RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

Rizzo, Farrugia & Co (Stockbrokers) Ltd
Airways House, Fourth Floor, High Street, Sliema SLM1551, Malta
T. +356 22583000 E. info@rizzofarrugia.com W. www.rizzofarrugia.com

The Board of Directors
MedservRegis p.l.c.
Malta Freeport,
Port of Marsaxlokk,
Birzebbugia, BBG3011
Malta

18 June 2024

Dear Sirs,

MedservRegis plc – update to the Financial Analysis Summary (the **"Update FAS")**

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Update FAS set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Update FAS is that of summarising key financial data appertaining to MedservRegis plc (the "**Issuer**" or "**Company**") in relation to the €13 million 5% Secured Bonds 2029 issued by the Company in 2022.

The data in this Update FAS is derived from various sources or is based on our own computations as follows:

(a) historical financial data for the three years ended 31 December 2021 to 2023 extracted from the Issuer's audited statutory financial statements for the three years in question;

(b) the forecast data for the financial year ending 31 December 2024 has been extracted from the forecast financial information provided by the management of the Issuer;

(c) our commentary on the results of the Issuer and on its financial position is based on the explanations set out by the Issuer in the audited financial statements and assisted by the Company's management;

(d) the ratios quoted in the Update FAS have been computed by us applying the definitions set out beneath each ratio; and

(e) relevant financial data in respect of other issuers with same-maturing bond issues as analysed in Part D of this report has been extracted from public sources such as the web sites of the companies concerned or financial statements filed at the Registry of Companies.

The Update FAS is meant to assist existing and potential investors by summarising the more important financial data of the Issuer. The Update FAS does not contain all data that is relevant to potential investors and is meant to complement and not replace financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the listed bonds that the Issuer has outstanding on the Official List of the Malta Stock Exchange and should not be interpreted as a recommendation to invest in the bonds or otherwise, or any other securities issued by the Company. We shall not accept any liability for any loss or damage arising out of the use of the Update FAS and no representation or warranty is provided in respect of the reliability of the information contained herein. Potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

Doreanne Caruana
Head of Corporate Advisory

FINANCIAL ANALYSIS SUMMARY

Update 2024

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority on 5 March 2013 and last updated on 21 August 2021.

18 JUNE 2024

Table of Contents

List of Abbreviations

AES	Angola Environmental Servicos Lda
BP	BP plc
BP Egypt	BP Exploration (Delta) Limited
CPF	Central Processing Facility
EBITDA	Earnings before interest, tax, depreciation, and amortisation
Eni	Eni S.p.A.
IEA	International Energy Agency
IECs	International Energy Companies
IEOC	IEOC Production B.V. (Eni's subsidiary in Egypt)
ILSS	Integrated Logistics Support Services
MOG	Mellitah Oil & Gas B.V. (Libyan Branch)
OCTG	Oil Country Tubular Goods
OPEC+	Organisation of the Petroleum Exporting Countries PLUS (made up of OPEC members and other members)
PDO	Petroleum Development Oman
RUL	Regis Uganda Limited
SONILS	SONILS Sonangol Integrated Logistics Services Lda
Sumitomo	Sumitomo Corporation Middle East FZE
TotalEnergies	TotalEnergies SE
UAE	United Arab Emirates

Important Information

Purpose of the Document

MedservRegis plc (the "**Issuer**" or the "**Company**" or the "**Group**") issued €13 million 5% Secured Bonds 2029 in 2022 pursuant to a prospectus dated 9 November 2022 (the "**Bond Issue**") which included a Financial Analysis Summary ("**FAS**") in line with the requirements of the MFSA Listing Policies (dated 5 March 2013 and last updated on 21 August 2021). The purpose of this report is to provide an update to the FAS (the "**Update FAS**") on the performance and on the financial position of the Group.

Sources of Information

The information that is presented has been collated from a number of sources, including the Company's website (www.medservregis.com), the Company's audited financial statements for the years ended 31 December 2021, 2022 and 2023 and forecasts for financial year ending 31 December 2024.

Forecasts that are included in this document have been prepared by the Group's management and approved for publication by the Company's directors, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1 January to 31 December. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Previous FAS Issued

The Company has published the following FAS which are available on its website:

- FAS dated 30 August 2013

  (appended to the final terms)
- FAS dated 7 April 2014

  (appended to the final terms)
- FAS dated 15 May 2015
- FAS dated 18 May 2016
- FAS dated 5 April 2017
- FAS dated 11 May 2018
- FAS dated 22 May 2019
- FAS dated 15 July 2020
- FAS dated 28 June 2021
- FAS dated 26 July 2022
- FAS dated 9 November 2022

  (appended to the prospectus)
- FAS dated 26 June 2023

1 UPDATE ON THE OIL AND GAS INDUSTRY

The global oil and gas industry continues to face various challenges including adapting to changing demand and supply dynamics as well as sustainability goals. Global oil markets recalibrated after three turbulent years, initially due to COVID-19 pandemic and later the Russian invasion of Ukraine. The industry remains very fluid, influenced by various factors such as geopolitical events, supply and demand dynamics and global economic conditions. During 2023, average price per barrel stood at USD82.49 and during the first few months of 2024, inched further up to USD82.73, reflecting the expected increase in demand as 2024 growth figures have been revised up.

