MMH
FINANCE plc

COMPANY ANNOUNCEMENT

The following is a Company Announcement by Mediterranean Maritime Hub Finance plc [C 76597] (hereinafter the 'Company') of Mediterranean Maritime Hub Head Office, Xatt il-Mollijiet, Marsa MRS 1152, pursuant to Chapter 5 of the Capital Markets Rules issued by the Malta Financial Services Authority:

Quote

The Company wishes to inform the general public that the Financial Analysis Summary for 2022 has been prepared in line with the requirements of the Capital Markets Rules.
The Financial Analysis Summary 2022 is available for viewing on the Company's website: https://mmh.com.mt/mmh-finance/ and is also attached to this announcement

Unquote

By order of the Board.

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DR. MICHAEL ZAMMIT MAEMPEL
COMPANY SECRETARY

27th June, 2022

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The Directors
Mediterranean Maritime Hub Finance plc
Head Office Building, Mediterranean Maritime Hub,
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Malta

Re: Financial Analysis Summary – 2022

27 June 2022

Dear Sirs,

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 2019, 2020 and 2021 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 2022 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,

Nick Calamatta
Director

FINANCIAL ANALYSIS SUMMARY 2022

Mediterranean Maritime Hub Finance plc

27 June 2022

Prepared by Calamatta Cuschieri Investment Services Ltd

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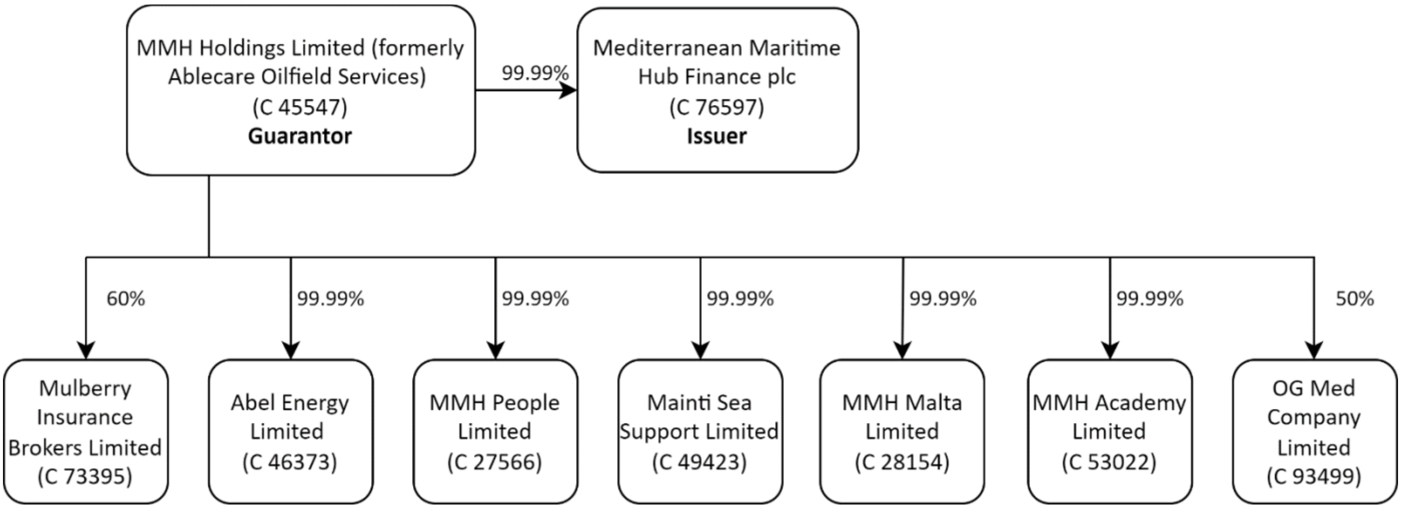
Part 1 - Information about the Group

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 a fully owned subsidiary company of MMH Holdings Limited ("the **Guarantor**"). 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 (the "**Group**").

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 MMH Group of companies, presented above, 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. Its services are mainly of an operational, logistical and maintenance (mainly through vessel care facilities) nature as may be required by oil drilling companies, and their support service providers referred to as the International Oil Companies (IOCs).

MMH Malta Limited now 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.

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. Due to pandemic-related challenges, this company was not operation in 2020 but has now started offering courses in Bologna since the end of 2021.

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. Following up on last year's Financial Analysis Summary, Abel Energy Limited's appeal against the refusal of its fuel station development permit application remains pending. Meanwhile, Abel Energy

Limited was granted a development permit to reinstate and build two farmhouses on the site on which the petrol station application remains under appeal as of June 2021. Management confirmed that the petrol station licence is still owned by Abel Energy, but the land is currently subject to a Promise of Sale agreement which is expected to be finalised by end of June, 2022.

Mulberry Insurance Brokers Limited

Mulberry Insurance Brokers Limited (Mulberry) is a limited liability company registered on 4 December 2015. It is 60% owned by MMH Holdings Limited, with the remaining 40% owned by Primus V.M. Limited, representing the shareholding interest of that company's employee. Mulberry obtained an insurance brokerage licence on 24 June 2016, commenced operations immediately after, and is still in operation as at the date of this Analysis.

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% on MMH Malta Ltd. As of April 2021, 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, operator of the Mediterranean Maritime Hub, and the PB Group of Companies, 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.

Such a joint venture enjoys a physical presence and direct operational and business development setup in Malta, Libya, Algeria, Egypt, Uganda, Congo and Ghana. This joint venture provides a comprehensive supply, logistics and technical service capabilities, which will further strengthen and enhance the Hub's attractiveness to key players in the oil and gas industry. In view of the implications brought about by the pandemic on the industry, this company has not yet commenced trading. Management recently noted that this company is looking at potential business and any future projects in will be processed in the JV.

