Calamatta Cuschieri

The Directors
Mediterranean Maritime Hub Finance plc
Head Office Building, Mediterranean Maritime Hub,
Xatt il-Mollijiet,
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Malta

Re: Financial Analysis Summary – 2024

24 June 2024

Dear Board Members,

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Mediterranean Maritime Hub Finance plc (the "**Issuer**") and MMH Holdings Limited (the "**Guarantor**"), where the latter is the parent company of the "**Group**". The data is derived from various sources or is based on our own computations as follows:

a) Historical financial data for the three years ending 31 December 2021, 2022 and 2023 has been extracted from the audited financial statements of the Issuer and the Guarantor.

b) The forecast data for the financial year ending 31 December 2024 has been provided by management.

c) Our commentary on the Issuer and Guarantor's results and financial position is based on the explanations provided by management.

d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.

e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

Patrick Mangion
Head of Capital Markets

FINANCIAL ANALYSIS SUMMARY 2024

Mediterranean Maritime Hub Finance plc

24 June 2024

Prepared by Calamatta Cuschieri Investment Services Limited

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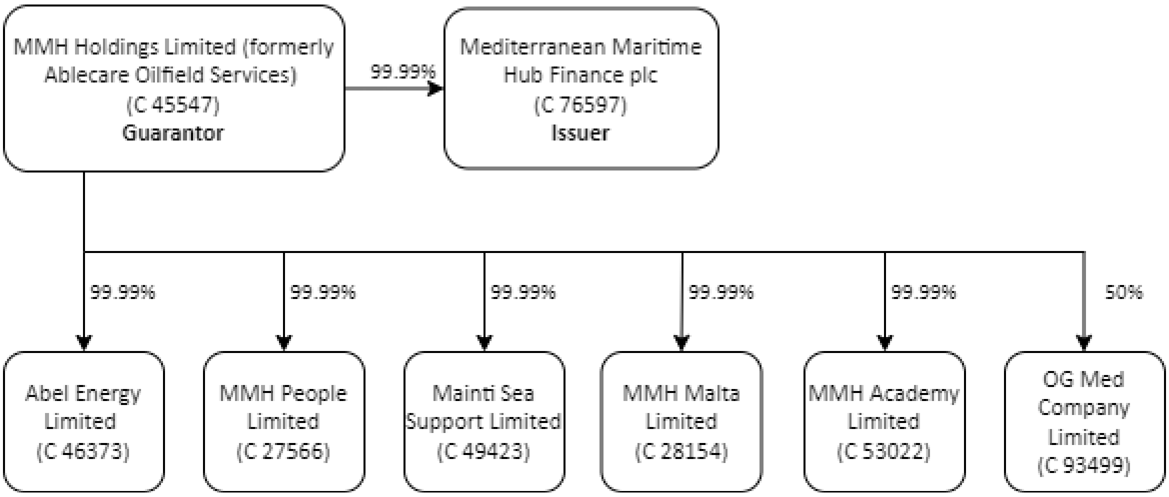
Part 1 - Information about the Group

1.1 Group's key activities and Group Structure

The Group's complete organisation chart is set out below:



Mediterranean Maritime Hub Finance plc (the "**Issuer**") was incorporated on 26 July 2016 and is except for one share, a fully owned subsidiary company of MMH Holdings Limited (the "**Guarantor**") The Issuer and the Guarantor form part of the MMH Group of Companies (the "**Group**") which include all the companies outlined in the above group structure. MMH Holdings Limited (formerly Ablecare Oilfield Services Holdings Limited) was incorporated in Malta in 2008 as a holding company, holding shares in several subsidiary companies primarily operating in the marine and oil and gas services sector.

Mediterranean Maritime Hub Finance plc

The Issuer's business is that of raising funds to support and finance the operations and capital projects of the Group which provides offshore and shore-based logistics to the marine and oil and gas industries, as well as engineering services, supply chain management and human resources to support the same industries.

MMH Malta Limited

MMH Malta Limited focuses on the supply of tailor-made services supporting the oil and gas industry, as well as marine services through its operation of the Mediterranean Maritime Hub (the "**Hub**"). Its services are mainly of an operational, logistical and maintenance nature as may be required by oil drilling companies, support service providers and ship owners.

MMH Malta Limited also provides services of recruitment, contracting and secondment of specialised maintenance personnel and related manning logistical services for the oil and gas industry, together with the career planning and follow-up of the same personnel. The strength of MMH Malta Limited's provision of services is primarily owed to ongoing relationships, backed by vendor agreements and Master Service Agreements with some of the world's largest drilling companies.

MMH People Limited

MMH People Limited transferred its business to MMH Malta Limited in the beginning of 2017 and is currently non-trading. MMH People Limited will continue to be non-trading for the foreseeable future.

MMH Academy Limited

MMH Academy Limited's objective is to provide education, training, conferences, and related services in the field of oil exploration and engineering and is now offering courses in Bologna and Malta almost on a monthly basis.

Abel Energy Limited

Abel Energy Limited was set up to operate a vehicle fuel service station and related services, including a car wash, convenience store and cafeteria. This fuel station development permit was refused and, therefore, Abel Energy Limited applied for and was granted a development permit to reinstate and build two farmhouses on the site. In 2022, the site was sold and, subsequently, Abel Energy Limited is now a non-trading company that holds a fuel station licence.

Mainti Sea Support Limited

Mainti Sea Support Limited was incorporated in Malta in 2010 and specialises in maintenance and float repairs. It is 99% owned by MMH Holdings Limited and 1% by MMH Malta Limited. As of May 2024, management confirmed that no investment has yet been implemented in the company.

OG Med Company Limited

OG Med is a joint venture between MMH Malta Limited and the PB Group of Companies incorporated to focus on further development of the oil and gas service industry in Malta, Africa and the Mediterranean region, with a long-term objective of consolidating these services within the Mediterranean Maritime Hub. In view of the implications brought about by the pandemic on the industry, this company has not yet commenced trading.