Brent Oil

January 2019 to June 2024

Source: Refinitiv Eikon

Investment in upstream activities has been on the increase and reached their highest levels since 2015. Such investments are supported by the need to substitute the oil and gas that was previously sourced from Russia which has remained embargoed through the various sanctions imposed namely by the United States and the European Union. Furthermore, overall demand for oil and gas products across the globe is expected to continue rising (up until 2028 which is the last year of IEA's forecast period), particularly supported by demand across emerging economies. For 2024, global output is forecast to rise by 770 kb/d to 102.9 mb/d. Non-OPEC+ production will expand by 1.6 mb/d, while OPEC+ supply could fall 820 kb/d if voluntary cuts remain in place. In 2025, global growth could reach 1.6 mb/d. Benchmark crude oil prices continued their upward trajectory in

March and early April 2024, as heightened geopolitical tensions coincided with the prospect of a tighter supply-demand balance through the remainder of the year.

Pitfalls and uncertainties still prevail in this intrinsically volatile industry. One of the main risks relates to the prevailing macroeconomic environment whereby the risk of recession is on the increase as various central banks maintain their respective contractionary monetary policy (commonly referred to as higher rates for longer) in an attempt to control inflation. Inevitably this translates into high costs of borrowing.

Looking even further into the future, the main challenge of the oil and gas industry is the transition to cleaner energy. Whilst the IECs are investing in this area, oil and gas will remain an important energy source for years to come as the infrastructure required to shift dependency on cleaner energy sources requires significant time and substantial amounts of investment.

Sources:

https://www.statista.com/statistics/262861/uk-brent-crude-oil-monthly-price-development/

International Energy Agency ("IEA"), 'Oil 2023 – Analysis and forecast to 2028', https://iea.blob.core.windows.net/assets/cc7fd38f-3d68-4796-a958-8dfa3f3ef4a6/Oil2023.pdf - Accessed on: 13 May 2024

Deloitte, '2024 oil and gas industry outlook', https://www2.deloitte.com/us/en/insights/industry/oil-and-gas/oil-and-gas-industry-outlook.html - Accessed on: 13 May 2024

International Energy Agency ("IEA"), Oil Market Report - April 2024, https://www.iea.org/reports/oil-market-report-april-2024 - Accessed on: 13 May 2024

International Energy Agency ("IEA"), World Energy Outlook 2023 – Executive Summary, https://iea.blob.core.windows.net/assets/24b94acb-5ae6-451d-b79a-68a875d773d1/Executivesummary-WorldEnergyOutlook2023.pdf - Accessed on: 13 May 2024

Abbreviations:

'mb/d' refers to million barrels per day

'kb/d' refers to thousand barrels per day

2 Key Recent Developments in 2023 and Outlook for 2024

Mediterranean Operations

This sub-segment within ILSS includes the operations of Malta, Cyprus, Morocco and Egypt.

Malta Operations (including Libya Branch)

In recent years, the Malta base continued to provide shore base services for the development of offshore Libya projects. Given the ongoing political and hostile environment in Libya, management is confident that the Company will remain the shore base for all oil and gas operations offshore Libya. This is because the Company's base in Malta is seen as a reliable and a safe haven for the storage and mobilisation of oil field equipment required by companies engaged in offshore Libya projects.

Furthermore, as explained below, the Malta base has also been instrumental to companies seeking logistic and handling services.

*Mellitah Oil & Gas B.V. (Libyan Branch) ("**MOG**")*

Mellitah Oil & Gas B.V. (Libyan Branch) ("**MOG**"), which is a joint venture between the Libyan National Oil Corporation and Eni North Africa B.V., plans to drill 31 offshore development wells. MedservRegis will be acting as the logistics base for the development of new gas offshore structures for MOG. Drilling has been delayed due to the continued unresolved political unrest in the country and is now expected to commence towards the end of FY2024 (originally planned for FY2023 and subsequently moved to the first half of FY2024). Prior to the drilling, OCTG and tubulars are shipped into the country in preparation for the drilling campaign. Such shipments started to be received as from the second quarter of 2023.