1.1.1 Shareholders

MMH Holdings Limited has the majority shareholding of its subsidiaries.

The shareholders of MMH Holdings Limited are Paul Abela, Elesolar Company Limited and Elesolar Holdings Company Limited, with Paul Abela directly owning 0.004% and being the ultimate beneficiary owner through the following companies:

- Elesolar Company Limited (50% shareholding in MMH Holdings Limited) is a limited liability company set up on 25 of 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 (49.996% 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

The authorised, issued and fully paid-up share capital of MMH Holdings Limited, as of 31 December 2020, is 1,000,000 Ordinary shares, made up of equal proportions of A and B Shares of €1 each.

1.1.3 Review of the Business

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 oil well operators, as well as logistical support, yard operations, procurement, and engineering 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 oil rigs and 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.

MMH Malta Limited specialises in the specific requirements of the oil and gas and marine sectors, providing a wide range of services including rig agency and rig stop services, planning, project recruitment, the contracting of pre-screened and pre-qualified personnel, training, logistics, facilities provision, supply chain services and project management.

MMH Malta Limited's key focus is on servicing the needs of oil drilling companies in the EMEA region (Europe, Middle East and Africa region), and service providers thereto. The strength of MMH Malta Limited's provision of services is primarily owed to ongoing relationships, backed by vendor agreements and Master Service Agreements (MSAs) with some of the world's largest drilling companies.

The Group's track record is marked by the management team's ability to forge ongoing business relationships with key players in the oil and gas sector. Over time, the Group has grown by increasingly catering for a wider range of services to its clients. The management team has embarked on the next phase of the business's development and has demonstrated the intention of expanding the physical facilities within the Hub, enabling the Group to provide a wider range of services and reduce dependence on bought-out subcontracted services.

However, the effects of the COVID-19 pandemic impacted all players in the oil and gas industry, whereby several the Group's clients substantially reduced the number of people engaged. In addition, the travel restrictions imposed by the relevant health authorities further limited the movement of personnel. Inevitably, these measures have had a significant effect on the revenue generated by the personnel recruitment and logistics functions within the Group during 2020. Nonetheless, due to the Group's diverse workforce and its ability to adapt quickly to these realities and the ever-changing environment in which it operates, personnel were successfully placed on local projects and a number were located abroad. Additional information concerning such developments may be found in further detail throughout this Analysis.

Notwithstanding the implications brought about by the pandemic on the Group, the efforts to attract major oil and gas projects to the Hub continued during 2021. In view of this, the Group managed to host a rig stop and qualified to bid for offshore oil and gas projects that are anticipated to commence during 2022. These projects are namely repairs to the "Key Singapore", a key rig stop outside Maltese waters in February 2022 and another potential rig stop in July 2022, a yacht refit project for end of June and a potential oil and gas project for the beginning of 2023 which has not been confirmed yet.

During the first quarter of 2018, the Group had set up a business development team to explore diversification opportunities that would complement existing services then being provided by the Hub. The yachting industry was identified in such respect whereby, through MMH Malta Limited, the Group is currently also offering maintenance and upkeep services to yachts within the Hub. As a result, during 2018 the Group had 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, supply 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.

During 2018, the Group also completed the development of additional offices over an area of 600 square meters, the roofing of one of the larger sheds and the setting up of four dedicated workshops to provide the industry with inspection, maintenance, and repair (IMR) services. As at April 2021, management confirmed that the workshops were fully occupied. The office model which is known as COE (Centre of Excellence) is currently being revised with occupancy currently at 45%. Management also confirmed that additional workshops and offices will be constructed going forward, in line with the respective demand for such facilities. In 2021, for example, a new stainless-steel workshop was separated from the fabrication workshop and additional investments in IT infrastructure were also made.

The facilities and support functions typically required to service rig stops comprise of:

- Quay - to facilitate berthing and mooring.
- Yard area - to load, unload and store equipment and acts as an extension of the rig deck;
- Engineering workshop - to facilitate on-shore maintenance of equipment, prior to placing this back onto the rig;
- Procurement services / ship chandler services - comprises of the procurement of all the goods that may

be required by the rig, which could range from the replacement of the items required, such as machine parts, to motors and food supplies;

- Logistical support - includes all types of logistics required by the rig, which could range from Freeport services, customs declarations, permits, physical logistics including the sending and receiving of rig equipment from hubs etc.; and
- Provision of additional manpower - involves the provision of personnel, often working under the supervision of the Original Equipment Manufacturers. This service was formerly provided by MMH People Limited, and was transferred to MMH Malta Limited in January 2017.

It may be noted that, prior to the acquisition of the Hub for the purpose of servicing Malta based rig stops, the Group made use of sub-contracted facilities from other local operators. Since MMH does not cater for all services, sub-contractors are still used for specific jobs depending on the specialisation needed.

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	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 the directors of the Issuer is the registered office of the Issuer.

Mr Joshua Zammit has not stood for re-election, and his term as a director has therefore come to an end at the Annual General Meeting (AGM) held on 10 May 2021. Mr Zammit is replaced by Mr Anthony Bonnici who has been appointed as a director of the Issuer with effect from 10 May 2021. Mr Zammit will instead take a new role as a director on the Board of Directors of the Guarantor as noted below.

During FY21 total employees increased by 6 people from 97 in 2020 to 103 in 2021. This increase came mainly from direct employees which increased from 70 in FY20 to 75 in FY21. On the other hand, administrative employees increased by 1 person from 27 employees to 28 employees. 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
Mr Joshua Zammit	Non-Executive Director
Dr Ann Fenech	Non-Executive Director
Mr Sergio Vella	Non-Executive Director
Ms Louisa Ann Abela	Executive Director

As noted above, Dr Ann Fenech and Mr Sergio Vella have been appointed as non-executive directors of the Guarantor.

