

MMH FINANCE plc

FINANCIAL ANALYSIS SUMMARY
Mediterranean Maritime Hub p.l.c.
23rd June 2021



Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

The Directors
Mediterranean Maritime Hub Finance plc,
Head Office Building,
Xatt il-Mollijiet, Mdina Road,
Marsa, MRS 1152, Malta

23rd June 2021

Dear Sir/Madam,

In accordance with your instructions, and in line with the requirements of the Listing Authority 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 p.l.c. (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 ended 2018, 2019 and 2020 have been extracted from the Issuer’s audited statutory financial statements for the three years in question.
- b) The forecast data for the financial year ending 31st December 2021 has been provided by management.
- c) Our commentary on the Issuer and Guarantor’s results and financial position is based on the explanations set out by the Issuer in the Prospectus and Listing Authority Policies.
- 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

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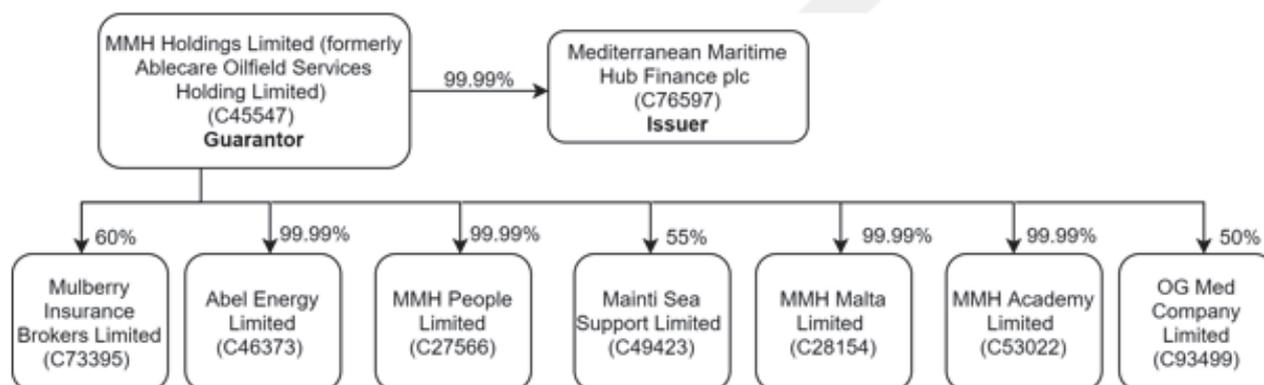
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Part 1 - Information about the Issuer

1.1 Group's key activities and Group Structure

Mediterranean Maritime Hub Finance p.l.c. ("the **Issuer**") was incorporated on 26th 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 a number of subsidiary companies primarily operating in the marine and oil and gas services sector ("the **Group**").

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



Mediterranean Maritime Hub Finance p.l.c.

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 nature, as may be required by oil drilling companies, and their support service providers referred to as the International Oil Companies (IOCs).

From January 2017, MMH Malta Limited took over the services previously offered by MMH People Limited, which is now non-trading. Accordingly, 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. For the foreseeable future this company is expected to remain non-trading as its operation was transferred to MMH Malta Limited.

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, operations within this company are currently at a standstill.

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. In fact, during 2018, the Group obtained approval from the Planning Authority for a development permit to build a fuel station in Magħtab, Naxxar. Abel Energy Limited applied for an executable permit in order to start the construction works, which was granted by the Planning Authority in January 2019, further to which an appeal by third-party objectors was filed. The Court of Appeal delivered its final decision in June 2019 and remanded the planning application to be decided upon by the Board of the Planning Authority once all documents are duly notified to all relevant parties in accordance to law. In essence, Abel Energy Limited's appeal against the refusal of its fuel station remains pending. Meanwhile, Abel Energy Limited has been granted a permit to reinstate and build two farmhouses on the site, notwithstanding that the permit for the petrol station remains under appeal as at June 2021.

Mulberry Insurance Brokers Limited

Mulberry Insurance Brokers Limited (Mulberry) is a limited liability company registered on 4th 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 24th 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 55% owned by MMH Holdings Limited, with the remaining 45% owned by Janice Baldacchino. As at April 2019, management confirmed that no investment has yet been implemented in the company. At the end of 2019, a decision was taken to buy back the shareholding originally purchased by Ms Baldacchino, which process was expected to be completed during 2020. However, management recently reported that due to the implications brought about by the pandemic, this transaction has been postponed and is now expected to be fully completed in late 2021 or early 2022.

OG Med Company Limited

OGMED is a joint venture between MMH Malta Limited, operator of the Mediterranean Maritime Hub, and PB Group of Companies, who wished to join forces 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 expected to start operating in the second half of 2021 as explained in further detail throughout this Analysis.

▪ **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 also 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 the 25th of May 1981, under registration ref 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 29th December 1994, under registration number C 17386. The shareholders of this entity are Paul Abela (99.9%) and Elesolar Company Limited (0.1%).

The Guarantor's authorised and issued share capital

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

▪ **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 the North Sea. 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 a number of 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 2020. In view of this, the Group managed to host a rig stop and also qualified to bid for offshore oil and gas projects that are anticipated to commence during 2022.

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 and continued operating during 2020.

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.

The Group's aforementioned efforts in diversifying its revenue streams in 2019 yielded results during 2020, whereby the vessel-hoisting facilities and maintenance on vessels have also contributed to the Group's 2020 satisfactory financial performance. As explained in further detail throughout this Analysis, actual revenue generated by the Group concerning these segments were in line with previous budgeted expectations.

Furthermore, as per direction provided by management, the Group received an additional €0.8m in compensation during 2020 relating to the road works and consequent disruption of the original business plan. Further detail on this point is discussed in section 1.4 of this Analysis.

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, whereas the occupancy level relating to the offices remained unchanged from last year at 80%. Management also confirmed that additional workshops and offices will be constructed going forward, in line with the respective demand for such facilities. However, in view of the pandemic-related developments, management reiterated that the investment in additional workshops and offices has been put on hold for the foreseeable future until the pandemic situation stabilises.

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. For the purpose of servicing non-Malta based rig stops, the Group at present still makes use of sub-contracted foreign facilities as the need arises.

1.2 Directors and key employees

▪ Board of Directors

During 2014, the Group employed an average number of 54 employees, increasing to 94 by April 2021. New appointees were mainly recruited in operations and logistics, site management and site surveillance, and engineering. As of April 2021, engineering was the largest department carrying 23 employees, followed by vessel care (16 employees), operations and logistics (10 employees), and site management and maintenance (9 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 in order to be better-equipped to provide one-stop-shop services to its clients.

