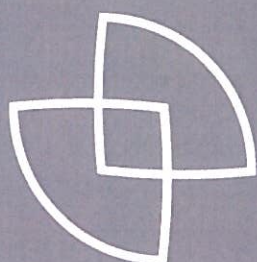


**FINANCIAL ANALYSIS
SUMMARY 2023**



**mediterranean
maritime HUB**

Mediterranean Maritime Hub Finance plc

23 June 2023

**Prepared by Calamatta Cuschieri
Investment Services Limited**



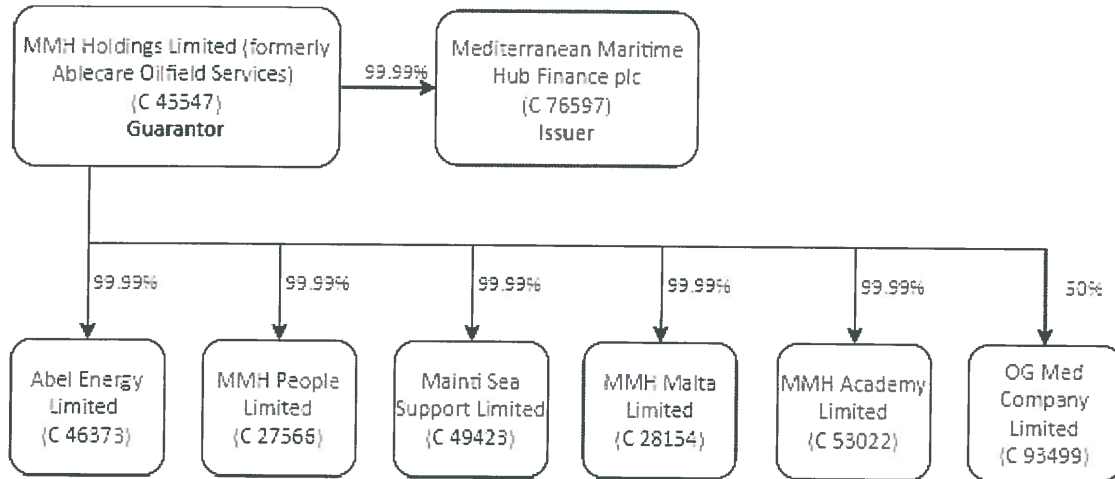
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Part 1 - Information about the Group

1.1 Group's key activities and Group Structure

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



Mediterranean Maritime Hub Finance plc (the “**Issuer**”) was incorporated on 26 July 2016 and is a fully owned subsidiary company of MMH Holdings Limited (the “**Guarantor**” or the “**Group**”). MMH Holdings Limited (formerly Ablecare Oilfield Services Holdings Limited) was incorporated in Malta in 2008 as a holding company, holding shares in several subsidiary companies primarily operating in the marine and oil and gas services sector.

Mediterranean Maritime Hub Finance plc

The Issuer's business is that of raising funds to support and finance the operations and capital projects of the 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 (the “**Hub**”). Its services are mainly of an operational, logistical and maintenance nature as may be required by oil drilling companies, support service providers and ship owners.

MMH Malta Limited also provides services of recruitment, contracting and secondment of specialised maintenance personnel and related manning logistical services for the oil and gas industry, together with the career planning and follow-up of the same personnel. The strength of MMH

Malta Limited's provision of services is primarily owed to ongoing relationships, backed by vendor agreements and Master Service Agreements with some of the world's largest drilling companies.

MMH People Limited

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

MMH Academy Limited

MMH Academy Limited's objective is to provide education, training, conferences, and related services in the field of oil exploration and engineering. Due to pandemic-related challenges, this company was not operational in 2020. However, it is now offering courses in Bologna and Malta almost on a monthly basis.

Abel Energy Limited

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



Mainti Sea Support Limited

Mainti Sea Support Limited was incorporated in Malta in 2010 and specialises in maintenance and float repairs. It is 99% owned by MMH Holdings Limited and 1% by MMH Malta Ltd. As of April 2023, management confirmed that no investment has yet been implemented in the company.

OG Med Company Limited

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

1.1.1 Shareholders

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

- Elesolar Company Limited (24.781% shareholding in MMH Holdings Limited) is a limited liability company set up on 25 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 (75.217% shareholding in MMH Holdings Limited) is a limited liability company set up on 29 December 1994, with company registration number C 17386. The shareholders of this entity are Paul Abela (99.9%) and Elesolar Company Limited (0.1%).

1.1.2 The Guarantor's authorised and issued share capital

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

1.1.3 Review of the Business

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

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

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

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

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

This investment required upgrading works on quayside infrastructure and purchase of specialised lifting equipment. Indeed, two 45m long piers were specifically constructed to cater for two basins of 9m and 14m width, capable of



accommodating wider commercial vessels such as tugs, fishing vessels and super yachts. In fact, these new lines of revenue that the Group embarked on, mainly referring to the vessel-hoisting facilities and maintenance on vessels, have historically exceeded expected income and have shown persistent growth throughout.