The Group recently announced that Mr Paul Abela has stepped down as Director and Chairman of the Guarantor and of the MMH Group of Companies and has been replaced by Ms Angelique Abela (formerly Maggi), who as from 10th May 2021 has taken on the role of Executive Chairman of the Guarantor and of MMH Malta Limited. Ms Louisa Abela and Mr Paul J. Abela have also joined the Board of Directors of the Guarantor and of MMH Malta Limited. Mr Raymond Ciantar, Mr Joseph Maggi and Mr Duncan Brincat have resigned their roles as Directors of the Guarantor.

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 million, 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 a dedicated rig servicing centre, facilities for support engineering 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:

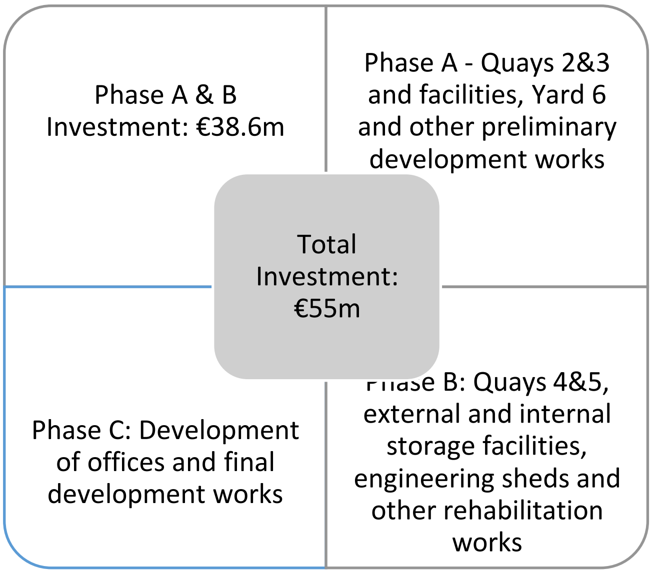
- Quays 2 and 3, including lay down area, storage yards, main entrance to Site and a warehouse.
- Quay 4 and 5, including yard space.
- Dock.
- Stand-alone external yards for open storage.
- Four hangars / shed space for engineering works and internal storage.
- Three main buildings which comprise warehouse 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 in 2021, road works continued, improvements were made to aesthetics of vessel care offices and a new IT infrastructure was setup on site, passing fibre optics to all sites along with network equipment.

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 €38.6million. 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.



The commencement of the development of the Hub was delayed due to issues that were encountered during its transfer by the Government of Malta to the Guarantor. The Group has been pursuing efforts to market the Hub internationally, recognising the current volatile oil and gas industry which now more than ever necessitates careful planning and management.

Similarly, to FY20, in FY21 the Group primarily focused its operations on mitigating the impact caused by the COVID-19 pandemic. This was achieved mainly by increasing efforts to attract work in the local market whilst incessantly pursuing international major oil and gas projects. As a result, development works in the Hub slowed down during 2021, with non-essential capital expenditure put on hold to preserve cash reserves. In view of the decision adopted by the Group to maintain its necessary capital expenditure, total investment within the Hub during 2021 amounted to *circa* €1m.

1.4.2 Fuel station update

As mentioned previously, Abel Energy Limited's appeal against the refusal of its fuel station development application remains pending. However, Abel Energy Limited has meanwhile been granted a permit to reinstate and thereafter to build two farmhouses while the permit for the petrol station remains under appeal. Management reported that, as of May 2021, no progress was registered as the case still awaits appeal. The petrol station licence remains under Abel Energy, but the land is currently under a Promise of Sale agreement which is expected to be finalised by end of June.

1.5 Assessment of the COVID-19 pandemic

Group Operations

The Group's assessment considered its current revenue streams and more specifically, management reiterated that these can be segmented as follows:

- Provision of technical personnel
- Storage, logistics and shore support
- Fabrication and inspection facilities
- Berthing and docking
- Vessel Care
- Academy
- Mulbery Insurance brokers

Oil & Gas Operations

The average price of crude oil for 2021 was $70.68 per barrel compared to $41.96 for 2020. Consequently, activity in the Mediterranean has seen an increased interest in exploration and production projects which will start materialising from 2023 onwards. Hence previously shelved projects for new onshore and subsea facilities, requiring fabrication and installation works, as well as substantial logistical support, are being once again considered. 2021 registered a significant increase in personnel recruitment on offshore rigs and platforms for the Group's logistic and personnel operations. However, because of the Group's incessant pursuing of every possible opportunity, in the latter part of 2021 the Group saw an increase in demand, reaching total revenue of €4m, which continued to spill over into 2022.

Commercial Marine 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 multimillion investments carried out by the Group to dredge the seabed for the fairway and the berths. The COVID-19 restrictions on crew movements also had an impact on the number of vessels which bypassed the Maltese ports to other ports where crew movements and entry restrictions were facilitated. This also affected the overall berthing occupancy rate and hence the related revenues which in 2021 saw a decline of approximately €500K when compared to 2020. Management expects revenues from berthing to start recovering as from 2023. 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.

Vessel Care Activities

Vessel Care is in its third full year of operation, which has spanned the entire period of the pandemic. Activity has experienced growth year on year with 2021 having an increase of approximately €900K over 2020 and the forecasts indicate that 2022 will experience another growth in revenue. Further growth is anticipated with the increase of more services provided through the Group directly and through the positive response and satisfaction rate of the Facility within the industry, as being the top and best-rated facility. This activity has an increased seasonality factor which sees activity slowing down over the summer period and to counterbalance this seasonality slow down, the Group is finalising a set of attractive offers for the yachting and commercial vessel industry to avail themselves of the Group's facilities during the shoulder months.