1.1.1 Shareholders

MMH Holdings Limited has a majority shareholding in its subsidiaries. The shareholders of MMH Holdings Limited are Paul Abela, Elesolar Company Limited and Elesolar Holdings Company Limited, with Paul Abela directly owning 0.002% and being the ultimate beneficiary owner through the following companies:

- Elesolar Company Limited (24.781% shareholding in MMH Holdings Limited) is a limited liability company set up on 25 May 1981, with company registration number C 5511. The shareholders of this entity are Paul Abela (99.8%) and Elesolar Holdings Company Limited (0.2%).

- Elesolar Holdings Company Limited (75.217% shareholding in MMH Holdings Limited) is a limited liability company set up on 29 December 1994, with company registration number C 17386. The shareholders of this entity are Paul Abela (99.9%) and Elesolar Company Limited (0.1%).

1.1.2 The Guarantor’s authorised and issued share capital

In March 2022, the Guarantor increased its authorised share capital to 5,000,000 Ordinary shares and its issued share capital to 2,208,155 shares of €1 each. These are made up of 2,791,845 unallocated Ordinary shares, 547,209 Ordinary A shares all issued and paid up and 1,660,946 Ordinary B shares all issued and paid up.

1.1.3 Review of the Business

The Group's current revenue streams can be segmented as follows:

- Oil and gas and energy services for operators and support vessels;
- Project equipment storage and logistical support;
- Provision of trained and qualified personnel for deployment in the oil and gas industry;
- Specialised training courses for the oil and gas industry;
- Maritime services including berthing facilities and shore base support for visiting vessels;
- Fabrication and technical works;
- Repair and maintenance works for vessels and yachts; and
- Vessel hoisting up to 700 tons and hard standing facilities.

The main business focus of the Group is that of providing a range of services to the marine and oil and gas service sector through both the provision of manpower and technical personnel to offshore and onshore operators, as well as logistical support, yard operations, procurement, and technical services to oil rigs service companies. As a key element of its services portfolio, the Group operates the Mediterranean Maritime Hub in the innermost part of Valletta’s Grand Harbour, the inauguration of which has allowed the Group to widen its range of marine-based services and products.

The Group’s portfolio of services is targeted at the oil industry and its related operators in the Mediterranean region and West Africa, as well as the supply of personnel to operators in Las Palmas, Brazil, Angola, and Nigeria. The principal business operations of the Group are provided by MMH Malta Limited. The strength of MMH Malta Limited’s provision of services is primarily owed to ongoing relationships, backed by vendor agreements and Master Service Agreements, with some of the world’s largest drilling companies.

In 2018, the yachting industry was identified as a diversification opportunity that would complement the Group. As a result, during 2018 the Group invested in two travel lifts with a capacity of 300 tons and 700 tons respectively, which both commenced operations in 2019, continued operating during 2020 and are still in operation today.

This investment required upgrading works on quayside infrastructure and purchase of specialised lifting equipment. Indeed, two 45m long piers were specifically constructed to cater for two basins of 9m and 14m width, capable of accommodating wider commercial vessels such as tugs, fishing vessels and super yachts. In fact, these new lines of revenue that the Group embarked on, mainly referring to the vessel-hoisting facilities and maintenance on vessels, have historically exceeded expected income and have shown persistent growth throughout.

1.2 Directors and Employees

Board of Directors - Issuer

The board of directors of the Issuer is composed of the following persons:

Name	Designation
Mr Paul Abela	Chairman and Director
Ms Angelique Abela	Executive Director
Mr Raymond Ciantar	Non-Executive Deputy Chairperson
Dr Michael Borg Costanzi	Non-Executive Director
Mr Lino Casapinta	Non-Executive Director
Mr Anthony Bonnici	Non-Executive Director

The business address of all directors is the registered office of the Issuer.

During FY23 total employees increased by 14 people, from 96 in 2022 to 110 in 2023. This increase came mainly from direct employees which increased from 69 in FY22 to 80 in FY23. On the other hand, administrative employees increased by 3, from 27 to 30. As the business continues to transform into a model where most services will increasingly be provided in-house, the Group is streamlining its workforce to be better-equipped to provide one-stop-shop services to its clients.

Board of Directors - Guarantor

The board of directors of the Guarantor consists of the following persons:

Name	Designation
Ms Angelique Abela	Executive Chairperson
Mr Paul J. Abela	Executive Director
Ms Louisa Ann Abela	Executive Director

As per company announcement MMHF57, Dr Ann Fenech, Mr Sergio Vella and Mr Joshua Zammit have requested not to be reappointed to the board of directors of the Guarantor, with the board now being made up of the above three directors. This smaller size is in line with the restructuring plans of the Group ahead of the proposed transaction.

The business address of all the directors of the Guarantor is the registered office of the Issuer.

1.3 Major Assets owned by the Group

In January 2015, the Group was selected as the preferred bidder for the concession that was awarded by the Government of Malta to rehabilitate the ex-Malta Shipbuilding site – now known as the Mediterranean Maritime Hub (or the "**Hub**" or the "**Site**" or the "**Facility**").

The Group intends to invest a total of approximately €55.0m, in several phases, to rehabilitate the Site and fully exploit it to its maximum potential as a maritime hub, with all the facilities that typically come with this, including technical and engineering support services and a training centre.

The concession is for a period of 65 years under a title of temporary emphyteusis and consists of approximately 169,000 square metres of land, mainly comprising of:

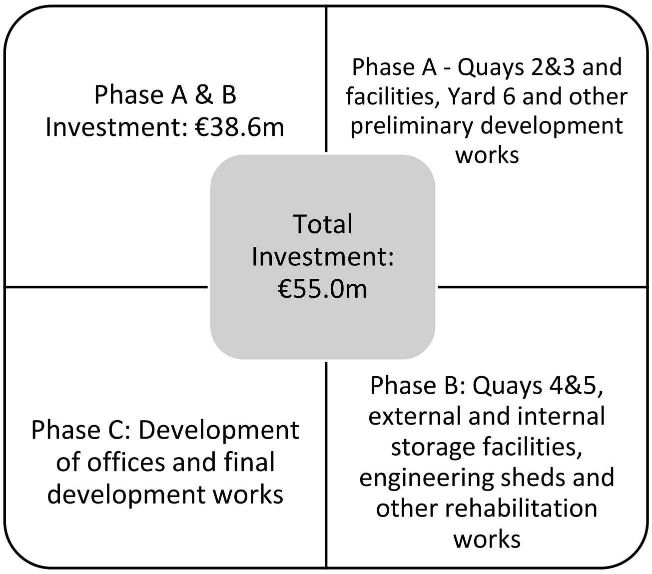
- Quays 2 and 3, including lay down area, storage yards, main entrance to Site and a warehouse.
- Quay 4 and 5, including yard space.
- Stand-alone external yards for open storage.
- Four hangars / shed space for engineering works and internal storage.
- Three main buildings which comprise warehouse space and space that could be converted into office space, engineering workshops and additional storage space: and
- Connecting road infrastructure.

