30 June 2022 (Unaudited) €	The group 1 January to 30 June 2021 (Unaudited) €	The company 1 January to 30 June 2022 (Unaudited) €	The company 1 January to 30 June 2021 (Unaudited) €
Financing activities				
Payments for lease obligations to third parties	(45,888)	(52,985)	-	-
Payments for lease obligations to related Company	(102,900)	(123,284)	(102,900)	-
Interest paid on leasing arrangements with third parties	(4,601)	(4,878)	-	-
Interest paid on leasing arrangements with a related Company	(9,884)	(29,111)	(9,884)	-
Movement in loans and receivables	-	-	-	343,000
Movement in other financial liabilities	-	(500,000)	-	(500,000)
Proceeds from bank loan	-	-	-	-
Repayment of bank loan	-	(292,197)	-	-
Interest received	-		4,462	19,237
Interest paid on other financial liabilities	(1,364)	(9,267)	-	(8,642)
Dividends paid	(455,759)	(455,923)	(455,613)	(455,613)
Net cash used in financing activities	**(620,396)**	**(1,467,645)**	**(563,935)**	**(602,018)**
Net change in cash and cash equivalents	928,172	453,567	(243,338)	810,338
Cash and cash equivalents, beginning of period	2,999,405	2,380,762	1,071,116	226,415
Cash and cash equivalents, end of period	**3,927,577**	**2,834,329**	**827,778**	**1,036,753**

Notes to the financial statements

1 Nature of operations

The principal activities of the Group are the sale, maintenance and servicing of information technology solutions, security systems and operates an electronic payment gateway.

2 General information and basis of preparation

The company was incorporated on 23 December 2013 as a holding company. The registered address and principal place of business of the company is Nineteen Twenty-Three, Valletta Road, Marsa MRS 3000, Malta.

The condensed consolidated interim financial statements as at end of 30 June 2022 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, "Interim Financial Reporting"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS as adopted by the EU.

3 New or revised Standards or Interpretations

3.1 New standards, amendments and interpretations adopted as at 1 January 2022

Some accounting amendments which have become effective from 1 January 2022 and have been adopted by the Group and the company do not have a significant impact on the Group and Company's financial results or position. Accordingly, the Group and the Company have made no changes to its accounting policies in 2022.

3.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

Several new, but not yet effective, standards, amendments to existing standards, and interpretations have been published by the IASB. None of these standards, amendments or Interpretations have been adopted early by the Group and the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations neither adopted nor listed by the Group and the Company have not been disclosed as they are not expected to have a material impact on the Group and Company's financial statements.

4 Segment reporting

The Group operates two business activities which are the sale of payment processing services and the provision of IT solutions and security systems. Each of these operating segments is managed separately as each of these lines requires different resources. All inter segment transfers for management services are carried out on a cost basis.

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by management.

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the year. The Group's reportable segments under IFRS 8 are direct sales attributable to each line of business.

The sale of payment processing services and the provision of IT solutions and security systems are derived from Malta, EU and non-EU countries.

In 2022, the Group had one significant contact where revenue exceeded 10% of total revenues. The total revenue on this contract recognised during the period amounted to € 1,378,000 and represented 17% of the revenue for the six months ended 30 June 2022. In 2021, the Group did not have any clients or contracts which individually represented 10% or more of the total revenue of the Group.

As at the end of the reporting period the total amount of intangible assets (including goodwill) and plant and equipment amounted to € 8,656,674 - unaudited (31 December 2021: €8,670,382 - audited) and € 131,595 - unaudited (31 December 2021 - audited: €142,255) respectively.