The Board of Directors of the Issuer is composed of the following persons:

Name	Designation
Mr Paul Abela	Chairman and Director
Ms. Angelique Maggi	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

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 10th May 2021. Mr Zammit is replaced by Mr Anthony Bonnici who has been appointed as a director of the Issuer with effect from 10th May, 2021. Mr Zammit will instead take a new role as a director on the Board of Directors of the Guarantor as noted below.

The Board of Directors of the Guarantor consists of the following persons:

Name	Designation
Ms Angelique Maggi	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 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 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 is the registered office of the Issuer.

Management explained that appointments to the currently vacant positions of Group CFO and Group COO will be announced by the Company in due course.

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”).

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 also 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:

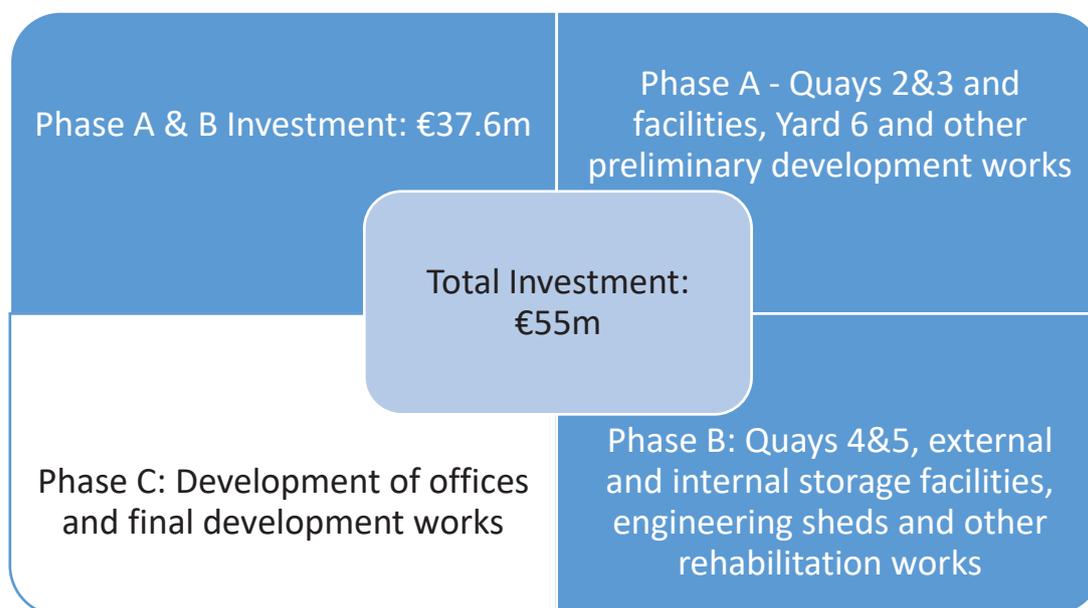
- Quays 2 and 3, including lay down area, storage yards, main entrance to Site and a warehouse;
- Quay 4 and 5, including yard space;
- Dock;
- Stand-alone external yards for open storage;
- Four hangars / shed space for engineering works and internal storage;
- Three main buildings which comprise warehouse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

Management explained that no major assets were bought during 2020.

1.4 Operational Developments

▪ The Hub update

The Group is currently in the last phase of A and B of the investment plan, which in total amounts to an investment of €37.6million.



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 in the course of its transfer by the Government of Malta to the Guarantor. The Group has been pursuing efforts to market the Hub internationally, recognising the current limitations of the oil and gas industry which is still facing a challenging period.

During 2018, the Group completed the development of additional offices covering an overall 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. Furthermore, two 45-meter piers to accommodate vessel travel-hoists were also constructed, 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. Moreover, management confirmed that two travel lifts with a capacity of 300 tons and 700 tons respectively started operating in the year under review. The amount invested in the Hub during the 2019 totalled €4.6m, with this investment consisting mostly of infrastructure improvement to quays, yard and buildings as well as the purchase of specialised equipment. While enabling the Group to cater for a wider range of vessels, these developments has broadened the Group's services portfolio and its customer base.

During the year under review, 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 2020, with non-essential capital expenditure put on hold in order 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 2020 amounted to *circa* €0.9m. This mainly consisted of additional investment in plant and machinery as well as a number of improvements implemented to the Group's property. As a result, up until the end of 2020, a total of €32.9m was invested in the Hub.

Following the acquisition of the property title in August 2016, the Group was requested by Transport Malta to allow a temporary relief road to pass through this property in view of the major road works in Marsa. Additionally, during 2019 the Group received *circa* €2.7m in compensation relating to the road works and consequent disruption of the original business plan. Management informed that an agreement has been reached between MMH and the relevant Government authorities, whereby it was envisaged that this agreement will expire prior to December 2020. Indeed, the Group received an additional €0.9m in compensation during 2020. In view the fact that the aforementioned road works have been fully-completed during the year under review, management recently reported that as at April 2021, the temporary road is now closed.

▪ **Fuel station update**

During 2018, the Group obtained approval from the Planning Authority for a development permit to build a fuel station in Magħtab, Naxxar. Abel Energy Limited applied for an executable permit in order to start the construction works, which was granted by the Planning Authority in January 2019, further

to which an appeal by third party objectors was filed. The Court of Appeal delivered its final decision in June 2019 and remanded the planning application to be decided upon by the Board of the Planning Authority once all documents are duly notified to all relevant parties in accordance to law. In July 2019 the Planning Authority board decided against the building of the petrol station.

Abel Energy Limited's appeal against the refusal of its fuel station 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 at May 2021, no progress was registered as the case still awaits appeal.

▪ COVID-19 Update

The Group recognises that one of the key risks and uncertainty of the Group's business model is mainly the one posed by the current performance of the oil and gas industry. In 2020, and also carrying on into 2021, the pandemic has affected the global maritime and oil gas industry, and by consequence poses a risk to the Group's performance. The price of OPEC oil during 2020 reached unprecedented lows due to oversupply and fears of storage. Whilst the pandemic and record low prices shook the industry, the price stabilised towards the end of the year, whereby by December 2020 crude oil stood¹ at \$54 per barrel (OPEC) and \$42 per barrel (Brent). In addition, the implications brought about by the pandemic on the Group, together with the strategy adopted by the Group to mitigate such implications, are clearly set out in section 1.1 of this Analysis.