Management explained that although no major assets were bought by the Group in 2023, investment continued on building improvements and site and IT infrastructure with almost €3.0m invested in the upgrading of shed roofs and shed doors.

1.4 Operational Developments

1.4.1 The Hub updates

The Group is currently in the last phase of A and B of the investment plan, which in total amounts to an investment of €38.6m. The importance of the Mediterranean Maritime Hub to the Group necessitated that the Group focused primarily on the development of the Hub. This has been in fact the main business activity of the Group since 2017.



During the year under review, the Group slowed down development on the Site, mainly focusing on consolidating its position and concentrating on the Site's essential areas. Nonetheless, the investment within the Site continued during the year, with a total investment of €5.1m. This consisted mainly of investment in plant and machinery and improvements to the Site. The total investment by the Group in the Hub at cost at the end of 2023 reached €41.0m.

1.4.2 Fuel station update

As mentioned in section 1.1, Abel Energy Limited was granted a permit to reinstate and thereafter build two farmhouses on the land first earmarked for a fuel station. In 2022, the land was sold and the proceeds were used to close off the associated bank loans. As at the date of this Analysis, Abel Energy Limited is essentially a non-trading company that holds a fuel station licence.

1.4.3 Oil & gas operations

The average price of crude oil for 2023 was $83 per barrel compared to $94 for 2022[1]. A positive trend in the market, resulting in an increased interest in exploration and production projects in the Med Region and beyond. In fact, previously shelved projects for new onshore and subsea facilities requiring fabrication and installation works, as well as substantial logistical support, were once again considered and remain active in the current period. Whilst these projects are expected to materialise in full during the last quarter of 2024 and into 2025, the Group is still following on requests for facility support services from leading oil and gas contractors and service companies. The Group has good reason to believe that the positive trend the market is experiencing, coupled with the sanction imposed on Russian fuels due to the Russo-Ukrainian War and the current situation in the Middle East, will result in an increase in the resolve of the major oil companies to resume exploration and increased production in the Mediterranean and North African regions.

Following the increase in personnel recruitment towards the end of 2022, 2023 followed the same steady trend and registered an increase in revenue of €3.4m at the end of the year, compared to an increase of €400k in 2022. The Group's incessant pursuit of every possible opportunity remains a top priority to ensure growth for the coming year.

1.4.4 Commercial Marine Support Activities

The commercial marine support activities in the Facility have, as their primary target, the berthing of vessels within the Facility, which in turn require other support services. This activity has been made possible through the initial multi-million investment carried out by the Group to dredge the seabed for the fairway and the berths.

During the year under review, revenue derived for the berthing of vessels within the Facility remained in line with that of 2022. The current levels of occupancy may be attributed to the increased activity in the energy sector, which has resulted in an increased demand for offshore supply vessels, which were scarce on the market. This meant that practically all offshore supply vessels were being engaged for offshore contracts. Whilst this is positive for the industry generally, it has had the direct effect of reducing port service calls in Malta drastically, affecting the overall berthing occupancy rate and hence the related revenues.

The Group anticipates that the revenues from berthing shall start recovering as from 2024 by improving the mix of vessels

[1] https://tradingeconomics.com/commodity/crude-oil

calling in port. Notwithstanding this, as with the provision of offshore personnel, the Group plans to follow up on all opportunities to continue attracting vessels and maximising its revenues.

1.4.5 Vessel Hoisting, hard standing and maintenance facilities — Vessel Care

Vessel Care is in its fifth full year of operation and, notwithstanding the entire period of the COVID-19 pandemic, the Russo-Ukrainian War and the conflict in the Middle East, activity has experienced growth year on year, with 2023 having an increase of approximately €800,000 over 2022. The forecasts indicate that 2024 will experience another growth in revenue with the increase of more services provided through the Group directly and focusing more on the long-term technical value-added projects. Growth is also spurred through the positive response and satisfaction rate of the Facility within the industry.

This activity has an increased seasonality factor which sees activity slowing down over the summer period. To counterbalance this seasonality and slow down, the Group has approved a further investment of €1.3m during 2024 for the provision of a dry marina, a service offering which will contribute to the Group's revenue in the shoulder months, June to October.

1.5 Cash flow projections, liquidity management and cost mitigation measures

The Group has prepared cash flow forecasts for the year ending 31 December 2024. This forms part of the Group's business plan for the years ending 31 December 2024-28 (FY24-28). The business plan sets out a number of strategic measures which management is proposing to optimise Site utilisation and increase profitability, as well as introducing measures to improve the Group's management structure, controls, and other internal processes over both the short and medium-term. Cash flow forecasts for the period were based on several assumptions, which were deemed by management to be as realistic as possible with the information and data in hand at the time of approving these financial statements. The cash flow forecast presented by the Group indicates that sufficient cash will be generated throughout the year to enable the Group to meet its financial commitments.

1.6 Likely major future business developments

As reported in a company announcement of the Issuer dated 3 July 2023, the ultimate beneficial owner of the Group signed a conditional share purchase agreement dated 30 June 2023 by means of which new investors have agreed to purchase 70% shareholding in the Group following a number of conditions precedent, which conditions were expected to be fulfilled by the 31 December 2023.

These conditions included the issuing of all necessary authorisations from the local competent authorities for the transaction to proceed, in line with the Guarantor's obligations arising from a public deed dated 1 August 2016 concerning the transfer by temporary emphyteusis of the land in Marsa. The transaction with the new investors has, to date, not been finalised. Despite the fact that the Group is in advanced discussions, it is difficult to predict when this transaction will be concluded. Consequently, the projections have been prepared by management on the basis that no financing from the investors will be available for the 12 months following the 2023 financial year end.