Measurement of operating segment profit or loss, assets, and liabilities

Segment profit represents the profit earned by each segment after allocation of central administration costs and finance costs based on services and finance provided. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to consolidated totals are reported below:

Profit and loss before tax

	1 January to 30 June 2022 (Unaudited) €	1 January to 30 June 2021 (Unaudited) €
Total profit for reportable segments	1,491,635	2,391,276
Unallocated amounts:		
Other unallocated amounts	(386,252)	(457,992)
	1,105,383	**1,933,284**

Assets

	30 June 2022 (Unaudited) €	31 December 2021 (Audited) €
Total assets for reportable segments	12,140,622	13,920,599
Elimination of receivables	(1,366,113)	(1,366,123)
Unallocated amounts:		
Plant and equipment	5,591	3,532
Goodwill	7,493,487	7,493,487
Intangible assets	2,027	4,055
Other investments	149,977	149,977
Loans and receivables	356,196	141,473
Trade and other receivables	27,382	54,355
Cash and cash equivalents	827,778	1,071,116
Deferred tax	111,753	109,635
Current tax asset	460,899	503,699
Right-of-use-asset	429,476	536,845
	20,639,075	**22,622,650**

Liabilities

	30 June 2022 (Unaudited) €	31 December 2021 (Audited) €
Total liabilities for reportable segments	7,827,330	9,819,338
Elimination of liabilities	(1,366,113)	(1,366,123)
Unallocated amounts:		
Trade and other payables	71,295	225,620
Lease liability	442,308	545,356
	6,974,820	**9,224,191**

The Group's revenue and results from continuing operations from external customers and information about it assets and liabilities by reportable segment are detailed below:

	Payment processing services €	Retail and IT solutions €	Total €	Unallocated €	Eliminations and adjustments €	Consolidated €
1 January to 30 June 2022						
Revenue	2,641,488	6,118,143	8,759,631	5,550	(474,110)	8,291,071
Profit before tax	1,022,312	469,323	1,491,635	676,955	(1,063,207)	1,105,383
Depreciation and amortisation	201,861	31,171	233,032	3,994	(13,498)	223,528
Income tax expense	359,560	164,143	523,703	236,974	(376,849)	383,828
Segment assets	4,189,479	7,951,143	12,140,622	13,490,802	(4,992,349)	20,639,075
Capital expenditure	176,188	18,946	195,134	4,026	-	199,160
Segment liabilities	2,307,406	5,519,924	7,827,330	513,603	(1,366,113)	6,974,820
1 January to 30 June 2021						
Revenue	3,483,799	5,024,090	8,507,889	120,661	(748,159)	7,880,391
Profit before tax	1,756,240	635,036	2,391,276	2,125,147	(2,583,139)	1,933,284
Depreciation and amortisation	206,584	170,579	377,163	3,742	(13,498)	367,407
Income tax expense	620,017	224,528	844,545	743,800	(896,947)	691,398
Segment assets	4,505,406	8,247,657	12,753,063	13,175,687	(4,659,130)	21,269,620
Capital expenditure	130,797	10,475	141,272	3,014	-	144,286
Segment liabilities	2,964,101	6,303,609	9,267,710	176,575	(1,032,893)	8,411,392

5 Dividends

During the period under review, the directors proposed a final net dividend of € 455,613, equivalent to € 0.02 per share. This was paid by the company on 29 April 2022. During the prior period a final net dividend of € 455,613 (€ 0.020 per share) was paid on 9 April 2021.

On 5 August 2022 the directors approved a net interim dividend of € 455,613 equivalent to € 0.020 per share.

6 Goodwill

The movements in the carrying amount of goodwill are as follows:

	The group €
At 1 January 2021	7,493,487
At 31 December 2021	**7,493,487**
At 1 January 2022	7,493,487
At 30 June 2022	**7,493,487**
Carrying amount	
At 31 December 2021	**7,493,487**
At 30 June 2022	**7,493,487**

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

The Group tests goodwill semi-annually for impairment, or more frequently if there are indications that goodwill or intangibles might be impaired. Determining whether the carrying amounts of goodwill can be realised requires an estimation of the recoverable amount of the cash generating units. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Goodwill arising on a business combination is allocated, to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

At 30 June 2022, goodwill was allocated as follows:

- € 3,860,898 (at 31 December 2021: € 3,860,898) to APCO Systems Limited which operates the electronic payment gateway.
- € 2,168,112 (at 31 December 2021: € 2,168,112) to APCO Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- € 1,464,477 (at 31 December 2021: € 1,464,477) to PTL Limited business.

CGU – Payment Processing Services

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- forecasted cash flow projections for the next three years and projection of terminal value using the perpetuity method;
- growth rates to perpetuity of 2% (2021: 2%); and
- use of 21.7-25% (pre-tax) (2021: 13.1-15.0%) to discount the projected cash flows to net present values

Based on the above assessment, the directors expect the carrying amount of goodwill to be recoverable.