Notwithstanding the uncertainty brought about by the pandemic during 2020, the maritime sector has proven itself to be a resilient sector that adapted to the pandemic and overcame challenges. Against this context, the Group looks ahead at 2021 with a more positive outlook. The Group nonetheless understands the importance in remaining diligent in assessing and mitigating the impact by the ever-present COVID-19 pandemic. Moreover, the continued vaccine roll-out programmes, both in Malta and in the Group's key markets, are expected to possibly boost the sector and also possibly facilitate new ways of working.

Assessment of COVID-19 situation, potential impact on the Group, reasonable assumptions to financial forecasts, necessary disclosures and outlook

Group Operations

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

- Activities related to the Hub, including engineering works;
- Provision of offshore personnel and related logistics; and
- Vessel care activities.

The first two categories are interlinked as they are mainly targeted towards the oil and gas industry, while vessel care activities consist of maintenance work on yachts and other marine vessels of less than 700 tons, and are independent from the first two categories.

¹ Source: Statista

The Group commenced 2021 in line with 2020, taking into consideration the restrictions of the pandemic. Management accounts for April 2021 indicate a cumulative profit of €103k before tax and hence the Group commenced the year with a healthy cash flow. Management confirmed that revenue up until April 2021 totaled €5m.

Management further noted that the underlying assumption vis-à-vis the financial projections utilised for the purpose of this document relate to the fact that the pandemic is envisaged to persist throughout most of 2021 and business is expected to pick up slowly during the last quarter of 2021.

Oil & Gas Operations

As previously stated, the price of crude oil has nosedived in 2020 and stabilised towards the end of the year. Accordingly, activity in the Mediterranean basin is picking up and bids for oil and gas projects are at present being issued by several companies in the sector. Nevertheless, in preparing the financial projections for 2021, the Group opted not to include any potential major oil and gas activity that the Group might secure throughout the year.

The crude oil market is expected to pick up in late 2021 and continuing in 2022. This should eventually also lead to an increase in the recruitment of personnel on offshore rigs and platforms concerning the Group's logistic and personnel operations, which is partially also being factored in the 2021 projections.

Commercial Marine Activities

Berthing facilities at the Hub are still in high demand since most commercial marine vessels operating in the oil and gas sector are being engaged for projects in the Mediterranean. In this regard, it is envisaged that berthing and berthing support services will not be negatively affected throughout 2021 and will remain in high demand while the pandemic remains present. Crew change protocols are also in place and technical personnel / seafarers can meanwhile be mobilised.

Vessel Care Activities

Vessel care activities are currently operating at the budgeted levels and indications are that activity will increase further throughout 2021, with a longer peak season. As per Group assumptions, it is assumed that the Group will be exceeding revenue generated from this activity during 2020.

Cash flow projections, liquidity management and cost mitigation measures

Assuming that the pandemic will persist throughout most of 2021, the Group has prepared cash flow projections taking into consideration a conservative sales-mix and maintaining certain measures taken in 2020.

As per direction provided by management, cash flow forecasts were prepared for the period ending December 2021 on the basis of a number of assumptions, which were deemed by management to be as realistic as possible with the information and data in hand at the time. While most of the measures communicated in the previous Financial Analysis Summary have been stopped (namely referring to

the overall reduction in wages), the Group prepares periodical budgets and projections throughout the year to monitor the Group performance.

Management noted that, in view of the pandemic related challenges, the Group benefitted from a moratorium concerning all of the Group's loan principal repayments (June 20 – June 21). In this respect, the aforementioned cash flow projections also take into account the continued principal repayments which is expected to re-start in the second half of 2021.

In view of the developments pertaining to COVID-19 last year, such projections are more valuable to assess the impact that the pandemic may have on the profitability and liquidity of the Group. In fact, the frequency of such projections has increased from the norm in order for management to assess the trends and be in a better position to take timely decisions.

Concluding remarks and further disclosures

Based on the aforementioned assumptions and the financial projections included within this Analysis, management confirmed that the Group will have sufficient resources at its disposal to be able to meet its major commitment, namely the repayment of bond interest in October 2021.

Part 2 - Historical Performance and Forecasts

The Issuer was registered and incorporated on 26 July 2016 to issue the Bonds and loan 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 31st December 2018, 2019 and 2020, as audited by PricewaterhouseCoopers, is set out below. Forecasts are based on management's projections.

2.1 Issuer's Income Statement

Income Statement	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
	€	€	€	€
Finance income	877,625	877,625	877,625	877,625
Finance cost	(749,771)	(751,292)	(751,292)	(751,292)
Net interest income	127,854	126,333	126,333	126,333
Administrative expenses	(77,917)	(77,284)	(78,832)	(78,754)
Profit before tax	49,937	49,049	47,501	47,579
Taxation	(17,478)	-	-	-
Profit after tax	32,459	49,049	47,501	47,579

Ratio Analysis	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
Gross Profit Margin (Net finance costs / Finance income)	14.6%	14.4%	14.4%	14.4%
Net Margin (Profit for the year / Finance income)	3.7%	5.6%	5.4%	5.4%

Net interest income amounted to €0.88m during 2018 and remained unchanged in the following two financial periods. Finance income is expected to remain at this level in 2021.

Due to additional bond issue expenses incurred by the Issuer during 2020, finance costs amounted to €0.75m. These are expected to amount to €0.74m during 2021.

Although higher than those incurred during 2019, the Issuer reported lower administrative expenses during 2020 when compared to previous expectations (€78.8k). As per direction provided by management, this drop is attributable to a cost-cutting exercise implemented by the Issuer throughout the pandemic. These are expected to remain at this level during 2021.

Management further noted that the reclassification of the Bond issue amortisation costs to administrative expenses mentioned in the 2020 Financial Analysis Summary was not implemented during the year for comparability reasons.

Moreover, during 2020 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 2020, the Issuer does not expect to incur any tax during 2021.

As a result of the above, the Issuer posted a lower than expected profit after tax of €47.5k in 2020. For 2021 management expect a net interest income of €0.14m and net profit of €47.5k.

2.2 Issuer's Financial Position

Statement of Financial Position	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
	€	€	€	€
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	470,259	410,398	611,139	604,589
Cash and cash equivalents	1,662	123,870	3,325	88,190
Total current assets	471,921	534,268	614,464	692,779
Total assets	15,221,921	15,284,268	15,364,464	15,442,779
Equity and liabilities				
Capital and reserves				
Share capital	250,000	250,000	250,000	250,000
Retained earnings	79,794	128,843	176,344	223,923
Total equity	329,794	378,843	426,344	473,923
Non-current liabilities				
Borrowings	14,709,896	14,741,187	14,772,479	14,803,770
Current liabilities				
Trade and other payables	182,231	164,238	165,641	165,086
Total liabilities	14,892,127	14,905,425	14,938,120	14,968,856
Total equity and liabilities	15,221,921	15,284,268	15,364,464	15,442,779

As at 31 December 2020, the Issuer had €15.4m 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* €3k during 2020, which drop, is attributable a negative movement in working capital as clearly explained in section 2.3 below.