The Group is confident that approval by the local competent authorities to introduce the new shareholders should be cleared, given the calibre and reputation of the said investors. Should the share purchase agreement materialise, the availability and participation of the new investors in the capital of the Group means that new funds of approximately €7.0m will flow into the Group to restructure the present capital.

Part 2 - Historical Performance and Forecasts

The Issuer was registered and incorporated on 26 July 2016 to issue the currently listed €15,000,000 4.8% Unsecured Bonds 2026 of said Issuer, and lend the proceeds to the Group. The Issuer's function is solely to act as the financing vehicle for the Group, and as such does not reflect the performance or financial position of the Group.

The Issuer's and Group's historical financial information for the three financial years ending 31 December 2021, 2022, and 2023, as audited by PriceWaterhouseCoopers, is set out below. The forecasts for 2024 are based on Management's projections.

2.1 Issuer's Income Statement

Income Statement for the year ended 31 December	2021A	2022A	2023A	2024F
	€	€	€	€
Finance income	877,625	877,625	877,625	877,625
Finance cost	(752,908)	(756,335)	(758,191)	(761,982)
Net interest income	**124,717**	**121,290**	**119,434**	**115,643**
Administrative expenses	(77,471)	(82,700)	(85,601)	(86,029)
Profit before tax	**47,246**	**38,590**	**33,833**	**29,614**
Taxation	-	-	(6,688)	-
Profit after tax	**47,246**	**38,590**	**27,145**	**29,614**

Ratio Analysis	2021A	2022A	2023A	2024F
Gross Profit Margin (Net finance costs / Finance income)	14.2%	13.8%	13.6%	13.2%
Net Margin (Profit for the year / Finance Income)	5.4%	4.4%	3.1%	3.4%

Finance income has remained stable for the past 3 years at €878k and represents the interest received from the monies loaned out to the other Group companies. Finance income is expected to remain at the same level in FY24. Finance costs, which mainly represent the payments made to bondholders on the outstanding bonds also remained stable at around €758k. These are expected to amount to €762k in 2024. The Issuer reported higher administrative expenses of €85k during 2023 when compared to 2022. These are expected to remain at this level during 2024.

Moreover, during 2023 the Issuer incurred a tax charge of €7k leading to a profit after tax of €27k . Due to the above, the Issuer posted a Net Margin of 3.1% (FY22: 4.4%). For 2024 management expect profit after tax to increase to €30k with a Net Margin of 3.4%.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position as at 31 December	**2021A**	**2022A**	**2023A**	**2024F**
	€	**€**	**€**	**€**
Assets				
Non-current assets				
Loans and receivables	14,750,000	14,750,000	14,750,000	14,750,000
Current assets				
Trade and other receivables	694,656	791,450	856,678	841,448
Cash and cash equivalents	382	7,293	14,535	16,757
Total current assets	**695,038**	**798,743**	**871,213**	**858,205**
Total assets	**15,445,038**	**15,548,743**	**15,621,213**	**15,608,205**
Equity and liabilities				
Capital and reserves				
Share capital	250,000	250,000	250,000	250,000
Retained earnings	223,590	262,180	289,325	318,939
Total equity	**473,590**	**512,180**	**539,325**	**568,939**
Non-current liabilities				
Borrowings	14,805,387	14,841,722	14,879,913	14,860,357
Current liabilities				
Trade and other payables	166,061	194,841	201,975	178,909
Total liabilities	**14,971,448**	**15,036,563**	**15,081,888**	**15,039,266**
Total equity and liabilities	**15,445,038**	**15,548,743**	**15,621,213**	**15,608,205**

As at 31 December 2023, the Issuer had €15.6m in total assets of which €14.8m consisting of loans to MMH Malta Limited and MMH Holdings Limited, which are projected to continue being carried forward until eventual redemption in 2026. The Issuer cash and cash equivalents of *circa* €15k during 2023. Total assets are expected to remain stable at €15.6m in FY24. Total equity and liabilities of €15.6m in 2023 primarily consist of the Issuer's debt securities in issue (€14.9m) and an equity base of €539k, which was in line with previous expectations. In 2024, the Issuer expects its equity base to increase to €569k due to an increase in retained earnings, whilst total liabilities are expected to remain stable around €15.0m.

2.3 Issuer's Statement of Cash Flows

Statement Cash Flows for the year ended 31 December	2021A	2022A	2023A	2024F
	€	€	€	€
Net cash flows generated from / (used in) operating activities	**(2,943)**	**6,911**	**7,242**	**2,222**
Net cash flows generated from / (used in) investing activities	-	-	-	-
Net cash flows generated from / (used in) financing activities	-	-	-	-
Movement in cash and cash equivalents	**(2,943)**	**6,911**	**7,242**	**2,222**
Cash and cash equivalents at start of year	3,325	382	7,293	14,535
Cash and cash equivalents at end of year	**382**	**7,293**	**14,535**	**16,757**

There was a slight improvement in the Issuer's cash flows from operating activities when compared to 2022 actuals. As forecasted, there was no movement in cash flows from both investing and financing activities for the Issuer. As a result, the net cash balance at end of year increased to *circa* €15k. Management expects a net cash inflow generated from operating activities of approximately €2k and a net cash balance as at end of year of around €17k in 2024.

2.4 Guarantor's Income Statement

Income Statement for the year ended 31 December	2021A	2022A	2023A	2024F
	€	€	€	€
Revenue	14,025,196	17,165,643	20,332,882	20,413,422
Cost of sales	(11,150,367)	(13,779,293)	(15,012,298)	(14,199,350)
Gross profit	**2,874,829**	**3,386,350**	**5,320,584**	**6,214,072**
Distribution costs	(226,251)	(206,933)	(244,209)	(233,200)
Administrative expenses	(2,156,681)	(2,276,337)	(2,697,667)	(3,144,983)
Other operating (expenses) / income	440,724	177,766	8,006	112,072
EBITDA	**932,621**	**1,080,846**	**2,386,714**	**2,947,961**
Depreciation	(1,588,728)	(1,061,356)	(1,434,290)	(1,409,524)
EBIT	**(656,107)**	**19,490**	**952,424**	**1,538,437**
Finance income	17,635	(126,908)	17,299	17,500
Finance costs	(1,123,215)	(1,541,621)	(1,174,952)	(1,241,025)
Profit before tax	**(1,761,687)**	**(1,649,039)**	**(205,229)**	**314,912**
Income tax	(69,019)	(130,698)	(117,113)	(110,219)
Profit after tax	**(1,830,706)**	**(1,779,737)**	**(322,342)**	**204,693**