1.2 Directors and Employees

Board of Directors - Issuer

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

Name	Designation
Mr Paul Abela	Chairman and Director
Ms Angelique Abela	Executive Director
Mr Raymond Ciantar	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.

During FY22 total employees decreased by 7 people from 103 in 2021 to 96 in 2022. This decrease came mainly from direct employees which decreased from 75 in FY21 to 69 in FY22. On the other hand, administrative employees decreased by 1 person from 28 employees to 27 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:

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:

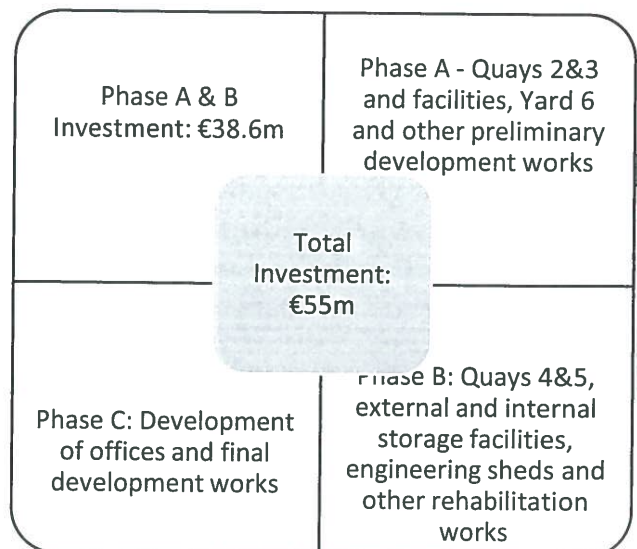
- Quays 2 and 3, including lay down area, storage yards, main entrance to Site and a warehouse.
- Quay 4 and 5, including yard space.
- Stand-alone external yards for open storage.
- Four hangars / shed space for engineering works and internal storage.
- Three main buildings which comprise warehouse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

Management explained that although no major assets were bought by the Group in 2022, investment continued on building improvements and site and IT infrastructure.

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.

During the year under review, the Group slowed down development on the Site, mainly focusing on consolidating its position and concentrating on the Site's essential areas. Nonetheless, the investment within the Site continued during the year with a total investment of €2.2m. This consisted mainly of investment in plant and machinery and improvements to the Site. The total investment by the Group in the Hub at cost at the end of 2022 reached €36 million.

1.4.2 Fuel station update

As mentioned previously, Abel Energy Limited was granted a permit to reinstate and thereafter to build two farmhouses on the land first earmarked for a petrol station. During 2022, the land in Magtab was sold and the proceeds were used to close off the APS loan. As at the date of this analysis, Abel Energy Limited is essentially a non-trading company that holds a petrol licence.

1.4.3 Oil & gas operations

The average price of crude oil for 2022 was \$94.53 per barrel compared to \$70.68 for 2021. A positive trend in the market, resulting in an increased interest in exploration and production projects in the Med Region and beyond. In fact, previously shelved projects for new onshore and subsea facilities, requiring fabrication and installation works, as well as substantial logistical support, are being once again considered. Whilst these projects are projected to materialise end 2023 / 2024, the Group is still following on requests for facility support services from leading oil and gas contractors. We assume that with the oil price increase to an average of \$94 per barrel, coupled with the sanctions imposed on Russian fuels, there will be an increase in the resolve of the major oil companies to resume exploration and increased production in the Mediterranean and North African region.

Following the increase in personnel recruitment towards the end of 2021, 2022 followed the same steady trend and registered an increase in revenue of 400k at the end of the year, when compared to 2021. The Group's incessant pursuing of every possible opportunity remains top priority to ensure growth for the coming year.

1.4.4 Commercial Marine Support Activities

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

There was a shift from 2021's COVID recovery and decommissioning of vessels, to 2022's increased activity in the energy sector, resulting in an increased demand for offshore supply vessels, which were scarce on the market. This meant that practically all offshore supply vessels were being engaged for offshore contracts. Whilst this is positive for the industry, it reduced the port service calls in Malta drastically, affecting the overall berthing occupancy rate and hence the related revenues, which in 2022 saw a decline of approximately €640,000 when compared to 2021.

The Group anticipates that the revenues from berthing shall start recovering as from 2023, by improving the mix of vessels calling in port. Notwithstanding this, as with the provision of offshore personnel, the Group plans to follow up on all opportunities to continue attracting vessels and maximising its revenues.