Total equity was in line with previous expectations and stood at *circa* €0.4m in 2020. Projected total equity and liabilities of €15.4m in 2020, primarily comprise of the Issuer's debt securities in issue (€14.8m) and an equity base of *circa* €0.5m.

2.3 Issuer's Cash Flow Statement

Cash Flows Statement	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
	€	€	€	€
Cash flows from operating activities				
Cash generated from/(used in) operations	(40,153)	122,208	(120,545)	84,865
Net cash flows generated from/(used in) operating activities	(40,153)	122,208	(120,545)	84,865
Net cash flows from investing activities	-	-	-	-
Net cash flows from financing activities	-	-	-	-
Movement in cash and cash equivalents	(40,153)	122,208	(120,545)	84,865
Cash and cash equivalents at start of year	41,815	1,662	123,870	3,325
Cash and cash equivalents at end of year	1,662	123,870	3,325	88,190

Negative movement in working capital during to 2020 led to an overall drop in the Issuer's operating activities (€120k). As a result, the net cash balance at end of year decreased to *circa* €3k.

In line with the projected movement in the income statement together with the Bond issue amortisation costs, management expects a net cash inflow generated from operating activities of approximately €85k and a net cash balance as at end of year of €88k in 2021.

2.4 Guarantor's Income Statement

Income Statement	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
	€	€	€	€
Revenue	14,469,908	17,347,067	14,866,746	14,122,444
Cost of sales (operating costs)	(11,571,427)	(14,647,582)	(10,917,850)	(10,506,654)
Gross profit	2,898,481	2,699,485	3,948,896	3,615,790
Distribution costs	(255,983)	(318,204)	(194,477)	(306,531)
Administrative expenses (excl. depreciation and amortisation)	(1,906,995)	(1,579,670)	(1,649,138)	(1,237,626)
Other operating expenses/(income)	42,845	1,769,038	1,161,228	141,229
EBITDA	778,348	2,570,649	3,266,509	2,212,862
Depreciation	(803,682)	(969,445)	(1,480,024)	(1,170,307)
EBIT	(25,334)	1,601,204	1,786,485	1,042,555
Finance income	18,872	18,820	18,077	18,500
Finance costs	(929,235)	(1,052,366)	(1,128,326)	(1,087,869)
Profit before tax	(935,697)	567,658	676,236	(26,814)
Income tax	(76,532)	844	(289,019)	-
Profit after tax	(1,012,229)	568,502	387,217	(26,814)

Ratio Analysis ²	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
Profitability				
Growth in Revenue (YoY Revenue Growth)	-8.0%	19.9%	-14.3%	-5.0%
Gross Profit Margin (Gross Profit / Revenue)	20.0%	15.6%	26.6%	25.6%
EBITDA Margin (EBITDA / Revenue)	5.4%	14.8%	22.0%	15.7%
Operating (EBIT) Margin (EBIT / Revenue)	-0.2%	9.2%	12.0%	7.4%
Net Margin (Profit for the year / Revenue)	-7.0%	3.3%	2.6%	-0.2%
Return on Common Equity (Net Income / Average Equity)	-23.7%	14.0%	8.5%	-0.6%
Return on Assets (Net Income / Average Assets)	-3.2%	1.6%	1.0%	-0.1%

The Group registered an improved financial performance during 2019 when compared to the previous corresponding period. This improvement was attributable to higher levels of revenue and lower operating expenses generated and incurred by the Group during 2019. The results were also impacted by increases in depreciation and finance costs charged during the year.

However, as expected, the Group's 2020 financial performance was impacted by the COVID-19 pandemic. Nevertheless, as further explained in section 2.4.1 of this Analysis, the Group still managed to achieve a satisfactory financial performance and exceed its projections, namely in terms of revenue generation, cost preservation and profitability.

In view of the pandemic-related challenges, revenue generated during 2020 dropped by 14.3% to

² Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding of figures (refer to section 4 of this Analysis)

€14.9m (2019: €17.4m). Remarkably, the new revenue streams that the Group recently embarked on, especially the vessel-hoisting facilities and maintenance on vessels, have greatly assisted the Group to mitigate 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 2020 revenue at a 32% level (2019: 39%). Due to the pandemic-related restrictions imposed across most countries in which the Group operates, revenue specifically derived from this segment declined by 30.6% during 2020. As further noted by management, technical personnel were not allowed to board vessels, with this significantly impacting the Group's ability to deliver its services.

In view of the fact that the COVID-19 period is envisaged to persist throughout most of 2021, whereby the Group expects business to pick up slowly during the last quarter of 2021, the Group is projecting provision of technical personnel revenue to further decline by 8% in 2021.

Another business line of the Group relates to storage, logistics and shore support services. This segment mainly represents rental income in 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.

As most offshore oil exploration and drilling activities were deemed unsustainable and have consequently been shut down during most of 2020, this segment has also been impacted by the pandemic, with revenues dropping by 35.5% on a comparative basis.

As clearly explained above, given that the pandemic related challenges are expected to persist in the coming months, the Group is projecting a further drop in revenue from storage, logistics and shore support services during the current financial year.

Although the fabrication and inspection facilities segment performed better when compared to previous expectations, this segment has also been impacted by the pandemic, with revenues declining by 23.1% when compared to 2019. However, in view of the investments implemented by the Group throughout the year, management expects revenue derived from this segment to gradually start recovering during 2021.

The Group has invested heavily in the team forming the technical department that is composed of the fabrication team, mechanical and machining team and the painting and blasting team. In return, the Group is envisaging an increase in revenue from each division within the technical department. As a result, the above-mentioned improvement is expected to be derived by winning more work from vessels which will be carried out in the Group's facilities within the Hub.

As communicated through the 2020 Financial Analysis Summary, in an attempt to diversify its revenue streams, the Group during 2018 had started to pursue new lines of business mainly in relation to the servicing of yachts. This decision proved rational as even prior the pandemic, this had a positive impact on the Group's financial performance, resulting into higher levels of revenue generated from the

berthing and docking division and the vessel care segment respectively.