Ratio Analysis	2021A	2022A	2023A	2024F
Profitability				
Growth in Revenue (YoY Revenue Growth)	-5.7%	22.4%	18.5%	0.4%
Gross Profit Margin (Gross Profit / Revenue)	20.5%	19.7%	26.2%	30.4%
EBITDA Margin (EBITDA / Revenue)	6.6%	6.3%	11.7%	14.4%
Operating (EBIT) Margin (EBIT / Revenue)	-4.7%	0.1%	4.7%	7.5%
Net Margin (Profit for the year / Revenue)	-13.1%	-10.4%	-1.6%	1.0%
Return on Common Equity (Net Income / Average Equity)	-48.2%	-69.2%	-15.1%	9.9%
Return on Assets (Net Income / Average Assets)	-4.8%	-4.7%	-0.8%	0.5%

Revenue generated during 2023 increased by 18.5% to €20.3m (2022: €17.2m). In line with previous years, the provision of technical personnel segment remained the highest contributor to the Group's total 2023 revenue at 36% (2022: 26%). This, as a percentage of total revenue, was 10% higher than 2022 levels and 5% more than what was forecasted in last year's Analysis, mainly due to the heightened activity in the oil and gas sector in 2023.

Another business line of the Group relates to storage, logistics and shore support services. This segment mainly represents income which the Group receives from the provision of technical workshops and supporting administrative offices respectively in use by various clients, maritime and oil and gas industry stakeholders supported by the Group's full logistics, personnel and maritime service offering. This segment made up 12% of total revenue (€2.5m), which is in line with what was projected in last year's Financial Analysis Summary dated 23 June 2023. In 2024, management expects storage, logistics and shore support to make the same 12% of total revenue.

The fabrication and inspection facilities segment performed more or less in line with 2022 levels when looked at as a percentage of total revenue, coming in at 12%. As an overall figure, however, revenues from this segment increased by €0.2m when compared to 2022. In 2024, management expects revenue derived from this segment to make up 13% of total revenue.

The Group's berthing division, which contributed 18% of the Group's total revenue, returned slightly weaker results than expected for 2023. Total revenue from this segment was €3.7m, in line with the 2022 amount. In 2024, the Group expects this revenue segment to increase slightly as a percentage of total revenue to 19% with the revenue figure expected to come in at €3.9m.

Looking at vessel care, the Group was able to surpass the projections it set out for 2023 where management expected revenue from this segment to drop by €1.1m. Vessel care activities are the second biggest revenue contributor for the Group so a strong performance in this sector reflects a stronger positive impact on the Group. Revenues in this sector decreased by just €0.1m over 2022 levels.

In 2023, the increase in revenue was accompanied by higher cost of sales incurred by the Group. Cost of sales increased to €15.0m in FY23 (2022: €13.8m). The revenue increase outpaced the higher cost of sales and resulted in a higher overall Gross Profit Margin in 2023 of 26.2% (2022: 19.7%). Moving forward, in 2024, management expects the Group's revenue to remain more or less in line with the 2023 levels with a corresponding gross profit and Gross Profit Margin of €6.2m and 30.4%, respectively.

During 2023, administrative expenses amounted to €2.7m (2022: €2.3m). This increase in administrative expenses comes from various factors, including higher ground rent payable of €1.8m, bad debts of €0.1m and, most noticeably, higher employee benefit expenses of €3.2m. Administrative expenses are forecasted to remain stable at €3.1m in 2024. The higher employee benefit expenses in 2023 are mainly due to the Group increasing its workforce to 110 people.

In 2023, other income was lower than that reported in 2022. 2022 other income includes amounts received related to the COVID-19 wage supplements which were not repeated in 2023. Depreciation increased over last year's depreciation charge at €1.4m (FY22: €1.1m) due to increased PPE. Given all the above, the Group's EBIT margin increased to 4.7% (2022: 0.1%).

Finance costs decreased in 2023 to around €1.2m with management expecting finance costs to remain at this level in FY24.

The Group reported a net loss figure of €322k for the year under review, substantially better than last year and last year's forecasts and expects to generate a profit after tax of €204k in FY24 mainly due to an expected stable revenue stream coupled with lower cost of sales.

2.4.1 Variance Analysis

Income Statement	2023F	2023A	Variance
	€	€	€
Revenue	14,817,577	20,332,882	5,515,305
Cost of sales (operating costs)	(10,594,460)	(15,012,298)	(4,417,838)
Gross profit	**4,223,117**	**5,320,584**	**1,097,467**
Distribution Costs	(209,220)	(244,209)	(34,989)
Administrative expenses (excl. Depreciation and amortisation)	(2,299,100)	(2,697,667)	(398,567)
Other operating expenses/(income)	75,593	8,006	(67,587)
EBITDA	**1,790,389**	**2,386,714**	**596,325**
Depreciation	(1,293,646)	(1,434,290)	(140,644)
EBIT	**496,743**	**952,424**	**455,681**
Finance income	17,856	17,299	(557)
Finance costs	(1,125,770)	(1,174,952)	(49,182)
Profit before tax	**(611,171)**	**(205,229)**	**405,942**
Income tax	-	(117,113)	(117,113)
Profit after tax	**(611,171)**	**(322,342)**	**288,829**

The increased revenue during the year under review was mainly due to the fact that revenue derived from offshore personnel almost doubled in 2023 reaching the same level as pre Covid when compared to 2022. Technical and vessel care services also performed better than expected during 2023.

Cost of sales followed the same pattern as experienced in the higher revenue for 2023. Both offshore personnel and support services related to the technical and vessel care departments are highly labour intensive. Contributions derived from offshore personnel do not exceed the 15% mark while that of support services relating to the technical and vessel care industry do not exceed the 30% mark.

Distribution costs were mainly in line with what was forecast. The minimal variance is mainly attributable to the increase in support services offered by the Group which resulted in higher distribution costs incurred since part of the material is outsourced from abroad.