CGU – IT Solutions and Security Systems

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- forecasted cash flow projections for the next three years and projection of terminal value using the perpetuity method;
- growth rates to perpetuity of 2% (2021: 2%); and
- use of 16.5% - 22% (pre-tax) (2021: 14.4% - 19.3%) to discount the projected cash flows to net present values

Based on the above assessment, the directors expect the carrying amount of goodwill to be recoverable.

7 Intangible assets

The group	Total €
Gross carrying amount	
At 1 January 2021	2,580,911
Additions	283,016
At 31 December 2021	**2,863,927**
Gross carrying amount	
At 1 January 2022	**2,863,927**
Additions	175,294
At 30 June 2022	**3,039,221**
Amortisation	
At 1 January 2021	1,306,931
Provision for the year	380,101
At 31 December 2021	**1,687,032**
At 1 January 2022	1,687,032
Provision for the period	189,002
At 30 June 2022	**1,876,034**
Carrying amount	
At 31 December 2021	**1,176,895**
At 30 June 2022	**1,163,187**

The amortisation charge was included in administrative expenses.

Intangible assets include the payment gateway together with development costs, software, licences etc.

The Group tests intangible assets with an indefinite useful life annually for impairment or more frequently if there are indications that intangibles might be impaired. Determining whether the carrying amounts of these assets can be realised requires an estimation of the recoverable amount of the cash generating units. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Based on the assessments carried out as disclosed in note 6, the directors expect the carrying amount of intangible assets with an indefinite useful life to be recoverable.

7 Intangible assets – continued

The company	Total €
Gross carrying amount	
At 1 January 2021	41,550
Additions	-
At 31 December 2021	**41,550**
At 1 January 2022	41,550
Additions	-
At 30 June 2022	**41,550**
Amortisation	
At 1 January 2021	33,440
Provision for the year	4,055
At 31 December 2021	**37,495**
At 1 January 2022	37,495
Provision for the period	2,028
At 30 June 2022	**39,523**
Carrying amount	
At 31 December 2021	**4,055**
At 30 June 2022	**2,027**

8 Right-of-use assets

The following assets have been recognised as right-of-use assets of the Group:

The group	Buildings €	Motor vehicles €	Total €
Gross carrying amount			
At 1 January 2021	1,870,349	446,805	2,317,154
Additions	644,214	89,470	733,684
Termination of lease	(1,870,349)	-	(1,870,349)
At 31 December 2021	**644,214**	**536,275**	**1,180,489**
At 1 January 2022	644,214	536,275	1,180,489
At 30 June 2022	**644,214**	**536,275**	**1,180,489**
Depreciation			
At 1 January 2021	449,551	186,100	635,651
Provision for the year	211,714	98,070	309,784
Termination of lease	(553,896)	-	(553,896)
At 31 December 2021	**107,369**	**284,170**	**391,539**
At 1 January 2022	107,369	284,170	391,539
Provision for the period	107,369	45,823	153,192
At 30 June 2022	**214,738**	**329,993**	**544,731**
Carrying amount			
At 31 December 2021	**536,845**	**252,105**	**788,950**
	429,476	**206,282**	**635,758**

The following assets have been recognised as right-of-use assets of the Company:

The Company	Buildings €
Gross carrying amount	
Additions	644,214
As at 31 December 2021	**644,214**
At 1 January 2022	644,214
At 30 June 2022	**644,214**
Depreciation	
Provision for the year	107,369
At 31 December 2021	**107,369**
At 1 January 2022	107,369
Provision for the period	107,369
At 30 June 2022	**214,738**
Carrying amount	
At 31 December 2021	**536,845**
At 30 June 2022	**429,476**

The depreciation charge on right-of-use assets was included in administrative expenses.

The Group and the Company have elected to disclose right-of-use assets separately in these financial statements. The information pertaining to the gross carrying amount, depreciation recognised during the year and other movements in right-of-use assets is included in the above tables.