1.4.5 Vessel Hoisting, hard standing and maintenance facilities — Yachting Services

Yachting services (previously "Vessel Care") is in its fourth full year of operation, which has survived the entire period of the pandemic and Russia — Ukraine War. Activity has experienced growth year on year with 2022 having an increase of approximately €900,000 over 2021. The forecasts indicate that 2023 will experience another growth in revenue. Further growth is anticipated with the increase of more services provided through the Group directly and focusing more on the long-term technical value-add projects. Growth is also spurred 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. To counterbalance this seasonality slow down, the Group has approved a further investment of €1.3million, for the provision of a dry marina, a service offering which will contribute to the Group's revenue in the shoulder months, June to October. This project will be completed before the start of summer 2023.



1.4.6 Mulberry Insurance Brokers Limited

Mulberry Insurance Brokers Limited (Mulberry) is a limited liability company registered on 4 December 2015. Mulberry obtained an insurance brokerage licence on 24 June 2016 and commenced operations immediately after. In October 2022 MMH Holdings Limited sold off its 60% ownership in Mulberry and so it no longer forms part of the Group structure.

1.5 Cash flow projections, liquidity management and cost mitigation measures

The Group has prepared cash flow forecasts for the year ending 31 December 2023. This forms part of the Group's business plan for the years ending 31 December 2023-27 (FY23-27). The Business Plan sets out a number of strategic measures which Management is proposing to optimise Site utilisation and increase profitability, as well as measures to improve the Group's management structure, controls, and other internal processes over both the short and medium-term. Cash flow forecasts for the period were based on several assumptions, which were deemed by management to be as realistic as possible with the information and data in hand at the time of approving these financial statements. The cash flow forecast presented by the Group indicates that sufficient cash will be generated throughout the year to enable the Group to meet its financial commitments.

1.6 Likely major future business developments

As reported in a company announcement for the Issuer dated 27 January 2023, the UBO of the group signed a

conditional and non-binding Letter of Intent with Virtu Holdings Limited (C30642) and LTV Developments Ltd (C95089) (the "Acquirers") for the eventual transfer of a 70% shareholding in the Group. The Acquirers have submitted a conditional offer on 22 April 2023, which is subject to the parties entering into binding definitive documentation by not later than 30 June 2023, and which conditional offer supersedes the abovementioned letter of intent.

The involvement of the Acquirers, the related transfer of ownership and the finalization of the related binding definitive documentation is subject to certain terms and conditions including the obtaining of the necessary approvals from the local competent authorities in line with the Guarantor's obligations arising from a public deed of the 1 August, 2016 concerning the transfer of the Hub. The parties are optimistic that an agreement on final definitive contracts can be concluded in the coming months, with the change in ownership being completed within a few months from date on which all the above matters are addressed and the above-mentioned approvals have been obtained.

Should the offer agreement materialise the availability and participation of the new investors in the capital of the Group means that new funds of approximately €10.0m will flow in the Group to restructure the present capital. The projections outlined in section 2 do not factor in any investments that would result from this transaction.



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 2020, 2021, and 2022, as audited by PricewaterhouseCoopers, is set out below. Forecasts are based on management's projections.

2.1 Issuer's Income Statement

Income Statement	2020A	2021A	2022A	2023F
	€	€	€	€
Finance income	877,625	877,625	877,625	887,625
Finance cost	(751,292)	(752,908)	(756,335)	(753,512)
Net interest income	126,333	124,717	121,290	134,113
Administrative expenses	(78,832)	(77,471)	(82,700)	(79,668)
Profit before tax	47,501	47,246	38,590	54,445
Taxation	-	-	-	-
Profit after tax	47,501	47,246	38,590	54,445

Ratio Analysis	2020A	2021A	2022A	2023F
Gross Margin (Finance costs / Finance income)	14.4%	14.2%	13.8%	15.1%
Net Margin (Profit after tax / Finance Income)	5.4%	5.4%	4.4%	6.1%

Finance income has remained stable for the past 3 years at €878k and is expected to increase slightly to €888k in 2023. Finance costs also remained stable at around €756k. These are expected to amount to €754k in 2023. The Issuer reported higher administrative expenses of €83k during 2022 when compared to 2021. These are expected to decrease slightly to €80k during 2023.

Moreover, during 2022 the Issuer benefited from a Group tax relief, resulting in the Issuer not incurring any tax during the year under review. The Issuer does not expect to incur any tax during 2023. Because of the above, the Issuer posted a profit after tax of €39k with a Net Margin of 4.4% (FY21: 5.4%). For 2023 management expect profit after tax to increase to 55k with a Net Margin of 6.1%.