The variance in administrative expenses is attributable to the following 3 reasons: (1) wages and salaries increased since the Group invested heavily in the setup of the procurement and store team (2) the Group is in the process of implementing a new ERP system which should be launched in July 2024 and so certain costs were expensed during the year under review (3) professional costs increased significantly due to the transaction explained in section 1.6. This includes costs incurred due to business plans drafted and other advice such as the drafting of the share purchase agreement, referred to above.

All this led to a better than expected EBITDA of €2.4m during the year.

Depreciation was higher than forecasted due to increased CAPEX investment during the year which reached the €4.0m mark. The main investment for the year was the refurbishments of the shed roofs and doors. Although all the investments made were pre-planned, Management did not expect to realise all these investments in 2023.

The higher finance costs, were driven by a further €0.5m overdraft obtained from APS Bank.

Lastly, the Group forecasted no tax charges in 2023 when in fact the Group was charged €117k in tax for the year. This tax charge is in line with the better than expected performance for the year.

2.5 Guarantor's Statement of Financial Position

Statement of Financial Position	2021A	2022A	2023A	2024F
	€	€	€	€
Assets				
Non-current assets				
Intangible assets	731,775	730,645	729,516	700,191
Property plant and equipment	28,472,429	28,032,627	31,469,218	31,708,194
Investment in associate	10,000	10,000	10,000	10,000
Trade and other receivables	2,113,930	2,522,983	2,646,236	2,627,276
Total non-current assets	**31,328,134**	**31,296,255**	**34,854,970**	**35,045,661**
Current assets				
Inventories	68,952	31,159	2,705	123,881
Trade and other receivables	5,709,005	5,200,067	4,820,902	3,683,152
Current tax assets	19,656	21,320	21,320	21,320
Cash and cash equivalents	1,226,518	712,505	925,416	699,530
Total current assets	**7,024,131**	**5,965,051**	**5,770,343**	**4,527,883**
Total assets	**38,352,265**	**37,261,306**	**40,625,313**	**39,573,544**
Equity and liabilities				
Capital and reserves				
Share capital	1,000,000	2,208,155	2,208,155	2,208,155
Reporting currency conversion reserve	(130,424)	(39,863)	(40,498)	(40,498)
Other reserves	18,305	18,305	18,305	18,305
Retained earnings	1,923,978	104,456	(217,886)	(13,193)
Non - controlling interest	41,626	-	-	-
Total equity	**2,853,485**	**2,291,053**	**1,968,076**	**2,172,769**
Liabilities				
Non-current liabilities				
Borrowings	18,056,851	17,605,774	17,157,518	16,706,441
Trade and other payables	6,014,880	8,445,928	9,632,890	9,993,042
Grants designated for specific purposes	1,919,799	1,835,260	1,796,004	1,713,220
Deferred tax liability	5,557	44,380	154,850	154,850
Total non-current liabilities	**25,997,087**	**27,931,342**	**28,741,262**	**28,567,553**
Current liabilities				
Borrowings	4,237,981	2,884,697	3,478,034	3,430,678
Trade and other payables	5,179,085	4,069,631	6,376,021	5,230,405
Current tax liabilities	-	-	-	110,219
Other current liabilities	84,627	84,583	61,920	61,920
Total current liabilities	**9,501,693**	**7,038,911**	**9,915,975**	**8,833,222**
Total liabilities	**35,498,780**	**34,970,253**	**38,657,237**	**37,400,775**
Total equity and liabilities	**38,352,265**	**37,261,306**	**40,625,313**	**39,573,544**

Ratio Analysis	2021A	2022A	2023A	2024F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	88.07%	89.62%	90.92%	89.95%
Gearing 2 (Total Liabilities / Total Assets)	92.6%	93.9%	95.2%	94.5%
Gearing 3 (Net Debt / Total Equity)	738.3%	863.3%	1001.5%	894.6%
Net Debt / EBITDA	22.6x	18.3x	8.3x	6.6x
Current Ratio (Current Assets / Current Liabilities)	0.7x	0.8x	0.6x	0.5x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.7x	0.8x	0.6x	0.5x
Interest Coverage level 1 (EBITDA / Cash interest paid)	0.9x	0.7x	2.1x	2.4x
Interest Coverage level 2 (EBITDA / Finance costs)	0.8x	0.7x	2.0x	2.4x

During 2023, the Guarantor's assets stood at €40.6m and mainly consisted of PPE of €31.5m. The €3.4m increase in PPE is in line with the heavy capex investments made for the year. In 2023 the Group's cash position increased by €213k mainly due to increased bank overdrafts. The Group's asset base ended up being larger than previous expectations mainly due to higher PPE when compared to what was forecast. Moving forward, the Group is projecting total assets during 2024 to amount to €39.6m mainly due to lower trade and other receivables.

The equity base of the Group decreased to €2.0m (2022: €2.3m). This was mainly due to the loss of €0.3m registered by the Group during 2023, which led to a corresponding drop in retained earnings. The Group's equity base is projected to increase slightly to €2.2m during 2024 with the biggest movements again coming from the retained earnings reserve which is expected to increase.

Long-term borrowings continued decreasing in 2023 but this was offset by higher short-term borrowings in the form of bank overdrafts. Both current and non-current trade and other payables increased in 2023 mainly due to higher other creditors. All other liabilities remained relatively stable in 2023. In 2024, total liabilities are expected to amount lower at €37.4m due to lower current trade and other payables.