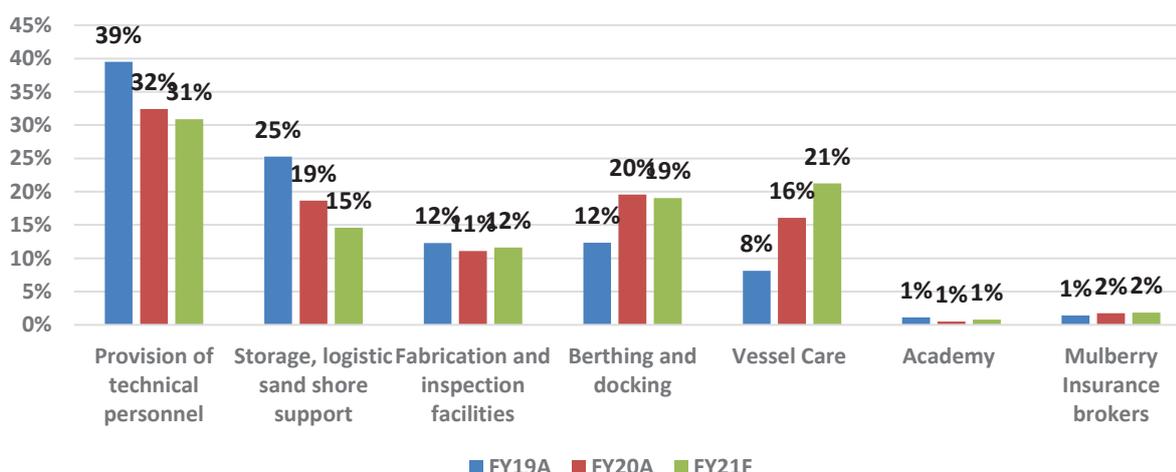
In line with previous expectations, the Group's berthing and docking division, registered a strong financial performance during 2020, contributing to 20% of the Group's total revenue and increasing by 38.7% over the prior year.

Management recently reported that, moving into 2021, berthing facilities at the Hub are still in high demand since most commercial marine vessels operating within the oil and gas sector are being engaged for projects in the Mediterranean. In view of this, the Group does not expect this line of service to be negatively impacted by the pandemic throughout 2021 and also expects berthing facilities services to remain in high demand while until the pandemic eases off.

While the Group's vessel care activities also registered a robust financial performance during 2020, with revenues increasing by 58.5% over 2019, management discussed that vessel care activities are currently still operating at budgeted levels. Management further indicated that revenue derived under this segment is expected to further increase throughout 2021 and as such it is being assumed that the Group will be exceeding revenue generated from this activity during 2020.

Overall, revenue during 2021 is expected to decline by €0.7m or 5.0% to €14.1m. This decline in revenue is deemed to be attributable to the negative consequences brought about by the COVID-19 pandemic on the Group which are expected to persist and continue impacting the Group's principal business segments, namely the provision of technical personnel and the storage, logistic and shore support divisions. In addition to the aforementioned explanation, further detail concerning the main assumptions adopted in determining the forecasted revenue for 2021 may be found in section 1.4 of this Analysis.

Revenue by Segment



In line with the aforementioned decline in revenue, cost of sales incurred by the Group during 2020 decreased to €12.4m (2018: €14.6m). Given that revenue derived from commercial marine activities and vessel care activities increased when compared to budgeted figures while personnel activities revenue declined when compared to expectations, this resulted in the Group registering an improved overall gross profit margin in 2020 at 26.6% (2019: 15.6%).

Moving forward, in line with the aforementioned projected decline in revenue, gross profit and gross profit margin during 2021 are expected to decline lower to €3.6m and 25.6% respectively.

During 2020, administrative expenses excluding depreciation amounted to €1.6m (2019: €1.6m). Management explained that this marginal increase in administrative expenses is mainly attributable to the fact that the cost mitigation exercise adopted by the Group during the year was implemented from April 2020 onwards. Prior to the implementation of such cost-cutting exercise, the Group incurred additional expenses on marketing related expenses and legal fees.

Administrative expenses incurred by the Group during 2020 also include a ground rent payment of €1.5m relating to the Hub at a utilisation percentage rate of 70%

As reported in the 2020 Financial Analysis Summary, in order to preserve its financial performance throughout the pandemic, the Group reduced its overall monthly wages during 2020. As a result, the Group incurred a lower level of employee benefit expense during the year, with these amounting to €2.4m (2018: €2.8m). Management further explained that, as of January 2021, wages and salaries returned to normal levels and the above-mentioned wage deductions were no longer applicable.

Administrative expenses expected to be incurred during 2021 are projected to further decrease to €1.2m. This is deemed to be in line with the expected overall decline in operations in which the Group is anticipated to incur lower marketing and legal related expenses during 2021.

As per discussion with management, during the year under review, the Group received an additional €0.8m in compensation relating to the road works and consequent disruption of the original business plan. Also included under other income is the COVID-19 wage supplement of *circa* €0.3m which the Group received during the period. Given that the above-mentioned compensation has been received in full, the Group is projecting minimal other operating income for 2021.

Depreciation in the year under review increased to *circa* €1.5m (2019: €1m) as a result of further investments in property plant and equipment (PP&E) undertaken by the Group during 2019. The increase in the depreciation charge incurred by the Group during the year is also attributable to the fact that some fixed assets, mainly referring to the Group's simulator at MMH academy, were partially impaired during 2020. Management also noted that fixed assets addition in 2021 are envisaged to be kept at a minimum, thus contributing towards a lower expected depreciation charge for the current financial year.

In view of the Group's 2020 satisfactory performance, the cost mitigation procedures implemented throughout the pandemic, as well as the higher activity conducted within the Group's berthing and vessel care divisions, the Group's EBIT margin improved to 12% (2019: 9.2%).

Furthermore, upon taking into account the projected decline in revenue, as well as the sustained pandemic challenges, the Group is projecting an operating profit of *circa* €1m for 2021, translating into an EBIT margin of 7.4%.

Finance costs increased by 7.2% to €1.1m (2019: €1m) as a result of the bond issue and the full draw down of the Group's existing bank overdraft. Given that the Group still managed to honour portions of its capital repayments during 2020, the Group expects to incur lower finance costs during 2021.

The Group reported a net profit figure of €0.4m for the year under review. In line with the COVID-19 implications on the Group's financial performance, management is forecasting a loss after tax of €27k for 2021.