2.2 Issuer's Statement of Financial Position

Statement of Financial Position	2020A	2021A	2022A	2023F
	€	€	€	€
Assets				
Non-current assets				
Loans and receivables	14,750,000	14,750,000	14,750,000	14,750,000
Total non-current assets	14,750,000	14,750,000	14,750,000	14,750,000
Current assets				
Trade and other receivables	611,139	694,656	791,450	765,002
Cash and cash equivalents	3,325	382	7,293	8,667
Total current assets	614,464	695,038	798,743	773,669
Total assets	15,364,464	15,445,038	15,548,743	15,523,669
Equity and liabilities				
Capital and reserves				
Share capital	250,000	250,000	250,000	250,000
Retained earnings	176,344	223,590	262,180	316,625
Total equity	426,344	473,590	512,180	566,625
Non-current liabilities				
Borrowings	14,772,479	14,805,387	14,841,722	14,781,529
Total non-current liabilities	14,772,479	14,805,387	14,841,722	14,781,529
Current liabilities				
Trade and other payables	165,641	166,061	194,841	175,515
Total liabilities	14,938,120	14,971,448	15,036,563	14,957,044
Total equity and liabilities	15,364,464	15,445,038	15,548,743	15,523,669

As at 31 December 2022, the Issuer had €15.6m 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 also had cash and cash equivalents of *circa* €7k during 2022, which increase, is attributable to a positive movement in trade payables. Total assets are expected to

remain stable at €15.5m in FY23. Total equity and liabilities of €15.5m in 2022 primarily comprise of the Issuer's debt securities in issue (€14.8m) and an equity base of *circa* €512k, which was in line with previous expectations. In 2023, the Issuer expects its equity base to increase to €567k due to an increase in retained earnings whilst total liabilities are expected to decrease slightly to €14.9m.



2.3 Issuer's Statement of Cash Flows

Cash Flows Statement	2020A	2021A	2022A	2023F
	€	€	€	€
Net cash flows generated from / (used in) operating activities	(120,545)	(2,943)	6,911	1,374
Net cash flows generated from / (used in) investing activities	-	-	-	-
Net cash flows generated from / (used in) financing activities	-	-	-	-
Movement in cash and cash equivalents	(120,545)	(2,943)	6,911	1,374
Cash and cash equivalents at start of year	123,870	3,325	382	7,293
Cash and cash equivalents at end of year	3,325	382	7,293	8,667

The Issuer saw an improvement in cash flows from operating activities when compared to both 2021 actuals and the 2022 forecasts made in last year's Analysis. This was mainly due to positive movements in trade and other payables of €29k and the expected increase in amortisation of bond issue costs. As forecasted, there was no movement in cash flows from both

investing and financing activities for the issuer. As a result, the net cash balance at end of year increased to *circa* €7k. Management expects a net cash inflow generated from operating activities of approximately €1k and a net cash balance as at end of year of around €9k in 2023.



2.4 Guarantor's Income Statement

Income Statement	2020A	2021A	2022A	2023F
	€	€	€	€
Revenue	14,866,746	14,025,196	17,165,643	14,817,577
Cost of sales (operating costs)	(10,917,850)	(11,150,367)	(13,779,293)	(10,594,460)
Gross profit	3,948,896	2,874,829	3,386,350	4,223,117
Distribution costs	(194,477)	(226,251)	(206,933)	(209,220)
Administrative expenses (excl. depreciation and amortisation)	(1,649,138)	(2,156,681)	(2,276,337)	(2,299,100)
Other operating expenses / (income)	1,161,228	440,724	177,766	75,593
EBITDA	3,266,509	932,621	1,080,846	1,790,389
Depreciation	(1,480,024)	(1,588,728)	(1,061,356)	(1,293,646)
EBIT	1,786,485	(656,107)	19,490	496,743
Finance income	18,077	17,635	(126,908)	17,856
Finance costs	(1,128,326)	(1,123,215)	(1,541,621)	(1,125,770)
Profit before tax	676,236	(1,761,687)	(1,649,039)	(611,171)
Income tax	(289,019)	(69,019)	(130,698)	-
Profit after tax	387,217	(1,830,706)	(1,779,737)	(611,171)

Ratio Analysis	2020A	2021A	2022A	2023F
Profitability				
Growth in Revenue (YoY Revenue Growth)	-14.3%	-5.7%	22.4%	-13.7%
Gross Profit Margin (Gross Profit / Revenue)	26.6%	20.5%	19.7%	28.5%
EBITDA Margin (EBITDA / Revenue)	22.0%	6.6%	6.3%	12.1%
Operating (EBIT) Margin (EBIT / Revenue)	12.0%	-4.7%	0.1%	3.4%
Net Margin (Profit after tax / Revenue)	2.6%	-13.1%	-10.4%	-4.1%
Return on Common Equity (Profit after tax / Average Equity)	8.5%	-48.2%	-69.2%	-30.0%
Return on Assets (Profit after tax / Average Assets)	1.0%	-4.8%	-4.7%	-1.7%

Revenue generated during 2022 increased by 22.4% to €17.2m (2021: €14.0m). In line with previous years, the provision of technical personnel segment remained the highest contributor to the Group's total 2022 revenue at 26% (2021: 29%). This however, as a percentage of total revenue, was 3% lower than 2021 levels and 11% less than what was forecasted in last year's Analysis mainly due to the oil and gas sector still being in a recovery stage in 2022. Management also explained that during 2022 the Group experienced a situation where they had to reduce the charge out charged to end clients and increase the pay to man rate.