2.6 Guarantor's Statement of Cash Flows

Cash Flows Statement	2021A	2022A	2023A	2024F
	€	€	€	€
Cash flows from operating activities				
Cash generated from operations/ (used in)	2,934,772	4,025,732	6,074,424	2,928,707
Finance income	17,635	17,304	17,299	17,500
Finance expense	(1,090,307)	(1,505,286)	(1,136,259)	(1,241,025)
Tax paid	(135,725)	(93,529)	(6,644)	(110,219)
Net cash flows generated from operating activities	**1,726,375**	**2,444,221**	**4,948,820**	**1,594,963**
Cash used in investing activities				
Purchase of property, plant and equipment	(2,063,638)	(2,234,704)	(4,833,405)	(1,619,175)
Proceeds from of property plant & equipment	-	1,402,789	-	-
De-recognition of cash on disposal of Investment in Subsidiary	-	(285,623)	-	-
Net cash flows generated from/(used in) investing activities	**(2,063,638)**	**(1,117,538)**	**(4,833,405)**	**(1,619,175)**
Cash flows from financing activities				
Net Repayment/ bank borrowings	(306,414)	(1,824,613)	(463,077)	(138,281)
Net cash flows generated from / (used in) financing activities	**(306,414)**	**(1,824,613)**	**(463,077)**	**(138,281)**
Movement in cash and cash equivalents	**(643,677)**	**(497,930)**	**(347,662)**	**(162,493)**
Effect of exchange rate changes	**-**	**-**	**(8,892)**	
Cash and cash equivalents at start of year	(139,816)	(783,493)	(1,281,423)	(1,637,977)
Cash and cash equivalents at end of year	**(783,493)**	**(1,281,423)**	**(1,637,977)**	**(1,800,470)**

Ratio Analysis	2021A	2022A	2023A	2024F
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	€753,044	€1,714,803	€1,251,674	€1,216,813

The financial performance achieved by the Group during 2023 led to an overall strong increase in net cash generated from operating activities, which was also considerably higher than what was forecasted. In 2023, the Group reported a net cash inflow from operating activities of €5.0m compared to an inflow of €2.4m in 2022 mainly due to a one off lump sum of €2.5m received. Going forward, in 2024, the Group is projecting net cash flows from operating activities to amount to €1.6m. This decrease is mainly attributable to a different sales mix from 2023 onwards along with substantial revenues received in advance in 2023.

Cash used in investing activities during 2023 increased to €4.8m compared to the €1.1m in 2022 and this was due to heavy investment in PPE. The Group is projecting cash outflows from investing activities to amount to €1.6m in FY24.

Slightly higher than previous projections, cash used in financing activities during 2023 totalled €463k and mainly relate to bank repayments made. These are expected to decrease to €138k in FY24.

Because of the above, the Group's cash and cash equivalent balance at the end of 2023 dropped to negative €1.6m from negative €1.3m at the end of 2022. The Group's bank overdraft of €2.5m, less the negative cash balance of €1.6m, leads to the cash balance on the balance sheet of €0.9m.

Part 3 - Key Market and Competitor Data

The main activity of the Group is to provide specialised services to the marine and oil and gas industries and servicing of yachts. This part of this Analysis provides an update relating to the oil and gas and yachting industries.

3.1 Oil and Gas Industry[2]

The main industry driver, directly impacting the operations of the Group is the price of oil. This has a direct bearing on the extent of drilling operations carried out by International Oil Companies (IOCs) and the number of rigs in operation, which in turn determines the demand for services provided by the Group. More specifically, when the oil price is high, IOCs may explore deposits that were previously deemed too costly. However, when the price is low, investment in drilling and exploration could fall, which results in the loss of competition between suppliers and the decline of the number of oil rigs in operation.

Prior to the COVID-19 outbreak, the offshore oil and gas industry had already endured a challenging period over the past few years, forcing the industry as a whole to adapt and transform itself in line with the rapidly-changing energy requirements within the industry. In an attempt to address this ever-growing concern and fully emerge from this challenging period; operators, service companies and major equipment manufacturers, started to establish Master Service Agreements (MSAs) with potential suppliers. These agreements have nowadays increased in popularity as they allocate risk and provide indemnification amongst both parties. Given that these companies operate in a highly volatile environment, such agreements provide the required support to rationalise their operations into better strategically located and efficient regional hubs.

World oil markets have rebounded from the massive demand shock triggered by the pandemic, which ultimately led to a recovery in oil prices. The conflicts in Ukraine and the Middle East have also caused prices to skyrocket which have had an overall positive impact on the Group. Benchmark oil prices corrected sharply lower over the course of April and early May, as concerns over the health of the global economy and oil demand fuelled a sell-off. Reports of progress towards a truce in Gaza also weighed on oil prices, although geopolitical tensions remain high. Brent crude futures traded at around $83/bbl in May, down nearly $8/bbl from a month earlier despite signs of tightness in the crude oil market.

3.2 Yachting Industry[3]

Due to the overall conditions within the oil and gas market sector, the Group's financial performance in previous years was lower than previously anticipated. As mentioned in this analysis, the Group had identified the yachting industry as an additional revenue stream to compensate for such decline. In this respect, the Group constructed two 45-meter piers to accommodate vessel travel-hoists, equipping the Group with the capability of lifting commercial and pleasure vessels of up to 700 tonnes from sea to dry ground for IMR services and return to sea.

Situated at the heart of the Mediterranean, Malta's location is of strategic importance within the tourism industry. This is no less true within the superyacht industry. Indeed, Malta is considered to be an excellent flag and jurisdiction, as evidenced by the size of its ship registry: the latest figures as of up to August 2023 show that there were over 1,110 yachts, exceeding 24m, fly the Maltese flag. The proximity of the shipyards to the workshops, chandlers, and other service providers also offers an added advantage in the form of reduced necessity for travel between suppliers.

Over the last decade efforts of Maltese Authorities have shifted towards the creation of a framework aimed at enhancing the super-yacht industry and ultimately to replicate the positive results obtained within the merchant fleet. This was done by taking full advantage of Malta's high reputation as an International Centre of Excellence and its wide range of international maritime services and facilities. Malta has developed its natural harbours, investing heavily in state-of-the-art superyacht marinas and encouraging the creation of a number of onshore service-providers such as refitting yacht yards and yacht-management companies of the highest standard. Moreover, the maritime services sector in Malta has been established greatly before the emergence of Malta's financial services, gaming and insurance industries. As such, this long maritime tradition has originated from the islands' history, modern facilities and reputable shipping-related service providers.

[2] https://www.iea.org/reports/oil-market-report-may-2024

[3] infrastruttura.gov - A-strategic-vision-for-the-superyacht-industry

3.3 The Group's Competitive Environment

The Group's competitive environment has comprised local and foreign market players, including local and foreign shipyards, local and foreign terminals, ship chandlers, ship agents, and neighbouring countries with oil and gas pro-legislature, engineering facilities, and personnel recruitment agencies.