Air Liquide Oil & Gas Services Ltd

In March 2020, the Company signed a long-term agreement with Air Liquide Oil & Gas Services Ltd to install and operate a compressed gases filling plant to provide diving and welding gases to the offshore industry in the Mediterranean basin. After obtaining necessary permits, the facility was installed at MedservRegis' base at the Malta Freeport and operations commenced in Q4 2020. Revenue from this agreement in FY2023 was in the region of €0.6 million, and the contribution from this project is expected to improve further once drilling offshore Libya resumes.

Eni North Africa B.V.

In FY2020, the Group was awarded a contract by Eni North Africa B.V. to provide a logistics marine base and associated services for its oil and gas activities taking place offshore Libya. The term of the contract is three years from 1 January 2021 until end of FY2024. The IEC plans to drill seven wells towards the end of FY2024, which are expected to generate €0.5 million per well for the MedservRegis Group.

Other Services

The activity of the Malta operation in FY2023 was also characterised by other one-off revenues. It also generated revenue from offshore engineering work in the Mediterranean, particularly offshore Libya – this service offering has been integral to the Malta operations for the past ten years and has contributed revenues on an annual basis, save for 2017 where no significant work of such nature was provided.

The Group continues to benefit from revenues generated by its photovoltaic farm installed on the Malta base, which was commissioned in July of 2014.

Other non-oil and gas business provide Medserv with additional revenue during the year. The Group has identified a number of local companies or entities operating in Malta, particularly close to the Medserv base. To such companies, the Group provides access to its lifting and logistics equipment as well as safety supervisory personnel that oversees the operations related to the offloading of periodic shipments and any storage facilities as may be required.

Furthermore, the Group also provides painting and blasting services to another client with whom it has a maintenance and projects contract. It is expected that such contract will generate revenues to the Group at just under €1 million in FY2024.

Cyprus Operations

In June 2023, ENI issued a new tender for the provision of shore base services for which several local and international service providers participated. The Group has secured this contract for a 36-month period, with possible extensions of a further two one-year periods. The Cypriot subsidiary went fully operational in November 2023, while ENI commenced the drilling of the appraisal well which extended until February 2024. It is now expected that ENI will move to the development phase in which a series of wells are expected to be drilled, commencing in 2025.

Medserv Cyprus signed a 3-year contract with ExxonMobil in July 2022, whereby the Cypriot subsidiary will provide storage and related services. ExxonMobil and its partner, QatarEnergy, have exploration rights to blocks 5 and 10 in Cyprus. The expectation is that drilling by ExxonMobil is expected to resume towards the end of FY2024.

In January 2023, Medserv Cyprus signed a new contract with Chevron Cyprus Limited for the provision of operational base support services from the Limassol base with the rig commencing activity in April 2023 and finalised in August 2023.

Egypt Operations

The contract with IEOC Production B.V. ("**IEOC**") which commenced in January 2018 and which has been subject to a number of extensions and revisions, is set to expire in December 2024. This contract is for the provision of manpower and lifting equipment to support IEOC's offshore drilling within IEOC's shore base. Drilling activities by IEOC have been concluded for FY2024, and as such, the operation by the Group at the Damietta marine base has been reduced accordingly.

The Company also has two contracts with BP Egypt (one is in re-negotiation stage for extension) whereby through the first contract it performs Integrated Materials Management and Warehousing Services for BP Egypt in Idku. The second contract, which covers an Integrated Facility Management of the West Nile Delta Site in Idku, namely consists of the provision of the management, mobilisation and delivery of all hard and soft facilities management, maintenance and catering services.

Foreign Exchange Update: On 6 March 2024, the Monetary Policy Committee of the Central Bank of Egypt decided in its extraordinary meeting to raise the overnight deposit and lending rates and the Central Bank's main operation rate by 600 basis points, reaching 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rates were also raised by 600 basis points, reaching 27.75%. The committee also resolved to adopting a flexible exchange rate system so that the exchange rate reflects the value of the Egyptian pound against other foreign currencies through the forces of supply and demand, which led to a decline in the exchange rate of the Egyptian pound. Management continues to monitor the situation closely and to assess how this may impact the performance of the Group.

Morocco

In January 2023, Medserv International Limited was awarded a contract by a major IEC in relation to a short drilling campaign offshore Morocco. Drilling commenced in September 2023 and lasted until mid-December 2023, followed by a demobilisation period of the shore base. This project had a value of just under €9 million. The group is capitalising on this experience to offers services for new campaigns scheduled in the country.

MIDDLE EAST OPERATIONS

This segment includes the operations of Duqm, Sohar, UAE and Iraq and forms the OCTG segment.