The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 is 3.93%. The incremental borrowing rate will be re-assessed every time a new lease is entered into by the Group and the corresponding right-of-use asset recognised. New leases are assessed on a case-by-case basis.

At 30 June 2022, the Group's leases compromise of its office space and car park lease and its motor vehicles. During the quarter 3 of 2021, the Group's subsidiaries terminated all of their the leases for office space, warehouse and car park with a related party undertaking forming part of the Hili Ventures Limited group. Upon termination of such leases, Harvest Technology p.l.c. (the parent), entered into new leases of the same properties previously held by the respective subsidiaries of the Harvest Group for shorter periods.

9 Trade and other receivables

Trade and other receivables consist of the following:

	The group 30 June 2022 (Unaudited) €	The group 31 December 2021 (Audited) €	The company 30 June 2022 (Unaudited) €	The company 31 December 2021 (Audited) €
Trade receivables – gross	3,629,292	5,909,524	-	-
Allowance for expected credit losses	(135,630)	(128,496)	-	-
Trade receivables – net	3,493,662	5,781,028	-	-
Amounts owed by parent company	1,075	53,764	-	-
Amounts owed by subsidiaries	-	-	256,196	52,276
Advance payments	6,623	6,623	-	-
Other receivables	205,880	80,693	3,599	-
Amounts due from associates	-	-	-	-
Amounts owed by other related parties	34,987	21,027	-	-
Financial assets	**3,742,227**	**5,943,135**	**259,795**	**52,276**
Other receivables	11,088	29,905	8,235	2,079
Trade and other receivables – current	**3,753,315**	**5,973,040**	**268,030**	**54,355**

The carrying value of financial assets is considered a reasonable approximation of fair value.

No interest is charged on trade and other receivables.

Amounts owed by ultimate parent and other related parties are unsecured, interest free and repayable on demand.

10 Cash and cash equivalents

Cash and cash equivalents include the following component:

	The group 30 June 2022 (Unaudited) €	The group 31 December 2021 (Audited) €	The company 30 June 2022 (Unaudited) €	The company 31 December 2021 (Audited) €
Cash and bank balances	3,927,577	2,999,405	827,778	1,071,116
Cash and cash equivalents in the Statements of cash flows and the statements of financial position	**3,927,577**	**2,999,405**	**827,778**	**1,071,116**

The Group did not have any restrictions on its cash at bank as at the end of the reporting period. Any interest earned on cash at bank is based on market rates.

11 Trade and other payables

	The group 30 June 2022 (Unaudited)	The group 31 December 2021 (Audited)	The company 30 June 2022 (Unaudited) €	The company 31 December 2021 (Audited) €
Trade payables	543,839	1,165,210	1,048	-
Amounts payable to ultimate parent	2,674	1,276	2,674	-
Amounts payable to related parties	1,213	-	1,213	-
Other payables	16,492	28,530	-	-
Accrued expenses	1,191,401	1,233,674	55,946	225,619
Financial liabilities	**1,755,619**	**2,428,690**	**60,881**	**225,619**
Other creditors	487,827	949,875	10,414	-
Trade and other payables – current	**2,243,446**	**3,378,565**	**71,295**	**225,619**

The carrying values of financial liabilities are considered to be a reasonable approximation of fair value.

No interest is charged on trade and other payables.

12 Related party transactions

Harvest Technology p.l.c. is the parent company of the Group comprising PTL Limited, APCO Limited, APCO Systems Limited and Ipsyon Limited. The majority shareholder of Harvest Technology p.l.c. is 1923 Investments p.l.c. which is incorporated in Malta which is in turn owned by Hili Ventures Limited. The registered office of 1923 Investments p.l.c. and Hili Ventures Limited, is Nineteen Twenty Three, Valletta Road, Marsa, MRS 3000, Malta.