Cash flow projections, liquidity management and cost mitigation measures

The Group has prepared cash flow forecasts considering a conservative sales mix and maintaining specific cost efficiency measures in 2021. Cash flow forecasts were prepared for the period ending December 2022 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. It is important to note that 2022 should be the COVID-19 recovery year with normality restored in free movement of people without side-lining the reality of the war in Ukraine.

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 2019, 2020, and 2021, as audited by PricewaterhouseCoopers, is set out below. Forecasts are based on management's projections.

2.1 Issuer's Income Statement

Income Statement for the year ended 31 December	2019A	2020A	2021A	2022F
	€	€	€	€
Finance income	877,625	877,625	877,625	877,625
Finance cost	(751,292)	(751,292)	(752,908)	(756,335)
Net interest income	**126,333**	**126,333**	**124,717**	**121,290**
Administrative expenses	(77,284)	(78,832)	(77,471)	(76,993)
Profit before tax	**49,049**	**47,501**	**47,246**	**44,297**
Taxation	-	-	-	-
Profit after tax	**49,049**	**47,501**	**47,246**	**44,297**

Ratio Analysis[1]	2019A	2020A	2021A	2022F
Gross Profit Margin (Net finance costs / Finance income)	14.4%	14.4%	14.2%	13.8%
Net Margin (Profit for the year / Finance Income)	5.6%	5.4%	5.4%	5.0%

Finance income has remained stable for the past 3 years and is expected to remain at this level in 2022. Finance costs also remained stable at around €0.75m. These are expected to amount to €0.76m during 2022. Although higher than those incurred during 2019, the Issuer reported lower administrative expenses during 2021 when compared to 2020 (€78.8k). These are expected to remain at this level during 2021.

Moreover, during 2021 the Issuer benefited from a Group tax relief, resulting in the Issuer not incurring any tax during the year under review. As in the case of 2021, the Issuer does not expect to incur any tax during 2022. As a result of the above, the Issuer posted a profit after tax of €47.2k which is slightly lower than the levels seen in 2020. For 2022 management expect profit after tax to again be slightly lower at €44.3k.

[1] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance

2.2 Issuer's Statement of Financial Position

Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022F
	€	€	€	€
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	410,398	611,139	694,656	749,539
Cash and cash equivalents	123,870	3,325	382	2,342
Total current assets	**534,268**	**614,464**	**695,038**	**751,881**
Total assets	**15,284,268**	**15,364,464**	**15,445,038**	**15,501,881**
Equity and liabilities				
Capital and reserves				
Share capital	250,000	250,000	250,000	250,000
Retained earnings	128,843	176,344	223,590	267,887
Total equity	**378,843**	**426,344**	**473,590**	**517,887**
Non-current liabilities				
Borrowings	14,741,187	14,772,479	14,805,387	14,817,333
Current liabilities				
Trade and other payables	164,238	165,641	166,061	166,661
Total liabilities	**14,905,425**	**14,938,120**	**14,971,448**	**14,983,994**
Total equity and liabilities	**15,284,268**	**15,364,464**	**15,445,038**	**15,501,881**

As at 31 December 2021, the Issuer had €15.5m in total assets of which €14.8m consisted 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 had a cash balance of *circa* €0.4k during 2021, which drop, is attributable to a negative movement in working capital as clearly explained in section 2.3 below.

Total assets are expected to remain stable at €15.5m in FY22. Total equity and liabilities of €15.5m in 2021, primarily comprise of the Issuer's debt securities in issue (€14.8m) and an equity base of *circa* €0.5m which was in line with previous expectations. FY22 projections for liabilities and equity are expected to remain relatively stable.

2.3 Issuer's Statement of Cash Flows

Cash Flows Statement for the year ended 31 December	2019A	2020A	2021A	2022F
	€	€	€	€
Cash flows from operating activities				
Cash used in operations	122,208	(120,545)	(2,943)	1,960
Net cash flows generated from/(used) in operating activities	**122,208**	**(120,545)**	**(2,943)**	**1,960**
Net cash flows generated from/(used in) investing activities	-	-	-	-
Net cash flows generated from/(used in) financing activities	-	-	-	-
Movement in cash and cash equivalents	**122,208**	**(120,545)**	**(2,943)**	**1,960**
Cash and cash equivalents at start of year	41,815	123,870	3,325	382
Cash and cash equivalents at end of year	**123,870**	**3,325**	**382**	**2,342**

The issuer saw an improvement in cash flows from operating activities when compared to FY20. Having said that, last year's forecasts for FY21 had projected an increase in cash from operations of €0.1m which are fairly different from the €3k outflow actually recorded for FY21 due to negative movements in working capital during FY21. As expected, 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 decreased to *circa* €0.3k. Management expects a net cash inflow generated from operating activities of approximately €2.0k and a net cash balance as at end of year of €2.3k in 2022.