Oman Operations

Oman OCTG volumes are on the increase as Petroleum Development Oman ("**PDO**") intensifies its drilling program from 600 wells drilled annually to over 800 wells to be drilled starting in August 2023 and reach 1,000 wells drilled annually in 2025/2026. As this schedule increases in volume coupled with the current international disruption in the shipping lines calling at Duqm Port, Sumitomo Corporation Middle East ("**Sumitomo**") are occasionally using Sohar yard for OCTG goods. Consequently, in January 2022, METS Sohar signed a five-year agreement with Sumitomo to provide import product management and storage facilities for 30,000 metric tonnes of OCTG. Storage facilities provided to Sumitomo have been going strong and are expected to continue being so during FY2024. As a result of the strong pipeline of storage requirements, METS

Duqm secured an additional area of just under 26,000 sqm for a five-year lease which is adjacent to the existing facility, bringing total footprint to 169,000 sqm, which enables METS Duqm to offer storage for up to 100,000 metric tonnes of OCTG. Additional equipment has also been purchased in anticipation of the augmented activity.

During February 2022, Marubeni was awarded a three-year tubing supply contract with Oman Oil in the North. Annual average materials are of 15,000 metric tonnes per year, and Marubeni used METS Sohar for the incoming OCTG management.

The amount of OCTG handling at Duqm in FY2023 was of approximately 200,000 metric tonnes, which is another record for the Oman operation, as drilling intensifies within the region. Another record was further recorded in April 2024, when the company received 32,000 metric tonnes over a span of two weeks.

During FY2023, METS Oman managed to win an ENI project that contributed an additional ILSS revenues in 2023 and 2024. ENI has mobilised all tubulars and materials from the port of Duqm to the METS Duqm facilities as it plans to commence its drilling activity of two onshore wells. METS will be providing logistics for this activity.

United Arab Emirates Operations

In September 2020, METS UAE secured a contract with a global manufacturer and supplier of steel pipes in Abu Dhabi for the supply of tubular handling, equipment, yard and inspection services. The existing contract is for a period of 3 years starting 1 October 2020 until 30 September 2023 and has been recently renewed till 31 December 2025 through a new contract which will reflect inflationary revisions to its existing rates. In August 2023, METS UAE entered into a five-year lease for a site measuring 10,000 sqm in Al Markus, Abu Dhabi, which is close to the yards in which this client sends all its rig returns. The plan is for METS UAE to develop this further for it to become a service centre facility offering several complementary services to the OCTG supply chain.

METS is currently in the process of setting up additional facilities in Jebel Ali Free Zone Dubai (JAFZA) to provide storage and handling services as well as inspection services to new clients who will only store OCTG material in JAFZA. The licence to set up a logistics and pipe inspection services in JAFZA was secured in FY2023, and land has been secured in the first quarter of 2024.

In August 2023, the company installed a new CNC machine that has helped in increasing the repairing capacity at the Hamriyah workshop and shortened the delivery time of repairs, resulting in an improved turnaround of clients. The METS Sharjah operation continues at a steady pace, with the machine shop currently operating at full capacity.

METS UAE was awarded another three-year (extendable by a further two years) contract by Dubai Petroleum for the provision of inspection services, starting from 15 September 2023. This follows an earlier contract which Dubai Petroleum had awarded the company for the purposes of machine shop services.

METS Iraq

During FY2023, METS Iraq continued to build on the good performance achieved in FY2022. This improvement results from the increase in machine shop orders as well as higher handling and storage income, as the company benefitted from the VAM licence it holds. In recent years, there has been a notable shift in the business objectives of energy operators, whereby there was a focus on maximising the useful life of OCTG. As such, machine shop activities have increased to accommodate this shift in focus. As a result of this shift, METS Iraq has seen increased demand for repairs and storage, including that of idle rigs which are expected to be deployed in upcoming drilling activity. Currently, the yard is 75% occupied with storage of rigs and related equipment, with management actively seeking of additional opportunities to secure the remaining 25% occupancy.

The contract with state-owned Basra Energy Company Limited (recently renamed Basra Oil Company, BOC) was renewed in November 2022 for a period of five years – the first of its kind in terms of tenure offered by BOC to its contractors, which indicate the level of trust that BOC has in the METS company. The scope of the contract is for the provision of machine shop services, although the extent has also increased upon renewal.

Furthermore, in June 2023, the company was awarded a second tender by BOC for the provision of reclamation and repair of tubing services, which will also be for a term of five years.

In addition, in December 2022, METS Iraq has also been awarded a three-year contract by Kuwait Energy Basra Limited (KEBL) which is the operator of Block-9 contract area in the Basra Governate in South Iraq. Such contract entails the provision of inspection and machine shop services for a period of three years.

SUB-SAHARAN & EAST AFRICA OPERATIONS

The Sub-Saharan & East Africa region is represented primarily through the companies operating in Angola, Mozambique and Uganda.

Angola Operations

Business in Angola is conducted through Regis Management Services Ltd, which is based in Mauritius. The main clients of Regis Management Services are Sonangol Integrated Logistics Services Lda ("**SONILS**") and Angola Environmental Servicos Lda ("**AES**") with which Regis Management Services has yearly contracts.