During the year under review, the Group entered into transactions with related parties as set out below:

	1 January to 30 June 2022 (Unaudited)			1 January to 30 June 2021 (Unaudited)		
	Related party activity Unaudited €	Total activity Unaudited €	%	Related party activity Unaudited €	Total activity Unaudited €	%
Revenue:						
Related party transactions with:						
Ultimate parent	24,581			29,530		
Parent company	19,162			2,821		
Other related parties	151,188			60,495		
	194,931	8,291,071	1.18%	92,846	7,880,391	1.18%
Cost of sales:						
Related party transactions with:						
Other related parties	-			183		
	-	5,146,798	0.00%	183	3,886,794	0.00%
Administrative expenses:						
Related party transactions with:						
Ultimate parent	294			368		
Parent company	1,680			-		
Other related parties	113,092			132,352		
	115,067	2,195,434	6.55%	132,720	1,983,162	6.69%
Finance cost:						
Related party transactions with:						
Parent company	-			5,190		
Other related parties	9,884			29,111		
	9,884	15,849	62.36%	34,301	43,256	79.30%

12 Related party transactions – continued

The company	1 January to 30 June 2022 (Unaudited) Related party activity Unaudited €	Total activity Unaudited €	%	1 January to 30 June 2021 (Unaudited) Related party activity €	Total activity €	%
Revenue:						
Related party transactions with:						
Subsidiaries	237,361			120,661		
	237,361	237,361	100%	120,661	120,661	100
Administrative expenses:						
Related party transactions with:						
Ultimate parent	268			195		
Parent company	-			-		
Other related parties	121,274			1,140		
Subsidiaries	-			-		
	121,542	631,692	19%	1,335	602,744	0.00
Finance income:						
Related party transactions with:						
Subsidiaries	4,462			19,237		
	4,462	4,462	100%	19,237	19,237	100
Finance cost:						
Related party transactions with:						
Parent company	9,884			5,190		
Subsidiaries	-			3,452		
	9,884	9,884	100%	8,642	8,642	100

Other related parties consist of related parties other than the parent, entities with joint control or significant influence over the company, subsidiaries, joint ventures in which the company is venture and key management personnel of the company or its parent company.

The directors consider the ultimate controlling party to be Mr Carmelo (sive Melo) Hili, who, through his interest in Hili Ventures Limited, holds 62.98% (June 2021: 48.87%) of the voting rights in Harvest Technology p.l.c.

No expense has been recognised in the period for impairments in respect of amounts due by related parties and there are no provisions for impairment in respect of outstanding amounts due by related parties.

13 Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments.

The Group's risk management is coordinated by the directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial risks.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development. Where applicable, any significant changes in the Group's exposure to financial risks or the manner in which the Group manages and measures these risks are disclosed below. Any re-assessment of risk considered by management to be of significance has been disclosed in the appropriate risk analysis below.

13.1 Market risk analysis

Foreign currency risk

Foreign currency transactions arise when the Group buys or sells goods or services whose price is denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency or acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency. Foreign currency transactions comprise mainly transactions in USD and GBP.

The Group is not expected to have significant movements on exchange as it continues to monitor and manage its risks closely to minimise any impact from currency movements. In view of the Group's significant transactions being carried out in the US Dollar on one of its international projects, it matches inflows and outflows using the US Dollar to minimise the impact of currency movements on its financial performance and cash flows. As a result, management does not expect to have significant currency movements on such transactions.

Interest rate risk

The Group has loans and receivables and other financial liabilities with a fixed coupon. The Group also has cash at bank which is not subject to significant fluctuations in interest rates.

As a result, the Group is not exposed to significant interest rate risk as most of its interest bearing receivables and payables are either subject to a fixed interest rate or to a rate which is not considered by management to be subject to significant fluctuations until full settlement of the borrowings, which comprise mainly borrowings from bank.

13.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, loans and receivables, trade and other receivables.

Credit risk management

The credit risk is managed both at the level of each individual subsidiary as well as on a Group basis, based on the Group's credit risk management policies and procedures.

Loans and receivables and certain trade receivables comprise amounts due from related parties. The Group and company's concentration to credit risk arising from these receivables are considered limited as there were no indications that these counterparties are unable to meet their obligations. Management considers these to be of good credit quality.

The Group and the company hold money exclusively with institutions having high quality external credit ratings. The cash and cash equivalents held with such banks at 30 June 2022 and 31 December 2021 are callable on demand. One of the banks with whom cash and cash equivalents are held forms part of an international Group with an A credit rating by Standard and Poor's and similar high ratings by other agencies. The Group also holds cash with a local bank having a credit rating of BBB- by Standard and Poor's. Cash held by the Group with other local banks for which no credit rating is available are not significant. Management considers the probability of default from such banks to be close to zero and the amount calculated using the 12-month expected credit loss model to be very insignificant. Therefore, based on the above, no loss allowance has been recognised by the Group and the company.