In terms of the Group's new line of business, the Group's competitive environment in such respect comprises local and foreign entities offering yacht maintenance and yacht upkeep related services. As it transforms its business, the Group's competitive strength will increasingly lie in the range of services it provides, resulting in a one-stop shop for rigs within a cost effective, multi-faceted Hub in the centre of the Mediterranean.

The location, size and facilities of the Mediterranean Maritime Hub offers clients with the unique regional operational flexibility. This applies to the oil and gas industry as well as to companies within diverse maritime industries.

The Group is subject to regulation by the local transport regulator –Transport Malta. It is also regulated by the SEC under the Foreign Corrupt Practices Act of 1977, a United States federal law known primarily for two of its main provisions, one that addresses accounting transparency requirements under the Securities Exchange Act of 1934 and another concerning bribery of foreign officials; as well as the UK Bribery Act of 2010.

It is also an accredited member of the International Association of Drilling Contractors and is ISO9001:2015 RINA certified, OHSAS 18001:2007 DNV GL certified and ISO 14001:2015 compliant. These certifications demonstrate that the Group aims to ensure client satisfaction, that work is performed in a safe environment, and with the least environmental impact possible.

3.4 Comparative Analysis

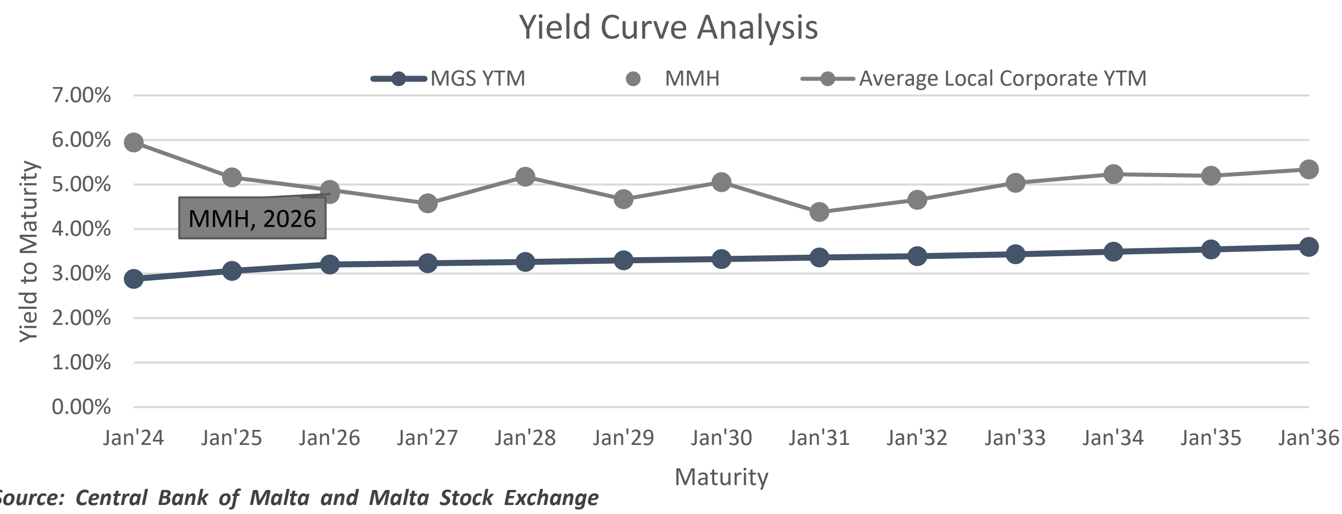
The purpose of the table below compares the Bond issued by the Issuer to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

Security	Nom Value €000's	Yield to Maturity (%)	Interest coverage (EBITDA) (times)	Total Assets (€'millions)	Total Equity (€'millions)	Total Liabilities / Total Assets (%)	Net Debt / Net Debt and Total Equity (%)	Net Debt / EBITDA (times)	Current Ratio (times)	Return on Common Equity (%)	Net Margin (%)	Revenue Growth (YoY) (%)
4.5% MedservRegis plc Unsecured € 2026	21,982	5.13%	4.5x	145.2	58.1	60.0%	48.4%	3.1x	2.4x	3.4%	1.8%	10.4%
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	15,000	4.79%	2.1x	40.6	2.0	95.2%	90.9%	8.2x	0.6x	-15.1%	-1.6%	18.5%
4.5% Grand Harbour Marina plc Unsecured € 2027	15,000	5.01%	1.8x	30.5	6.5	78.8%	70.7%	8.4x	3.5x	53.3%	67.1%	11.1%
3.75% Virtu Finance plc Unsecured € 2027	25,000	4.06%	5.3x	200.3	90.7	54.7%	36.6%	3.0x	1.3x	11.2%	17.8%	28.7%
4.5% Endo Finance plc Unsecured € 2029	13,500	5.78%	9.6x	63.5	18.7	70.5%	53.4%	1.5x	2.3x	-8.8%	-16.3%	-20.8%
5% MedservRegis plc Secured € 2029	13,000	4.78%	4.5x	145.2	58.1	60.0%	48.4%	3.1x	2.4x	3.4%	1.8%	10.4%
5% Mariner Finance plc Unsecured € 2032	36,930	4.78%	4.8x	129.6	62.1	52.1%	50.1%	5.9x	0.8x	9.0%	28.2%	1.7%
6.25% AST Group plc Secured Bonds 2033 (xd)	8,500	5.53%	0.3x	15.3	3.0	80.4%	72.5%	(40.1)x	1.1x	-54.1%	-7.1%	-37.7%
	Average*	4.73%										

Source: Latest Available Audited Financial Statements

Last price as at 06/06/2024

* Average figures do not capture the financial analysis of the Group



Source: Central Bank of Malta and Malta Stock Exchange (MSE)

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted.

The graph plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of comparable issuers having a maturity between 2-9 years respectively (Peers YTM).

As at 6 June 2024 the 4.8% Mediterranean Maritime Hub Finance plc 2026 Bond is trading at a YTM of 379 basis points, meaning a spread of 158 basis points over the equivalent MGS, and therefore at a premium of 18 basis points to the average on the market.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
EBIT (Operating Profit)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Profit After Taxation	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).

Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.

Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Calamatta Cuschieri

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