Regis Management Services acts as a 'one stop solution' with an emphasis on global procurement and logistics. It procures a wide range of products and services for its clients including personal protection equipment, valves, piping, heavy machinery, computer equipment and pre-engineered steel structures. The company also contracts staff to its clients and provides technical services. In addition, the company provides comprehensive procurement services from sourcing to delivery as per client requirements.

The economic activity in Angola started to recover in FY2022 with rising oil prices and the gradual loosening of output cuts implemented when demand for oil collapsed in FY2020. During FY2023, the company secured a one-off order that boosted the revenue from this operation to €4.8 million. Management anticipates the level of business in FY2024 to be muted in comparison to FY2023.

Mozambique Operations

The results of Regis Mozambique were characterised by the inactivity in the country's oil and gas industry that started in the second half of FY2022 and still prevails. This is the result of the *force majeure* enforced by TotalEnergies in northern Mozambique. Oil and gas activity in this African region is expected to resume during FY2025.

Uganda Operations

Regis Uganda Limited ("**RUL**") provides integrated logistics services as well as all lifting and materials handling in Uganda. The company has a fleet of cranes and forklifts. The Group has invested heavily in Uganda and have a dedicated service base in Kampala, procuring its own fleet and local workforce.

FY2022 was a year where the company experienced a significant uptick in revenue-generating activities, which included a long-term contract with Vallourec providing OCTG services and activities centred around well development and infrastructure construction in Bullisa. In addition, during FY2023, RUL managed to secure other work, including:

- sporadic procurement-related revenues on behalf of clients;
- the provision of integrated lifting services in support of TotalEnergies Central Processing Facilities for the development and construction activities, which included the building of warehousing and yard facilities; and
- other integrated lifting services.

NEW DEVELOPMENTS IN 2024

The Group continues to seek ways of expanding its horizons by tendering in new markets. The following are new markets that the Group is actively pursuing:

Guyana

Three major oil and gas developments are taking place offshore Guyana. To ensure a foothold in this rapidly developing market, a local Company has been formed, which received its first lifting equipment between April and May 2024. This equipment is currently being inspected to obtain the necessary local certifications. Personnel have been recruited to commence lifting operations in the coming months for local Clients. A joint venture has been formed between the group local entity and NRG Holdings Inc, a joint shareholder in the

Vreed en Hoop Shorebase, a reclaimed island in the mouth of the Demarara River that flows through Georgetown. The official hand over of the Vreed en Hoop Shorebase to ExxonMobil Guyana is due in the coming weeks, and this is where the complex subsea structures will be fabricated for Exxon's offshore developments. This will necessitate the use of the company's equipment and manpower.

Kingdom of Saudi Arabia (KSA)

METS has been awarded a one-year contract by an existing client of the group for the provision of two 16-ton forklifts. The contract commenced on 1 May 2024.

Given the small size of this contract, the operation is being supported by METS UAE, however management is aiming to increase the contract's scope and value through its existing ties with the client and by keeping close contact therewith.

Kuwait

In Kuwait, METS has been successfully approved by Kuwait Oil Company (K.S.C.) for the provision of tubular inspection for drilling and workover operations. This qualification process was extremely laborious, and it took over fifteen months to complete. Although at this stage there is no contract that has been secured as yet, this qualification is seen by management as a milestone recognition that will enable the Group to be awarded contracts in the future from this market.

Namibia

Namibia has huge oil and gas potential offshore, following recent discoveries made by Shell[1], TotalEnergies[2], and Galp Energia[3]. BP and Eni recently announced a farm-in[4] with Rhino Resources for an offshore block (known as PEL 85) which has been identified to have a "huge" potential. Two wells are planned to be drilled in Q4 of 2024[5]. Additional drilling is being done by other IECs, including appraisal drilling, which makes this market of interest to the MedservRegis Group.

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[1] https://www.shell.com.na/

[2] https://www.offshore-mag.com/regional-reports/africa/article/14305795/totalenergies-led-group-assessing-oil-potential-south-of-venus-offshore-namibia

[3] https://www.reuters.com/business/energy/portugals-galp-says-field-off-namibia-could-contain-10-bln-barrels-oil-2024-04-21/

[4] *A farm-in is an agreement between two operators, one of which owns the interest in a piece of land where oil or gas has been discovered. The current owner of the interest makes the agreement in order to offset the costs associated with drilling, developing, or otherwise removing the resources from the land. The company that acquires the rights to do the actual drilling benefits from access to a proven source of oil or natural gas without having to discover it themselves.*

[5] https://www.reuters.com/business/energy/bp-eni-jv-signs-agreement-namibia-offshore-license-2024-05-03/

The Namibian potential has encouraged MedservRegis to register a local entity in Namibia and form a JV with a local partner. The proposed JV partner has 40,000 sqm of land in Walvis Bay which comprises infrastructure and facilities to develop and manage going forward. Within the first few months of FY2024, MedservRegis has been invited to tender by Chevron for a one-well exploration campaign that will take place towards the latter part of FY2024. This tender includes the full suite of integrated logistics activities, including provision of vessels and fuel, waste management and shore base management of equipment, people and waste. Feedback is expected by the end of June and the contract will be awarded in July, if successful.