2.4 Guarantor's Income Statement

Income Statement for the year ended 31 December	**2019A**	**2020A**	**2021A**	**2022F**
	€	**€**	**€**	**€**
Revenue	17,347,067	14,866,746	14,025,196	15,945,475
Cost of sales (operating costs)	(14,647,582)	(10,917,850)	(11,150,367)	(11,948,267)
Gross profit	**2,699,485**	**3,948,896**	**2,874,829**	**3,997,208**
Distribution costs	(318,204)	(194,477)	(226,251)	(183,737)
Administrative expenses (excl. depreciation and amortisation)	(1,579,670)	(1,649,138)	(2,156,681)	(2,615,417)
Other operating expenses/(income)	1,769,038	1,161,228	440,724	310,174
EBITDA	**2,570,649**	**3,266,509**	**932,621**	**1,508,228**
Depreciation	(969,445)	(1,480,024)	(1,588,728)	(1,351,326)
EBIT	**1,601,204**	**1,786,485**	**(656,107)**	**156,902**
Finance income	18,820	18,077	17,635	267
Finance costs	(1,052,366)	(1,128,326)	(1,123,215)	(1,068,330)
Profit before tax	**567,658**	**676,236**	**(1,761,687)**	**(911,161)**
Income tax	844	(289,019)	(69,019)	318,906
Profit after tax	**568,502**	**387,217**	**(1,830,706)**	**(592,255)**

Ratio Analysis[2]	**2019A**	**2020A**	**2021A**	**2022F**
Profitability				
Growth in Revenue (YoY Revenue Growth)	10.3%	-14.3%	-5.7%	13.7%
Gross Profit Margin (Gross Profit / Revenue)	15.6%	26.6%	20.5%	25.1%
EBITDA Margin (EBITDA / Revenue)	14.8%	22.0%	6.6%	9.5%
Operating (EBIT) Margin (EBIT / Revenue)	9.2%	12.0%	-4.7%	1.0%
Net Margin (Profit for the year / Revenue)	3.3%	2.6%	-13.1%	-3.7%
Return on Common Equity (Net Income / Average Equity)	12.4%	8.5%	-48.2%	-19.6%
Return on Assets (Net Income / Average Assets)	1.7%	1.0%	-4.8%	-1.6%

Similar to FY20, the Group's FY21 financial performance was also impacted by the COVID-19 pandemic. As further explained in section 2.4.1 below, the Group did not manage to reach the profit expectations it set out for 2021, mainly due to higher operating and administrative costs along with lower operating income.

In view of the pandemic-related challenges, revenue generated during 2021 dropped by 5.7% to €14m (2020: €14.9m). The new revenue streams that the Group recently embarked on, namely the vessel-hoisting facilities and maintenance on vessels, have greatly assisted the Group to mitigate a lot of the implications brought about by the pandemic.

In line with previous years, the provision of technical personnel segment remained the highest contributor to the Group's total 2021 revenue at a 29% level (2020: 32%). Due to the pandemic-related restrictions imposed across most countries in which the Group operates, revenue specifically derived from this segment declined by €0.7m during 2021. As further noted by management, normal operations were reached around end of Aug 2021. In FY22 the Group is projecting provision of technical personnel revenue to increase by €1.8m.

Another business line of the Group relates to storage, logistics and shore support services. This segment mainly represents rental income which the Group receives from the provision of technical workshops and supporting administrative offices respectively in use by various clients and maritime and oil and gas industry stakeholders supported by MMH's full logistics, personnel and maritime service offering.

[2] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance

Similarly, to FY20 since most offshore oil exploration and drilling activities were deemed unsustainable and consequently shut down during most of 2021, this segment was also impacted by the pandemic, with revenues dropping by €0.3m on a comparative basis.

For FY22 the Group is projecting a further drop in revenue from storage, logistics and shore support services but this will be easily offset by the envisaged stronger results in the provision of technical personnel segment.

The fabrication and inspection facilities segment performed weaker in FY21 when compared to previous expectations set out in 2020. Revenues from this segment declined by €0.3m when compared to 2020. In FY22, management expects revenue derived from this segment to constitute a slightly lower percentage of total revenue. However, this is expected to net off with the higher total revenue which is expected and result in minimal movement overall.

The Group's berthing and docking division which contributed 17% of the Group's total revenue also returned slightly weaker results than expected for FY21. In FY22 the Group expects this revenue segment to still be high in demand since most commercial marine vessels operating within the oil and gas sector will continue to be engaged in projects in the Mediterranean and will therefore contribute to a slightly higher percentage of total revenue at 18%.

Looking at vessel care activities, the Group was able to surpass the strong projections it set out for FY21. 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 company. Revenues in this sector increased by €0.8m over 2020 levels and although management expects vessel care to make up a smaller percentage of total revenue at 21%, the strong increase in the total revenue base is expected to result in a net positive effect.

Overall, revenue during 2022 is expected to increase by just under €2.0m to €15.9m. This increase in revenue is deemed to be attributable to the positive consequences brought about by the expected further relaxations of all the COVID-19 related measurements around the world.

In FY21 the decline in revenue was accompanied by higher cost of sales incurred by the Group. Cost of sales increased to €11.1m in FY21 (2020: €10.9m). This resulted in a worsened overall gross profit margin in 2021 at 20.5% (2020: 26.6%). Moving forward, in line with the projected increase in revenue, gross profit and gross profit margin during 2021 are expected to increase to €4.0m and 25.1% respectively.

During 2021, administrative expenses excluding depreciation amounted to €2.2m (2020: €1.6m). This increase in administrative expenses comes from various factors and will be explained in more detail in section 2.4.1. Administrative expenses incurred by the Group during 2021 also include a ground rent payment of €1.5m. These are forecasted to increase to €2.6m in FY22.

In 2021 the Group increased its workforce from 97 workers to 103 workers and as result, the Group incurred a higher employee expense during the year, with this amounting to €3.0m (2020: €2.5m).

In 2021 other income also included *circa* €0.4m relating to the COVID-19 wage supplement. Depreciation in the year under review increased slightly over last year's depreciation charge at *circa* €1.6m (FY20: €1.5m). In view of all the above, the Group's EBIT margin declined to -4.7% (2020: 12.0%).
Furthermore, upon taking into account the projected increase in revenue, as well as the relaxed pandemic challenges, the Group is projecting an operating profit of *circa* €0.1m for 2022, translating into an EBIT margin of 1.0%. Finance costs remained stable in FY21 at around €1.12m. Furthermore, management expects finance costs to decrease to €1.07m in FY22.