2.4.1 Guarantor's Variance Analysis

Income Statement	Dec-2020F	Dec-2020A	Variance
	€	€	€
Revenue	9,858,638	14,866,746	5,008,108
Cost of sales (operating costs)	(8,134,361)	(12,397,874)	(4,263,513)
Gross profit	1,724,277	2,468,872	744,595
Distribution costs	(264,016)	(194,477)	69,539
Administrative expenses (excl. depreciation and amortisation)	(1,231,782)	(169,114)	1,062,668
Other operating expenses/(income)	848,384	1,161,228	312,844
EBITDA	1,076,863	3,266,509	2,189,646
Depreciation	(1,135,431)	(1,480,024)	(344,593)
EBIT	(58,568)	1,786,485	1,845,053
Finance income	17,285	18,077	792
Finance costs	(1,046,247)	(1,128,326)	(82,079)
Profit before tax	(1,087,530)	676,236	1,763,766
Income tax	-	(289,019)	(289,019)
Profit after tax	(1,087,530)	387,217	1,474,747

Although the scenario during 2020 was not a positive one in general due the pandemic and the overall conditions in the oil and gas market sector, the Group managed to diversify and mitigate such scenario by mainly concentrating on the commercial marine activities and vessel care activities. In view of this, actual revenue was €5m higher when compared to previous expectations.

Moreover, given that operating expenditure increases in line with revenue, the Group incurred an additional €4.3m in operating expenses over previous expectations.

Administrative expenses excluding depreciation incurred in 2020 were *circa* €1.1m lower than previously anticipated. This was mainly achieved due to a cost-cutting exercise carried out by the Group on all levels, whereby the main savings obtained through a temporary reduction in top management wages and salaries. Additionally, the increase in other income is mainly attributable to the COVID-19 wage supplement received by the Group during 2020.

In addition, depreciation increased as an element of investment was still undertaken during the year under review.

Additionally, the variance of *circa* €82k in finance costs when compared to budgeted figures is attributable to the fact that all loan interest were still paid during the year. The loan moratorium was obtained only on loan repayment excluding interest. Management noted that the increase in finance costs during the year is attributable to the full draw down of the Group's existing bank overdrafts.

As a result of the above the Group generated a consolidated profit of €0.4m as opposed to an expected loss of *circa* €1.1m.

2.5 Guarantor's Financial Position

Statement of Financial Position	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
	€	€	€	€
Assets				
Non-current assets				
Intangible assets	796,043	774,620	753,197	723,962
Property plant and equipment	24,488,925	27,947,154	27,954,675	27,053,250
Investment in associate	-	10,000	10,000	10,000
Trade and other receivables	860,461	902,933	885,063	482,130
Deferred tax assets	338,313	336,531	49,391	54,391
Total non-current assets	26,483,742	29,971,238	29,652,326	28,323,733
Current assets				
Inventories	453,046	205,645	273,511	197,966
Trade and other receivables	6,012,198	5,600,367	6,457,692	5,457,025
Cash and cash equivalents	1,235,645	1,030,097	1,910,438	2,466,102
	7,700,889	6,836,109	8,641,641	8,121,093
Total assets	34,184,631	36,807,347	38,293,967	36,444,826
Equity and liabilities				
Capital and reserves				
Share capital	1,000,000	1,000,000	1,000,000	1,000,000
Reporting currency conversion reserve	(91,993)	(58,279)	(76,195)	(76,195)
Other reserves	18,305	18,305	18,305	18,305
Retained earnings	2,786,270	3,383,097	3,767,200	3,736,797
Non-controlling interest	54,321	25,996	29,110	32,700
Total equity	3,766,903	4,369,119	4,738,420	4,711,607
Liabilities				
Non-current liabilities				
Borrowings	17,622,242	19,649,124	19,393,596	18,743,342
Trade and other payables	425,000	425,000	425,000	425,000
Grants designated for specific purposes	-	2,047,944	2,002,583	1,918,007
Deferred tax liability	1,704,891	-	-	-
	19,752,133	22,122,068	21,821,179	21,086,349
Current liabilities				
Borrowings	2,110,794	2,396,326	2,789,985	2,789,985
Trade and other payables	8,195,236	7,653,694	8,755,959	7,770,459
Current tax liabilities	316,585	223,160	101,998	-
Other current liabilities	42,980	42,980	86,426	86,426
Total current liabilities	10,665,595	10,316,160	11,734,368	10,646,870
Total liabilities	30,417,728	32,438,228	33,555,547	31,733,219
Total equity and liabilities	34,184,631	36,807,347	38,293,967	36,444,826

Ratio Analysis ³	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	83.1%	82.8%	81.1%	80.2%
Gearing 2 (Total Liabilities / Total Assets)	89.0%	88.1%	87.6%	87.1%
Gearing 3 (Net Debt / Total Equity)	491.1%	481.0%	427.8%	404.7%
Net Debt / EBITDA	23.8x	8.2x	6.2x	8.6x
Current Ratio (Current Assets / Current Liabilities)	0.7x	0.7x	0.7x	0.8x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.7x	0.6x	0.7x	0.7x
Interest Coverage level 1 (EBITDA / Cash interest paid)	0.9x	2.5x	3.0x	2.0x
Interest Coverage level 2 (EBITDA / Finance costs)	0.8x	2.4x	2.9x	2.0x

During 2020, the Guarantor's asset base grew by €1.5m to €38.3m. This increase was mostly reflected in trade and other receivables listed under non-current assets, as well as cash and cash equivalents. Otherwise, the 2020 results are deemed to be close to previous expectations.

The aforementioned increase in receivables is attributable to more favourable credit terms given to the Group's clients throughout the pandemic. Cash and cash equivalents during 2020 increased to €1.9m, surpassing previous expectations by *circa* €1m. As per direction provided by management, this upsurge in cash and cash equivalents has been principally initiated by the satisfactory financial performance achieved by the Group during the year. Moving forward, the Group is projecting total assets during 2021 to amount to €36.4m.

In view of the satisfactory financial performance achieved during 2020, which as explained throughout this Analysis, has exceeded previous expectations, the equity base of the Guarantor increased to €4.7m (2019: €4.3m). More specifically, the profit registered by the Group during the year under review was transposed into retained earnings, with this amounting to €3.8m during 2020. The Group's equity base is projected to remain at this level during 2021.

Subsequent to the full utilisation of the existing bank overdrafts, and an overall increase in trade and other payables, the Guarantor's leverage increased during the year under review, with total liabilities increasing from €32.4m in 2019 to €33.6m in 2020. Otherwise, the Group's results are in line with previous expectations.

In addition, the increase in trade and other payables balance is attributable to the fact that the Group managed to obtain better credit terms from suppliers. Total liabilities are expected to decrease to €31.7m in 2021.

³ Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding of figures (refer to section 4 of this Analysis)

2.6 Guarantor's Cash Flow Statement

Cash Flows Statement	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
	€	€	€	€
Cash flows from operating activities				
Cash generated from operations/ (used in)	2,512,739	2,799,899	3,382,422	2,616,932
Finance income	18,872	18,820	18,077	18,500
Finance expense	(899,464)	(1,021,075)	(1,097,034)	(1,087,869)
Tax paid	(10,325)	(90,799)	(123,041)	(101,998)
Net cash flows generated from operating activities	1,621,822	1,706,845	2,180,424	1,445,565
Cash used in investing activities				
Purchase of intangible assets	(11,293)	-	-	-
Purchase of property, plant and equipment	(6,630,128)	(4,568,016)	(1,487,545)	(239,647)
Additions to investment in associate	-	(10,000)	-	-
Net cash flows used in investing activities	(6,641,421)	(4,578,016)	(1,487,545)	(239,647)
Cash flows from financing activities				
Net Repayment/ bank borrowings	3,334,319	1,932,701	93,828	(650,254)
Proceeds from bond issue	-	-	-	-
Bond issue costs	-	-	-	-
Issue of shares in non-controlling interest	540	-	-	-
Proceeds from grants	87,740	384,500	80,623	-
Net cash flows generated from / (used in) financing activities	3,422,599	2,317,201	174,451	(650,254)
Movement in cash and cash equivalents	(1,597,000)	(553,970)	867,330	555,664
Cash and cash equivalents at start of year	1,143,824	(453,176)	(1,007,146)	(139,816)
Cash and cash equivalents at end of year	(453,176)	(1,007,146)	(139,816)	415,848

Ratio Analysis	Dec-2018A	Dec-2019A	Dec-2020A	Dec-2021F
Cash Flow - €				
Free Cash Flow (Net cash from operations + Interest - Capex) ⁴	(4,108,842)	(1,840,096)	€1,789,913	€2,293,787

The financial performance achieved by the Group during 2020 led to an overall increase in net cash generated from operating activities, signifying an improvement over previous projections. Moreover, in 2020 the Group reported a net cash inflow from operating activities of €2.2m compared to an inflow of circa €1.6m in 2018. Due to the implications brought about by the pandemic, the Group is projecting net cash flows generated from operating activities to amount to €1.4m.

Cash used in investing activities during 2020 decreased to €1.5m. These relate to further improvements which were needed to be carried out on the Hub during 2020 as explained in section 1.4 of the Analysis. This decline in investing activities is in line with the Group's decision to maintain only essential and necessary capex during the pandemic. The Group is projecting minor capital expenditure for 2021, and as a result cash flows used in investing activities are anticipated to amount

⁴ Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology (refer to section 4 of this Analysis)

to €0.2m.

In line with previous projections, cash from financing activities during 2020 mainly relates to the complete withdrawal of the Group's bank overdrafts/loans which were not utilised in prior years. The undertaking of such financing is related to the abovementioned investments implemented on the Hub.

As a result of the above the Group's cash and cash equivalent balance at the end of 2020 improved to negative €0.1m from negative €1m at the end of 2019.

Given that a lower level of net cash flow from operating activities is anticipated for 2021, management is forecasting a negative cash balance at end of year of €0.5m.

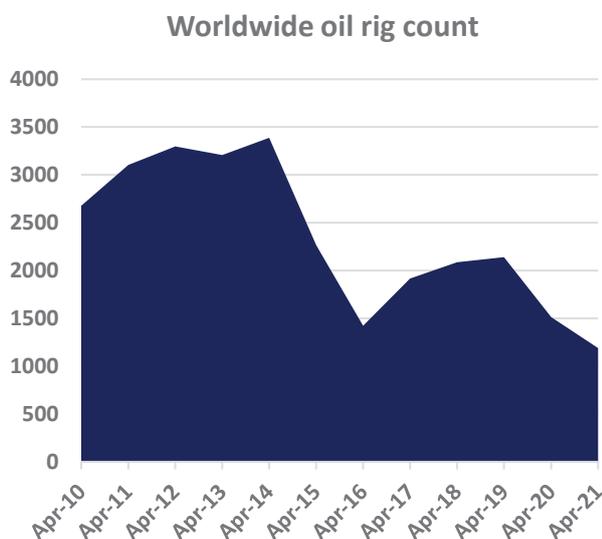
Part 3 - Key market and competitor data

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.

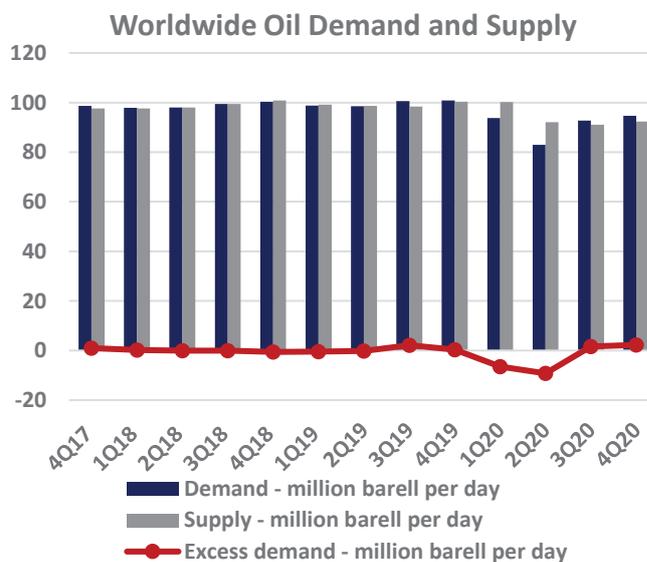
Oil and Gas Industry

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.



Source: Baker Hughes



Source: International Energy Agency

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.

Although world oil markets have rebounded from the massive demand shock triggered by the pandemic, which ultimately leading to a recovery in oil prices as noted in the chart below, the industry in general is still facing a high degree of uncertainty as many anomalies are yet to be resolved.

For instance, demand for aviation fuels, which is an area which has been hit hard by the pandemic, is projected to gradually return to pre-pandemic levels in the coming years. However, the structural shift to online meetings and conferences, along with the persistent corporate efforts to reduce costs and hesitation by some citizens to resume travel, could permanently alter travel trends, which might ultimately possibly impact the overall demand for oil.

In reality, the COVID-19 outbreak has added a major layer of uncertainty to the oil market outlook at the beginning of 2020 and in view of the above-mentioned unknowns, the pandemic is still impacting the outlook of the industry in general. As a result, given the fluidity of the situation, it is therefore difficult to identify and assess at this stage the exact impact of the pandemic on the oil and gas industry.