Another business line of the Group relates to storage, logistics and shore support services. This segment mainly represents income, which the Group receives from the provision of technical workshops and supporting administrative offices respectively in use by various clients, maritime and oil and gas industry stakeholders supported by MMH's full logistics, personnel and maritime service offering. This segment made up 11% of total revenue (€1.8m) which is more or less, what was projected in last year's Analysis. In 2023, management expects storage, logistics and shore support to make up 12% of total revenue.

The fabrication and inspection facilities segment performed stronger in 2022 when compared to both previous expectations and 2021 actuals. Revenues from this segment increased by €1.1m when compared to 2021. In 2023, management expects revenue derived from this segment to make up a slightly lower percentage of total revenue at 10%.

The Group's berthing division which contributed 22% of the Group's total revenue also returned stronger results than expected for 2022. Total revenue from this segment was €3.7m, compared to the €2.4m in 2021. In 2023, the Group expects this revenue segment to increase as a percentage of total revenue to 25% since most commercial marine vessels operating within the oil and gas sector will continue to be engaged in projects in the Mediterranean. Due to the lower total revenue forecasted in 2023 however, the revenue figure coming from berthing and docking is expected to remain at the same level as 2022.

Looking at yachting services, the Group was able to surpass the strong projections it set out for 2022. Yachting services 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 €0.9m over 2021 levels. Going into 2023, management expects yachting services to make up a smaller percentage of total revenue at 20%, which along with the lower forecasted revenue would mean a drop in revenue from this segment of €1.1m.

In 2022, the increase in revenue was accompanied by higher cost of sales incurred by the Group. Cost of sales increased to €13.8m in FY22 (2021: €11.2m). This resulted in a slightly lower overall Gross Profit Margin in 2022 of 19.7% (2021: 20.5%). Moving forward, although the Group is projecting a decrease in revenue, gross profit and Gross Profit Margin during 2023 are expected to increase to €4.2m and 28.5% respectively.

During 2022, administrative expenses excluding depreciation amounted to €2.3m (2021: €2.2m). 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 2022 also include a ground rent payment of €1.7m. Administrative expenses are forecasted to remain stable at €2.3m in 2023.

In 2022 the Group decreased its workforce from 103 employees to 96 employees and, as result, the Group incurred a lower employee expense during the year, with this amounting to €2.7m (2021: €3.0m).

In 2022, other income dropped to €178k mainly due to the lower COVID-19 wage supplement received. Depreciation in the year under review decreased sharply over last year's depreciation charge at *circa* €1.1m (FY21: €1.6m). In view of all the above, the Group's EBIT margin increased to 0.1% (2021: -4.7%).

The Group is expecting its revenue to decrease by 13.7% to €14.8m in 2023. This forecasted decrease in revenue is due to various reasons. Berthing occupancy rate decreased by 20% in 2022 and is expected to remain at this level going into 2023. Bunkering and technical services both performed strongly in 2022 and management does not expect the results from these segments to be as strong in 2023. Lastly, similar to berthing, revenue from offshore personnel decreased in 2022 and the Group does not envisage this to increase in 2023. The Group is projecting an operating profit of *circa* €497k for 2023, translating into an EBIT margin of 3.4%.

Finance costs increased substantially in 2022 to around €1.5m. Management expects finance costs to decrease to €1.1m in FY23.

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 FY23.



2.4.1 Variance Analysis

Income Statement	2022F	2022A	Variance
	€	€	€
Revenue	15,945,475	17,165,643	1,220,168
Cost of sales (operating costs)	(11,948,267)	(13,779,293)	(1,831,026)
Gross profit	3,997,208	3,386,350	(610,858)
Distribution costs	(183,737)	(206,933)	(23,196)
Administrative expenses (excl. depreciation and amortisation)	(2,615,417)	(2,276,337)	339,080
Other operating expenses / (income)	310,174	177,766	(132,408)
EBITDA	1,508,228	1,080,846	(427,382)
Depreciation	(1,351,326)	(1,061,356)	289,970
EBIT	156,902	19,490	(137,412)
Finance income	267	(126,908)	(127,175)
Finance costs	(1,068,330)	(1,541,621)	(473,291)
Profit before tax	(911,161)	(1,649,039)	(737,878)
Income tax	318,906	(130,698)	(449,604)
Profit after tax	(592,255)	(1,779,737)	(1,187,482)

The increased revenue during the year under review was mainly due to a better than expected performance of the technical and yachting department. Berthing calls, on the other hand decreased during the year. In addition, the Group experienced an increase in bunkering requests. Revenue derived from bunkering amounted to approximately €3m. However, contribution on bunkering is very low and varies between 2% to 5%. The low contribution on bunkering services led to a sharp increase in cost of sales.