3 Key Clients & Relationships

The Group's reach and involvement has extended across a number of geographical areas over the years. The Group has always enjoyed a good relationship with the larger oil and gas companies, including Eni, ExxonMobil, BP and TotalEnergies.

Furthermore, key clients in the OCTG segment also include Sumitomo and Tenaris. METS UAE holds licences from both Vallourec and Tenaris thereby enabling it to handle both VAM and Tenaris threading connections.

While the MedservRegis Group has been invited to participate in international tenders by a number of these companies, the Group is also being asked to collaborate with other logistics companies, including the likes of Petrasco, through joint ventures. Such joint ventures allow the Group to partner with established connected partners of drilling companies which lack management systems and know-how to cater for an offshore drilling project, such as freight forwarding companies, port operators, etc. Such companies would have the facilities available (such as warehousing, berthing facilities, yards, equipment, and human resources) which can be used by the Group to support an offshore project. As such, these partners would provide the physical resources, while the MedservRegis Group provides the expertise and its management systems.

4 Governance & Management

The Board of Directors is currently composed of the following directors:

Board of Directors	Role
Mr Anthony S. Diacono	Non-Executive Chairman
Mr Carmelo *sive* Karl Bartolo	Executive Director
Mr David O'Connor	Executive Director
Mr Olivier Bernard	Executive Director
Dr Laragh Cassar	Non-Executive Director & Company Secretary
Mr Keith Grunow	Non-Executive Independent Director
Mr Jean Pierre Lhote	Non-Executive Independent Director
Mrs Monica De Oliveira Vilabril	Non-Executive Independent Director

The Executive management of MedservRegis plc is composed of the following:

Executive Management	Role
Mr David O'Connor	Group CEO
Mr Carmelo *sive* Karl Bartolo	Group Deputy CEO (Business and Operations)
Mr Olivier Bernard	Group Deputy CEO (Finance, Administration, Investment and Trading)
Mr Alessandro Roca	Group Finance Director
Mr Adam Fitch	Group COO *(appointed on 01 February 2024)*
Mr Silvio Camilleri	Chief Financial Officer
Mr Edward Farrugia	Chief Information Officer
Mr George Douglas	Chief Health, Safety, Security, Environmental and Quality Corporate Officer
Ms Linda De Beer	Chief HR Officer

5 Group Structure

The Group is composed of the Issuer, which is the holding company of several other companies (as subsidiaries, sub-subsidiaries, associates and branches) as listed hereunder. MedservRegis plc is continuously working to cross-sell its services across the Group's various geographical locations and client base.

Issuer – MedservRegis PLC

Subsidiaries	**Ownership interest**
Medserv International Limited	100%
Medserv Eastern Mediterranean Limited	100%
Medserv Libya Limited	100%
Medserv M.E. Limited	100%
Medserv Operations Limited	100%
Medserv Africa Limited	100%
Regis Holdings Limited	100%
Middle East Tubular Services Holdings Limited	100%

Sub-subsidiaries	**Ownership interest**
Regis Shipping Limitada	65%
Regis Export Trading International Proprietary Limited	100%
Regis Management Services Limited	100%
Verger Investimentos, Limitada	100%
Regis Mozambique Limitada	100%
Regis Uganda Limited	100%
Verger Investimentos	100%
Medserv Energy TT Limited	100%
Medserv Mozambique Limitada	100%
Middle East Tubular Services Limited	100%
Middle East Tubular Services LLC	100%
Middle East Tubular Iraq Limited	100%
Middle East Comprehensive Tubular Services Duqm LLC	100%

Middle East Tubular Services Gulf Limited	100%
Middle East Tubular Services Uganda SMC Limited	100%
Medserv Cyprus Limited	80%
Medserv Egypt Oil & Gas Services J.S.C	60%

Associates	**Ownership interest**
FES Libya Limited	25%
AvHold Limited	49%
Skyway Aviation Mozambique Limitada	45%

Branches	**Ownership interest**
Medserv Libya Branch	100%
Medserv Suriname Branch	100%
Hamriyah Free Zone Branch	100%

6 MAJOR ASSETS

The Group's major capital assets are split in three: 'Property, Plant & Equipment' (PPE); 'Intangible Assets & Goodwill'; and 'Right-of-use assets' (ROU).

The below schedule provides a split of the components within each asset class.