Being an important indicator of demand for oil products, the global overall rig count data started to decline during 2020 following the COVID-19 outbreak and the consequent recent plunge in oil prices. This pandemic has negatively impacted almost all industries across the globe and as such it was deemed appropriate to illustrate worldwide oil rig count data rather than data related to one specific continent. As a response to this crisis, almost all IOCs across the globe drastically reduced their capital and operational expenditures during the year, ultimately resulting into lower overall international oil rig counts when compared to previous years.

Brent Crude Oil Price \$



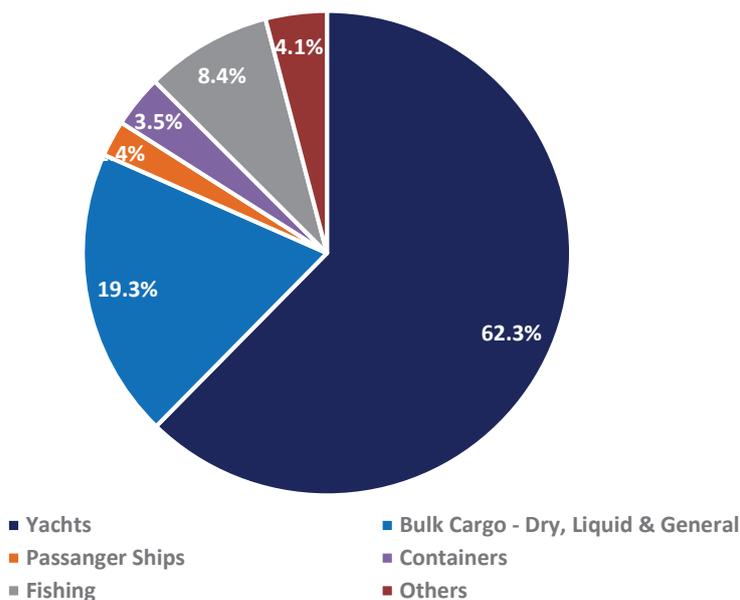
Source: FRED Economic Data

▪ **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 in Malta indicate that approximately 62% out of all registered vessels, are yachts.

Registered Vessels in Malta by type



Source: 2020 Transport Malta Annual Report

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 effect 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, in view of the fact that the longevity of this pandemic is impossible to fully determine, there is still a degree of uncertainty in terms of industry outlook. In reality, this pandemic has created vast uncertainty within the industry and has left all parties involved in a state of panic during such unprecedented circumstances.

3.1 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.

3.2 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.

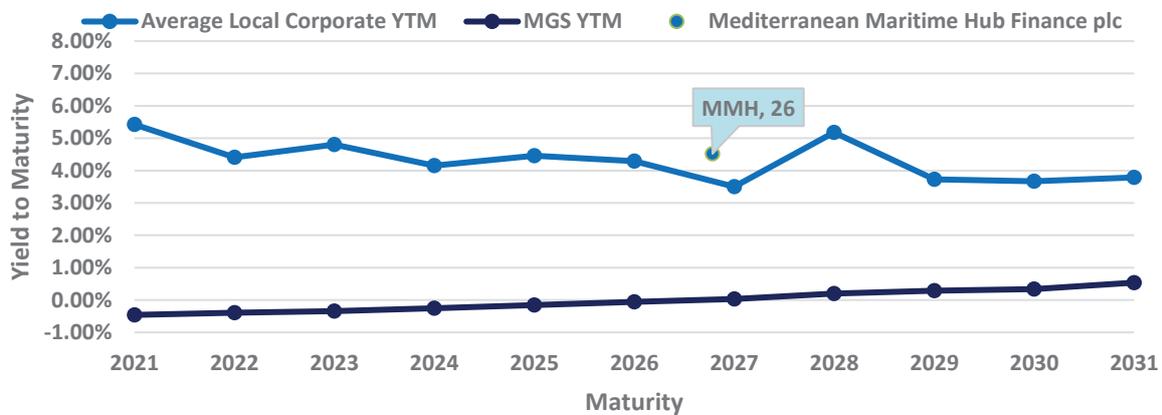
Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
6% Medserv plc Sec. & Grntd € Notes 2020-2023 S1 T1	20,000	6.00%	1.3x	121.8	4.3	96.5%	94.3%	18.2x	1.7x	-95.7%	-27.1%	12.6%
5.3% Mariner Finance plc Unsecured € 2024 (xd)	35,000	2.80%	3.6x	100.4	50.3	49.9%	48.1%	5.8x	0.6x	6.6%	20.2%	-4.7%
4.5% Medserv plc Unsecured € 2026	21,982	5.54%	1.3x	121.8	4.3	96.5%	94.3%	18.2x	1.7x	-95.7%	-27.1%	12.6%
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	15,000	4.52%	2.9x	38.3	4.7	87.6%	81.4%	6.5x	0.7x	8.5%	2.6%	-14.3%
3.75% Virtu Finance plc Unsecured € 2027	25,000	3.14%	4.0x	200.0	86.6	56.7%	47.7%	5.9x	1.6x	5.4%	14.4%	-27.4%
4.5% Endo Finance plc € Unsecured Bonds 2029	13,500	4.64%	4.2x	30.8	11.6	62.5%	55.0%	4.5x	1.2x	9.1%	10.2%	77.1%
Average**		4.42%										

Source: Latest Available Audited Financial

Last price as at 18/06/2021

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

Yield Curve Analysis



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 2-8 years respectively (Peers YTM).

As at 18th June 2021, the average spread over the Malta Government Stock (MGS) for comparable issuers with maturity range of 2-8 years was 423 basis points. The 4.8% Mediterranean Maritime Hub Finance plc 2026 is currently trading at 446 basis point spreads, amounting to 23 basis points above the average of 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.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Income (EBIT)	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.
Net Income	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 the 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.
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)	Free cash flow (FCF) represents the cash a Group/Company generates after accounting for cash outflows to support operations and maintain its capital assets. It is calculated by taking Cash Flow from Operating Activities (before the payment of interest) less the Capex of the same financial year.
Balance Sheet	
Total Assets	What the Group/Company owns which can be 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.
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 be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than 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.
Current Liabilities	Obligations which are due within one financial year.
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 measures how many times a Group/Company can cover its current interest payment with its available earnings.
Interest Coverage Level 1	Is calculated by dividing EBITDA by Cash Interest Paid.
Interest Coverage Level 2	Is calculated by dividing EBITDA by Finance Costs.
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.