Distribution costs were slightly higher than expected in 2022 due to a management decision to better the service offered when delivering the final product. Administrative expenses on the other hand decreased by €339k in 2022 mainly because the Group embarked on a cost cutting exercise to streamline its processes. As mentioned previously, the decrease in EBITDA is mainly due to its sale mix for the year whereby its lower contribution rate on its bunkering services dampened its margins.

The depreciation charge for the year decreased slightly over what was forecasted. This relates to the fact that the net book value of several assets amounted to zero and thus no depreciation was accounted for. The simulator, on the other hand, went through a revision of its useful life.

The lower finance income for the year when compared to forecasts was mainly due to the disposal of Mulberry Insurance Brokers Limited. The increase in finance costs of €473k, on the other hand, was driven by the recognition of interest payable of deferred property rent payable to INDIS.

Lastly, the Group forecasted a tax credit of €319k in 2022 when in fact the Group was charged €131k in tax for the year mainly due to tax payable on property that was sold, which was situated in Maghtab. This led to a loss after tax of €1.8m compared to the loss of €592k that was projected.



2.5 Guarantor's Statement of Financial Position

Statement of Financial Position	2020A	2021A	2022A	2023F
	€	€	€	€
Assets				
Non-current assets				
Intangible assets	753,197	731,775	730,645	701,320
Property plant and equipment	27,954,675	28,472,429	28,032,627	28,271,603
Investment in associate	10,000	10,000	10,000	10,000
Trade and other receivables	885,063	2,113,930	2,522,983	1,704,023
Deferred tax assets	49,391	-	-	-
Total non-current assets	29,652,326	31,328,134	31,296,255	30,686,946
Current assets				
Inventories	273,511	68,952	31,159	152,335
Trade and other receivables	6,457,692	5,709,005	5,200,067	4,062,317
Current tax assets	-	19,656	21,320	21,320
Cash and cash equivalents	1,910,438	1,226,518	712,505	570,756
Total current assets	8,641,641	7,024,131	5,965,051	4,806,727
Total assets	38,293,967	38,352,265	37,261,306	35,493,673
Equity and liabilities				
Capital and reserves				
Share capital	1,000,000	1,000,000	2,208,155	2,208,155
Reporting currency conversion reserve	(76,195)	(130,424)	(39,863)	(39,863)
Other reserves	18,305	18,305	18,305	18,305
Retained earnings	3,767,200	1,923,978	104,456	(406,715)
Non-controlling interest	29,110	41,626	-	-
Total equity	4,738,420	2,853,485	2,291,053	1,779,882
Liabilities				
Non-current liabilities				
Borrowings	19,393,596	18,056,851	17,605,774	17,154,697
Trade and other payables	425,000	6,014,880	8,445,928	8,806,080
Grants designated for specific purposes	2,002,583	1,919,799	1,835,260	1,752,476
Deferred tax liability	-	5,557	44,380	44,380
Total non-current liabilities	21,821,179	25,997,087	27,931,342	27,757,633
Current liabilities				
Borrowings	2,789,985	4,237,981	2,884,697	2,837,341
Trade and other payables	8,755,959	5,179,085	4,069,631	3,034,234
Current tax liabilities	101,998	-	-	-
Other current liabilities	86,426	84,627	84,583	84,583
Total current liabilities	11,734,368	9,501,693	7,038,911	5,956,158
Total liabilities	33,555,547	35,498,780	34,970,253	33,713,791
Total equity and liabilities	38,293,967	38,352,265	37,261,306	35,493,673



Ratio Analysis	2020A	2021A	2022A	2023F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	81.1%	88.07%	89.62%	91.60%
Gearing 2 (Total Liabilities / Total Assets)	87.6%	92.6%	93.9%	95.0%
Gearing 3 (Net Debt / Total Equity)	427.8%	738.3%	863.3%	1091.2%
Net Debt / EBITDA	6.2x	22.6x	18.3x	10.8x
Current Ratio (Current Assets / Current Liabilities)	0.7x	0.7x	0.8x	0.8x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.7x	0.7x	0.8x	0.8x
Interest Coverage level 1 (EBITDA / Cash interest paid)	3.0x	0.9x	0.7x	1.6x
Interest Coverage level 2 (EBITDA / Finance costs)	2.9x	0.8x	0.7x	1.6x

During 2022, the Guarantor's assets stood at €37.3m. In 2022 the Group's cash position decreased by €514k mainly due to Group investing in more PPE. The €409k increase in non-current trade and other receivables was offset by the €509k decrease in short-term trade receivables. PPE on the other hand decreased by €440k. The Group's asset base ended up being larger than previous expectations mainly due to higher PPE when compared to what was forecasted.