The Group reported a net loss figure of €1.8m for the year under review and expects net loss to amount to €0.6m in FY22.

2.4.1 Variance Analysis

Income Statement	Dec-2021F	Dec-2021A	Variance
	€	€	€
Revenue	14,122,444	14,025,196	(97,248)
Cost of sales (operating costs)	(10,506,654)	(11,171,789)	(665,135)
Gross profit	**3,615,790**	**2,853,407**	**(762,383)**
Distribution costs	(306,531)	(226,251)	80,280
Administrative expenses (excl. depreciation and amortisation)	(1,237,626)	(2,156,681)	(919,055)
Other operating expenses/(income)	141,229	440,724	299,495
EBITDA	**2,212,862**	**911,199**	**(1,301,663)**
Depreciation	(1,170,307)	(1,567,306)	(396,999)
EBIT	**1,042,555**	**(656,107)**	**(1,698,662)**
Finance income	18,500	17,635	(865)
Finance costs	(1,087,869)	(1,123,215)	(35,346)
Loss before tax	**(26,814)**	**(1,761,687)**	**(1,734,873)**
Income tax	-	(69,019)	(69,019)
Loss after tax	**(26,814)**	**(1,830,706)**	**(1,803,892)**

The Group's revenue mix has been through some restructuring in FY21 due to the COVID-19 restrictions being relaxed. The Group has started to see shorter berths and less frequent visits since most supply vessels are now back in operation. This reduction in demand for berthing has forced the Group to reduce its berthing prices to remain competitive in that regard which has led to lower gross profit margins.

Distribution costs were slightly lower since fewer fairs were attended due to the travel restrictions. Administrative expenses on the other hand increased sharply in FY21 and this can be explained through several reasons. The first of which is that the Group has recognised a total provision in the books of €0.25m on all the outstanding debtors.

The Group also had a settlement agreement of €0.1m and increases in both ground rent and audit fees totalling an additional €0.1m which were not included in FY21 forecasts. Finally, one off fees not included in administrative expenses forecasts for FY21 totalled an additional €0.1m. When it comes to other operating income the Group registered an additional €0.2m in customs refunds which were not included in the prior year forecasts.

Deprecation charged for the year was higher than forecasted due to a €0.3m depreciation charge on the simulator owned by MMH Academy. Management also noted that as from FY22 onwards the useful life of this simulator has been revised from 4 years to 10 years which explains the lower depreciation charge expected in FY22. All the above variances led to a loss after tax of €1.8m vs a forecasted loss after tax of €26k.

2.5 Guarantor's Statement of Financial Position

Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022F
	€	€	€	€
Assets				
Non-current assets				
Intangible assets	774,620	753,197	731,775	1,197,544
Property plant and equipment	27,947,154	27,954,675	28,472,429	25,437,703
Investment in associate	10,000	10,000	10,000	10,000
Trade and other receivables	902,933	885,063	2,113,930	915,954
Deferred tax assets	336,531	49,391	-	49,432
Total non-current assets	**29,971,238**	**29,652,326**	**31,328,134**	**27,610,633**
Current assets				
Inventories	205,645	273,511	68,952	75,274
Trade and other receivables	5,600,367	6,457,692	5,709,005	6,697,311
Current tax assets	-	-	19,656	6,295
Cash and cash equivalents	1,030,097	1,910,438	1,226,518	1,393,715
Total current assets	**6,836,109**	**8,641,641**	**7,024,131**	**8,172,595**
Total assets	**36,807,347**	**38,293,967**	**38,352,265**	**35,783,228**
Equity and liabilities				
Capital and reserves				
Share capital	1,000,000	1,000,000	1,000,000	2,208,156
Reporting currency conversion reserve	(58,279)	(76,195)	(130,424)	(76,195)
Other reserves	18,305	18,305	18,305	18,305
Retained earnings	3,383,097	3,767,200	1,923,978	971,261
Non-controlling interest	25,996	29,110	41,626	83,182
Total equity	**4,369,119**	**4,738,420**	**2,853,485**	**3,204,709**
Liabilities				
Non-current liabilities				
Borrowings	19,649,124	19,393,596	18,056,851	18,299,439
Trade and other payables	425,000	425,000	6,014,880	5,110,150
Grants designated for specific purposes	2,047,944	2,002,583	1,919,799	1,976,232
Deferred tax liability	-	-	5,557	-
Total non-current liabilities	**22,122,068**	**21,821,179**	**25,997,087**	**25,385,821**
Current liabilities				
Borrowings	2,396,326	2,789,985	4,237,981	1,964,141
Trade and other payables	7,653,694	8,755,959	5,179,085	5,228,406
Current tax liabilities	223,160	101,998	-	151
Other current liabilities	42,980	86,426	84,627	-
Total current liabilities	**10,316,160**	**11,734,368**	**9,501,693**	**7,192,698**
Total liabilities	**32,438,228**	**33,555,547**	**35,498,780**	**32,578,519**

Total equity and liabilities	**36,807,347**	**38,293,967**	**38,352,265**	**35,783,228**
Ratio Analysis[3]	**2019A**	**2020A**	**2021A**	**2022F**
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	82.8%	81.1%	88.07%	85.5%
Gearing 2 (Total Liabilities / Total Assets)	88.1%	87.6%	92.6%	91.0%
Gearing 3 (Net Debt / Total Equity)	481.0%	427.8%	738.3%	588.8%
Net Debt / EBITDA	8.2x	6.2x	22.6x	12.5x
Current Ratio (Current Assets / Current Liabilities)	0.7x	0.7x	0.7x	1.1x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.6x	0.7x	0.7x	1.1x
Interest Coverage level 1 (EBITDA / Cash interest paid)	2.5x	3.0x	0.9x	1.4x
Interest Coverage level 2 (EBITDA / Finance costs)	2.4x	2.9x	0.8x	1.4x

During 2021, the Guarantor's asset base grew by €0.1m to €38.4m. This marginal increase was mostly reflected in trade and other receivables listed under non-current assets, as well as property plant and equipment. Cash and cash equivalents were also substantially lower than what was reported in 2020. This was mainly due to increased purchase of property, plant and equipment and a movement in borrowings. Otherwise, the 2021 results are deemed to be close to previous expectations.