	Actual FY2021 *€'000*	Actual FY2022 *€'000*	Actual FY2023 *€'000*
Property, Plant & Equipment	**36,052**	**33,335**	**30,755**
Buildings & base improvements	*13,846*	*12,899*	*12,425*
Plant & equipment	*18,743*	*16,567*	*14,866*
PV farm	*2,474*	*2,276*	*2,078*
Cargo carrying units	*575*	*382*	*183*
Furniture, fittings & office equipment	*306*	*355*	*358*
Motor vehicles	*108*	*118*	*175*
Assets not yet in use	*-*	*739*	*670*
Intangible Assets & Goodwill	**21,108**	**16,905**	**15,547**
Goodwill	*9,209*	*8,837*	*8,837*
Brand	*1,139*	*937*	*937*
Customer relationships	*10,760*	*7,131*	*5,774*
Right-of-use assets	**50,014**	**48,507**	**52,349**
Total Major Assets	**107,174**	**98,747**	**98,651**
Total Assets	**150,786**	**151,729**	**145,174**
Major Assets as a % of Total Assets	***71.10%***	***65.08%***	***67.95%***

The Group's PPE, which includes those assets used in the operations of the Group, were subject to declines relating primarily to depreciation charges or impairment losses incurred during the year. During FY2023, the Group impaired an amount equivalent to just under €0.1 million of the value of its PPE.

The Intangible Assets & Goodwill were first recognised in FY2016 upon the acquisition and consolidation of the METS Group (OCTG segment), consisting mainly of acquired customer relationships and have been amortised over a period of ten years. The remaining intangible assets were being amortised over their useful life. Following the completion of the transaction with Regis, the intangible assets and goodwill more than doubled, primarily due to the recognition of goodwill and intangible assets attributable to the ILSS customer contracts, additional value on customer relationships within the OCTG segment over that recognised in FY2016, the synergies expected to be achieved from combining the operations of both groups, with their respective skills and technical talent. An impairment assessment is carried out at least annually for the Goodwill and the Brands (comprising of trademarks, tradenames, and related assets) with an indefinite useful life, and whenever there is an indicator of impairment on all intangibles including the customer contacts acquired by the Group.

The ROU assets, which relate to the recognition of the leases of the Group's bases, namely in Malta, Cyprus, Oman, UAE and Iraq in line with International Financial Reporting Standards (IFRS 16 – *Leases*), registered an uplift as the Group entered into new long-term leases in UAE and Cyprus.

The share for share transaction with Regis Holdings Limited concluded on 25 June 2021 was considered a reverse acquisition which necessitated the consolidation of Medserv plc into Regis Holdings Limited, as the latter was considered the accounting acquirer in the transaction. As such, the audited financial statements covering FY2021 represented a continuation of Regis Holding Limited's financial statements (which also included a number of business activities which have since been discontinued and do not form part of the merged group). As a result, the income statement for FY2021 was based on a 12-month period of Regis Holdings Limited coupled with only a six-month contribution from Medserv plc (from 1 July 2021 to 31 December 2021). Therefore, the figures for FY2021 are not comparable to the performance of Medserv plc earlier years and to the MedservRegis plc results for FY2022 and FY2023.

7 ISSUER PERFORMANCE & FINANCIAL POSITION OVERVIEW

This section provides an analysis of the FY2023 figures. The historic information is in the main sourced from the published annual report as issued by the Group, supported by additional information sourced from management.

The projections for the current financial year ending 31 December 2024 have been prepared by management and approved by the board of MedservRegis plc. The forecasts have been based on the key developments that the Group expects to happen during FY2024, as described further in section 2 and as may be summarised below:

- at the Malta base, volumes keep increasing as planned drilling campaigns proceed as projected in the last quarter of 2024. This means that until then, the Group receives tubulars and OCTG equipment pertaining to its clients for storage and handling purposes, which translate in additional income for the Group. The impact on revenues, will however, be substantial only in the fourth quarter of the year;
- in Cyprus, the Group's business activity is expected to be less intensive during FY2024. Drilling campaigns are only anticipated to resume well into 2025, and as such the contribution to the performance of the Group in FY2024 is going to be limited;
- METS Group – as the Group increases its footprint in JAFZA and Abu Dhabi, these are expected to improve the capacity for business which will increase revenue contribution, accordingly; and
- Regis Group – Mozambique and Uganda are expected to continue to be impacted by project delays, as explained in earlier parts of this document.

Unless otherwise stated, all amounts in the tables below are in thousands of euro (€'000) and have also been subject to rounding.

7.1 Income Statement

Note: The FY2021 income statement comprises the first six months of operations of Regis Holdings Limited as well as a six-month contribution (July to December 2021) from MedservRegis plc.