As mentioned previously, the increase in PPE when compared to forecasts is in line with the lower cash and cash equivalents position during 2022, which decreased to €713k and was below previous expectations by *circa* €682k. Moving forward, the Group is projecting total assets during 2023 to amount to €35.5m.

The equity base of the Group decreased to €2.3m (2021: €2.9m). This was mainly due to the loss of €1.8m registered

by the Group during 2022, which led to a corresponding drop in retained earnings. The drop in retained earnings was partially offset by an increase in share capital of €1.2m, which contributed to a net negative movement of €0.6m in the Group's total equity. The Group's equity base is projected to decrease slightly to €1.8m during 2023 with the biggest movements again coming from the losses projected which will reduce the retained earnings reserve.

The Group's lower equity base led to a slight increase in the Group's leverage during the year under review. Both short-term and long-term borrowings decreased in 2022 compared to 2021. Similarly to what was seen with trade and other receivables there was a shift in payables from current to non-current.



2.6 Guarantor's Statement of Cash Flows

Cash Flows Statement	2020A	2021A	2022A	2023F
	€	€	€	€
Cash flows from operating activities				
Cash generated from operations	3,382,422	2,934,772	4,025,732	2,507,743
Finance income	18,077	17,635	17,304	17,856
Finance expense	(1,097,034)	(1,090,307)	(1,505,286)	(1,125,770)
Tax paid	(123,041)	(135,725)	(93,529)	-
Net cash flows generated from / (used in) operating activities	2,180,424	1,726,375	2,444,221	1,399,829
Cash used in investing activities				
Purchase of property, plant and equipment	(1,487,545)	(2,063,638)	(2,234,704)	(1,503,297)
Proceeds from of property plant & equipment	-	-	1,402,704	-
De-recognition of cash on disposal of Investment in Subsidiary	-	-	(285,623)	-
Net cash flows generated from / (used in) investing activities	(1,487,545)	(2,063,638)	(1,117,538)	(1,503,297)
Cash flows from financing activities				
Net repayment/ bank borrowings	93,828	(306,414)	(1,824,613)	(138,281)
Proceeds from grants	80,623	-	-	-
Net cash flows generated from / (used in) financing activities	174,451	(306,414)	(1,824,613)	(138,281)
Movement in cash and cash equivalents	867,330	(643,677)	(497,930)	(241,749)
Cash and cash equivalents at start of year	(1,007,146)	(139,816)	(783,493)	(1,281,423)
Cash and cash equivalents at end of year	(139,816)	(783,493)	(1,281,423)	(1,523,172)

Ratio Analysis	2020A	2021A	2022A	2023F
Cash Flow				
Free Cash Flow (Net cash from operations + Interest - Capex)	1,789,913	753,044	2,252,140	1,022,302

The financial performance achieved by the Group during 2022 led to an overall increase in net cash generated from operating activities, which was also considerably higher than what was forecasted. In 2022, the Group reported a net cash inflow from operating activities of €2.4m compared to an inflow of *circa* €1.7m in 2021. Going forward, the Group is projecting net cash flows from operating activities to amount to €1.4m in 2023.

Cash used in investing activities during 2022 decreased to €1.1m compared to the €2.1m in 2021 and this was net of purchase of PPE, proceeds received from PPE and to a

lesser extent, de-recognition of cash on disposal of investment in subsidiary. The Group is projecting cash outflows from investing activities to amount to €1.5m in FY23.

In line with previous projections, cash used in financing activities during 2022 totalled €1.8m and mainly relate to bank repayments made. These are expected to decrease to €138k in FY23. Because of the above, the Group's cash and cash equivalent balance at the end of 2022 dropped to negative €1.3m from negative €0.8m at the end of 2021.

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. Recently, the war in Ukraine has also caused prices to skyrocket which should have an overall positive impact on the Group. Having said this, the industry in general is still facing a high degree of uncertainty as many anomalies are yet to be resolved. Brent crude oil spot prices have decreased steadily since the highs of above \$120 per barrel reached in March 2022. The current spot prices of around \$76 per barrel are close to the prices we were used to seeing before the COVID-19 outbreak. A surprise OPEC+ supply cut on 2 April risks aggravating an expected oil supply deficit in the Q2 2023 whilst also boosting oil prices at a time of heightened economic uncertainty. This comes even as industrial activity slows in the world's largest economies.¹

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. As mentioned in this analysis, the Group had identified the yachting industry as an additional revenue stream to compensate for such decline. In this respect, the Group constructed two 45-meter piers to accommodate vessel travel-hoists, equipping the Group with the capability of lifting commercial and pleasure vessels of up to 700 tonnes from sea to dry ground for IMR services and return to sea.