The aforementioned increase in receivables is attributable to an increase in the amounts due from the parent company. As mentioned previously cash and cash equivalents during 2021 decreased to €1.2m, which was below previous expectations by *circa* €1.2m. This was mainly due to increased investments in property, plant and equipment of around €1.9m. Moving forward, the Group is projecting total assets during 2022 to amount to €35.8m.

The equity base of the Guarantor deceased to €2.9m (2020: €4.7m). More specifically, the loss registered by the Group during the year under review was transposed into retained earnings, with this amounting to €1.9m during 2021. The Group's equity base is projected to increase slightly to €3.2m during 2022 with the biggest movements coming from an increase in share capital through capitalisation of loans and a reduction from the retained earnings reserve.

The Guarantor's leverage increased during the year under review, with total liabilities increasing from €33.6m in 2020 to €35.5m in 2021. The increase in non-current liabilities came mainly from higher trade payables in the form of a €1.2m loan due to parent.

[3] Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance

2.6 Guarantor's Statement of Cash Flows

Cash Flows Statement for the year ended 31 December	2019A	2020A	2021A	2022F
	€	€	€	€
Cash flows from operating activities				
Cash generated from operations	2,799,899	3,382,422	2,934,772	98,431
Finance income	18,820	18,077	17,635	267
Finance expense	(1,021,075)	(1,097,034)	(1,090,307)	(1,068,330)
Tax paid	(90,799)	(123,041)	(135,725)	-
Net cash flows generated from/(used in) operating activities	**1,706,845**	**2,180,424**	**1,726,375**	**(969,900)**
Cash used in investing activities				
Purchase/sale of property, plant and equipment	(4,568,016)	(1,487,545)	(2,063,638)	1,568,957
Additions to investment in associate	(10,000)	-	-	-
Net cash flows generated from/(used in) investing activities	**(4,578,016)**	**(1,487,545)**	**(2,063,638)**	**1,568,957**
Cash flows from financing activities				
Net repayment / bank borrowings	1,932,701	93,828	(306,414)	(385,990)
Proceeds from grants	384,500	80,623	-	-
Net cash flows generated from/(used in) financing activities	**2,317,201**	**174,451**	**(306,414)**	**(385,990)**
Movement in cash and cash equivalents	**(553,970)**	**867,330**	**(643,677)**	**213,335**
Cash and cash equivalents at start of year	1,143,824	(1,007,146)	(139,816)	(783,493)
Cash and cash equivalents at end of year	**(1,007,146)**	**(139,816)**	**(783,493)**	**(570,158)**

Ratio Analysis	2019A	2020A	2021A	2022F
Cash Flow	€	€	€	€
Free Cash Flow (Net cash from operations + Interest - Capex)	(1,840,096)	1,789,913	753,044	1,667,387

The financial performance achieved by the Group during 2021 led to an overall decrease in net cash generated from operating activities. Although lower than 2020 levels, the cash generated was higher than what was expected. Moreover, in 2021 the Group reported a net cash inflow from operating activities of €1.8m compared to an inflow of circa €2.2m in 2020. Due to the implications brought about by the pandemic, the Group is projecting net cash flows used in operating activities to amount to €2.0m.

Cash used in investing activities during 2021 increased to €2.1m compared to the €1.5m in 2020 due to an increased investment in property, plant and equipment. The Group is projecting cash flows from investing activities to amount to €2.6m in FY22. In line with previous projections, cash used in financing activities during 2021 totalled €0.3m and mainly relate to bank repayments made. These are expected to increase to €0.4m in FY22. As a result of the above, the Group's cash and cash equivalent balance at the end of 2021 dropped to negative €0.8m from negative €0.1m at the end of 2020.

For FY22, the Group is forecasting cash flows generated from operations of €0.1m, mainly conditioned by a receivable movement. Cash flows from investing activities to increase sharply through the sale of property, plant and equipment with the net result being a positive movement in cash and cash equivalents of €0.2m.

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. As of 2018, the Group also started to pursue new lines of business pertaining to the 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

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.

The global economy and oil markets are recovering from the historic collapse in demand caused by the COVID-19 pandemic. For 2020 as a whole, more than one billion barrels of crude oil and oil products accumulated in various storage sites around the world. More specifically, the pandemic has forced rapid changes in behaviour, from new working-from-home models to cuts in business and leisure air travel. At the same time, more and more governments are focusing on the potential for a sustainable recovery as a way to accelerate momentum towards a low-carbon future.

World oil markets have rebounded from the massive demand shock triggered by the pandemic, which ultimately led to a recovery in oil prices as noted in the chart below. Recently, the war in Ukraine has also caused prices to skyrocket which should have an overall positive impact on the Groups 2022 revenue. Having said this, the industry in general is still facing a high degree of uncertainty as many anomalies are yet to be resolved. In May the Brent crude oil spot price averaged $113 per barrel and is expected to fall slightly too around $108 per barrel in the second half of 2022 which is firmly above the average price we are used to seeing in the past 5 years. Current oil supplies are low due to the worsening Russian oil supply disruption but steadily rising output from other countries coupled with slower demand growth especially in China is expected to partially alleviate this pressure.