The Group assesses the credit quality of its customers by taking into account their financial standing, past experience and other factors, such as bank references and the customers' financial position.

Management is responsible for the quality of the Group's credit portfolios and has established credit processes involving delegated approval authorities and credit procedures, the objective of which is to build and maintain assets of high quality.

Individual risk limits are set in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Each new individual customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group's policy is to deal only with credit worthy counterparties. The credit terms is generally between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process as abovementioned. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers in various industries and mainly in Malta. At 30 June 2022 and 31 December 2021, the Group also had a significant financial asset on its ongoing project in Mauritius as contract assets.

The Expected Credit Loss (ECL) at 30 June 2022 and 31 December 2021 was estimated based on a range of forecast economic scenarios as at that date.

Trade receivables

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 36 months before 30 June 2022 and 31 December 2021 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In addition to the above assessments on the recoverability and expected credit loss provisions on trade and other financial assets, the Group has considered the effects of Covid-19 on the economies in which its customers are based, including Malta and the Mauritius, where significant business is being conducted. It has also taken into consideration the financial position of, and risk exposure to, large customers in order to determine whether the Group's credit risk has increased as a result of the pandemic. There are no particular indicators that suggest that the assessment of the expected credit risk model adopted by the Group materially varies from expectations of collectability and previous patterns of payments from such customers. While the Group continues to closely monitor all of its financial assets at more frequent intervals as a result of such events, management considers that the level of ECL provisions at period end remains adequate.

13.3 Liquidity risk

The Group's exposure to liquidity risk arises from its obligations to meet its financial liabilities, which comprise trade and other payables and other financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Group's and company's obligations when they become due.

Management considers that the Group is not exposed to a significant amount of liquidity risk as it continues to efficiently manage its liquidity needs on a timely basis. The Group has not encountered any particular difficulties to collect amounts due from customers and collections remain within expectations as explained above.

13.4 Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

At 30 June 2022 and 31 December 2021, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial liabilities and the non-current loans and receivables are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year-end or because they are repayable on demand. The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the company and the Group determine when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

14 Contingent liabilities and guarantees

At 30 June 2022, one of the group's subsidiaries still has special guarantees totalling €146,189 (December 2021: €146,189) in favour of third parties in relation to the major overseas technology implementation project carried out in collaboration with IBM in Mauritius.

At 30 June 2022, the same subsidiary also has guarantees amounting to € 2,242,269 (at 31 December 2021: € 1,216,289) in favour of third parties on two major projects being executed in Malta.

Statement Pursuant to Listing Rules 5.75.3 issued by the Listing Authority for the period 1 January to 30 June 2022

We confirm that to the best of our knowledge:

a) the condensed interim financial statements give a true and fair view of the financial position of Harvest Technology p.l.c. (the "company") and its subsidiaries (the "Group") as at 30 June 2022, and the financial performance and cash flows of the company and the Group for the half year then ended, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting); and

b) the interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Approved by the Board of Directors on 5 August 2022 and signed on its behalf by:

Mr. Keith Busuttil
Non-executive Chairman

Mr. Peter Hili
Non-executive Director

Registered address:
Nineteen Twenty-Three
Valletta Road
Marsa MRS 3000
Malta

5 August 2022

Report on review of interim financial information

To the Board of Directors of Harvest Technology plc

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Harvest Technology plc and its subsidiaries (the Group) for the period ended 30 June 2022 and the related consolidated condensed profit or loss account, consolidated condensed statement of changes in equity, consolidated condensed statement of cash flows for the period then ended, and selected explanatory notes (the "interim financial information"). The Directors are responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the consolidated financial position of Harvest Technology plc as at 30 June 2022 and of its financial performance and cash flows for the period then ended in accordance with International Accounting Standard 34 – Interim financial reporting.

Mark Bugeja (Partner) for and on behalf of
GRANT THORNTON

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

5 August 2022