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, as at July 2022 1,030 superyachts around the world were registered in Malta with the country registering a 51% increase in registrations.²

¹ <https://www.iea.org/reports/oil-market-report-april-2023>

² <https://timesofmalta.com/articles/view/1-000-superyachts-registered-malta-record-increase-51.966466>



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.

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 (%)
5.3% Mariner Finance plc Unsecured € 2024	17,684	5.00%	4.8x	128.3	62.3	51.4%	49.9%	5.9x	2.6x	9.9%
4.5% MedservRegis plc Unsecured € 2026	21,982	6.44%	2.2x	151.7	60.4	60.2%	47.0%	6.1x	2.1x	0.9%
5.75% MedservRegis plc Unsecured USD 2026	9,148	7.85%	2.2x	151.7	60.4	60.2%	47.0%	6.1x	2.1x	0.9%
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	15,000	4.80%	0.9x	37.3	2.3	93.9%	89.6%	14.1x	0.8x	-69.2%
3.75% Virtu Finance plc Unsecured € 2027	25,000	4.62%	(1.8)x	198.7	80.3	59.6%	44.2%	(12.2)x	0.7x	-7.9%
4.5% Endo Finance plc Unsecured € 2029	13,500	4.80%	7.4x	48.5	18.2	62.4%	25.6%	0.9x	3.4x	22.6%
5% MedservRegis plc Secured € 2029	13,000	4.99%	2.2x	151.7	60.4	60.2%	47.0%	6.1x	2.1x	0.9%
5% Mariner Finance plc Unsecured € 2032	36,930	4.73%	4.8x	128.3	62.3	51.4%	49.9%	5.9x	2.6x	9.9%
Average*		5.49%								

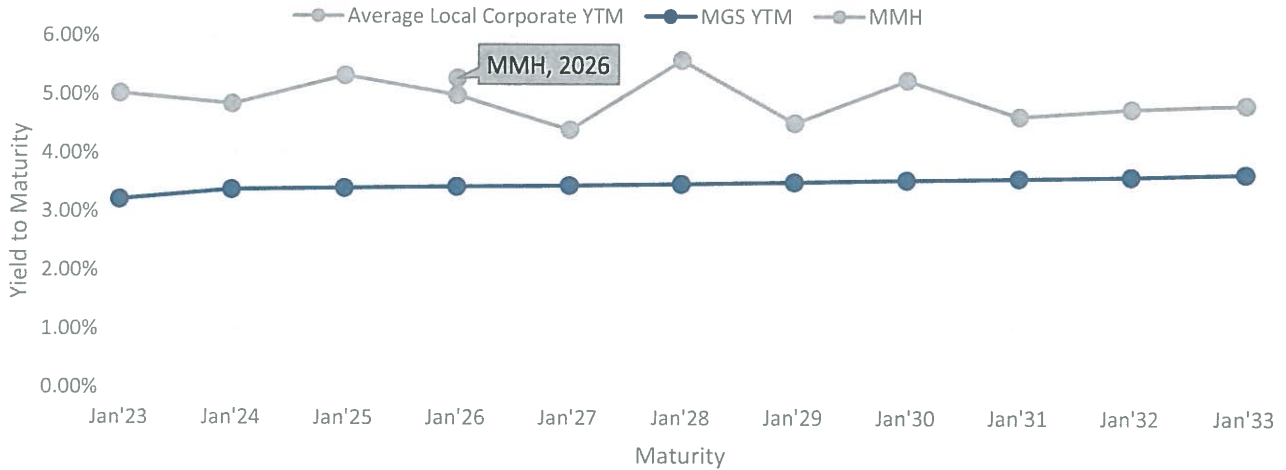
Source: Latest Available Audited Financial Statements

Last price as at 09/06/2023

* 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 1-9 years respectively (Peers YTM).

As at 9 June 2023 the 4.8% Mediterranean Maritime Hub Finance plc 2026 bond is currently trading at a YTM of 529 basis points, meaning a spread of 186 basis points over the equivalent MGS, and therefore at a discount of 19 basis points to the average on the market.

Part 4 - Glossary and Definitions

<i>Income Statement</i>	
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.
<i>Profitability Ratios</i>	
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).
<i>Cash Flow Statement</i>	
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.
<i>Balance Sheet</i>	
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.
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 be 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.
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Calamatta Cuschieri

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