In reality, the aftermath of the COVID-19 outbreak and the recent war in Ukraine have added a major layer of uncertainty to the oil market outlook at the beginning of 2022. As a result, given the fluidity of the situation, it is difficult to identify and assess at this stage the exact impact of these variables on the oil and gas industry.

3.2 Yachting Industry

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. Going forward 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.

Malta has developed a strong legal and regulatory platform that enabled Malta to become an established reputable international ship register which is now one of the largest in the world. More specifically, Malta is regarded as being the largest ship register in the European Union and the sixth largest in the world. This is deemed to be reflective of Malta's strategic location in the heart of Europe, Northern Africa and the Middle East. In fact, the latest data specifically related to the type of vessels registered inMalta indicate that approximately 62% out of all registered vessels, are yachts.

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.

However, the global outbreak of the COVID-19 has had a profound effect on the travel industry and superyacht industry, in particular the yacht charter market which has been brought to a halt by the spread of COVID-19. Following the travel restrictions introduced by the Government of Malta, whereby all yachts were banned from entering Malta, the Government announced the re-opening of the ports with affect from 1 July 2020.

Ultimately, this has had signs of positivity on companies operating within such industry. More importantly, the ease of precautionary measures and restrictions has assisted the industry to gradually start heading towards normality, with all necessary restrictions and precautions in place. However, due to the recent invasion in Ukraine and the new environment COVID-19 has left us with, there is still a degree of uncertainty in terms of industry outlook.

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

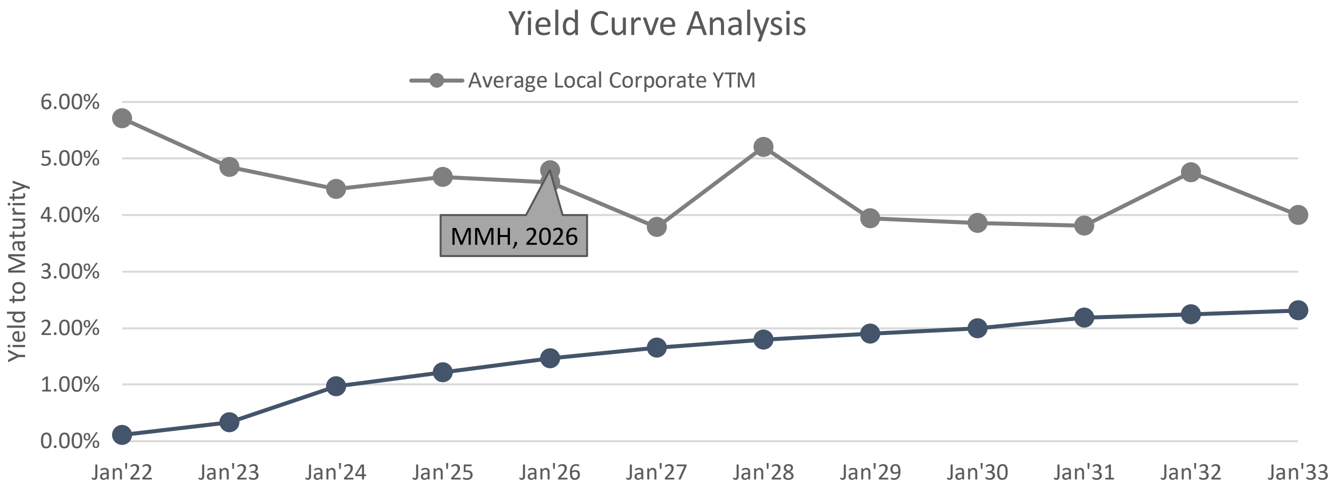
The purpose of the table below compares the Bond issued by the Issuer to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

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) (%)
6% MedservRegis plc Sec. & Grntd € Notes 2020-2023 S1 T1	20,000	5.19%	2.2x	150.8	62.8	58.3%	47.7%	10.8x	2.4x	-13.7%	-24.1%	165.1%
5.3% Mariner Finance plc Unsecured € 2024	35,000	4.73%	3.3x	102.3	52.9	48.3%	46.6%	6.4x	0.5x	-0.5%	-1.8%	-7.0%
4.5% MedservRegis plc Unsecured € 2026	21,982	5.69%	2.2x	150.8	62.8	58.3%	47.7%	10.8x	2.4x	-13.7%	-24.1%	165.1%
5.75% MedservRegis plc Unsecured USD 2026	9,148	7.34%	2.2x	150.8	62.8	58.3%	47.7%	10.8x	2.4x	-13.7%	-24.1%	165.1%
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	15,000	4.79%	0.8x	38.4	2.9	92.6%	88.1%	22.2x	0.7x	-48.2%	-13.1%	-5.7%
3.75% Virtu Finance plc Unsecured € 2027	25,000	3.37%	(1.8)x	198.7	80.3	59.6%	44.2%	(12.2)x	0.7x	-7.6%	-24.2%	-17.0%
4.5% Endo Finance plc € Unsecured 2029	13,500	4.85%	4.6x	32.0	12.6	60.7%	54.1%	4.4x	1.2x	8.0%	8.8%	11.0%
Average**		**5.20%**										

Source: Latest Available Audited Financial Statements

Last price as at 06/06/2022

** 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 1-7 years respectively (Peers YTM).

As at 6 June 2022 the 4.8% Mediterranean Maritime Hub Finance plc 2026 bond is currently trading at a YTM of 479 basis points, meaning a spread of 333 basis points over the equivalent MGS, and therefore at a discount of 57 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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