	Actual	Actual	Actual	Forecast
for the year ended 31 December	**2021**	**2022**[6]	**2023**	**2024**
	€'000	*€'000*	*€'000*	*€'000*
Revenue	29,925	66,939	73,926	63,983
Cost of Sales	(17,112)	(43,158)	(45,050)	(35,203)
Gross Profit	**12,813**	**23,781**	**28,876**	**28,780**
Other income	1,769	1,096	988	252
Administrative expenses	(8,812)	(13,010)	(13,122)	(12,849)
Reversal of / Impairment loss on financial assets	(440)	(463)	762	(96)
Share of profit of equity-accounted investees	29	-	-	-
EBITDA	**5,359**	**11,404**	**17,504**	**16,087**
Depreciation	(4,382)	(7,627)	(8,206)	(8,122)
Impairment on PPE & intangible assets	(7,229)	(2,662)	(79)	(187)
Amortisation of Intangible Assets	(1,145)	(2,056)	(1,357)	(1,238)
Results from operating activities	**(7,397)**	**(941)**	**7,862**	**6,540**
Finance income	2,426	4,980	1,011	-
Finance costs	(2,390)	(4,015)	(7,201)	(4,558)
Net finance costs	*36*	*964*	*(6,190)*	*(4,558)*
(Loss) / Profit before tax	**(7,361)**	**23**	**1,672**	**1,982**
Tax credit / (expense)	58	522	(377)	(153)
(Loss) / Profit from continued operations	**(7,303)**	**544**	**1,295**	**1,829**
Profit from Discontinued Operations	100	-	-	-
(Loss) / Profit for the period	**(7,203)**	**544**	**1,295**	**1,829**

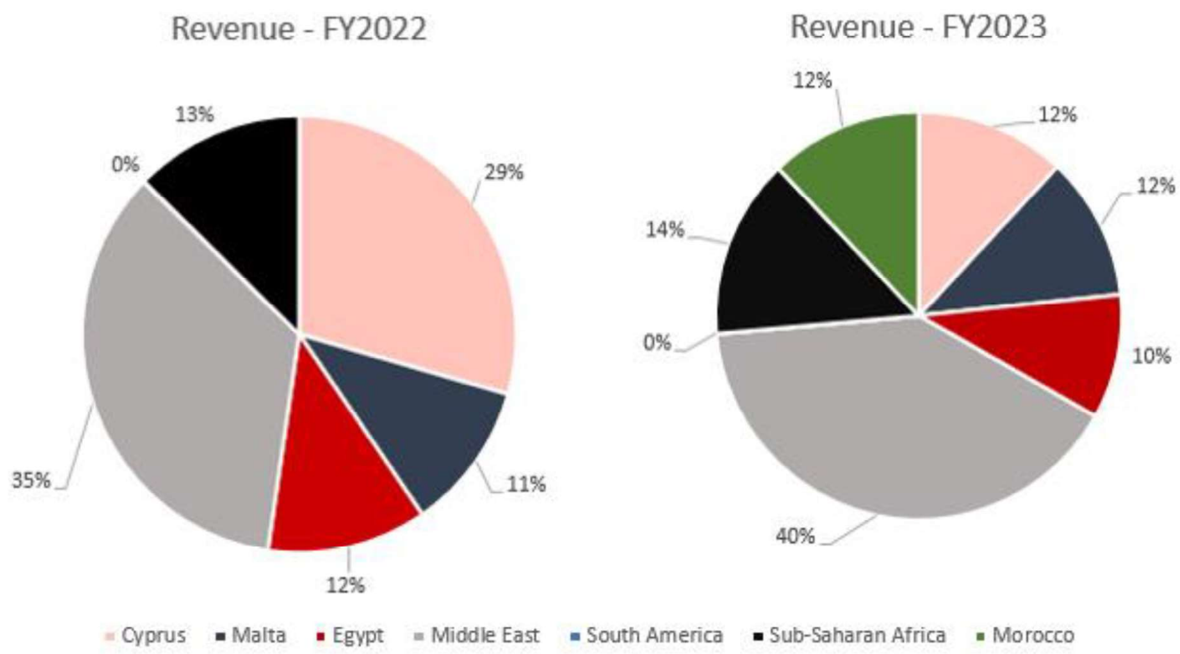
[6] In FY 2023, the Group has elected to present certain wages and salaries from cost of sales to employee benefits under administrative expenses. The comparative information for the year ended 31 December 2022 has been restated by reclassifying the amount of EUR 670,837 from cost of sales to employee benefit expense under administrative expenses.

Depreciation and amortisation	Actual	Actual	Actual	Forecast
for the year ended 31 December	**2021**	**2022**	**2023**	**2024**
Within:	*€'000*	*€'000*	€'000	*€'000*
Cost of Sales - PPE & Intangible Assets	(3,712)	(5,966)	(5,492)	(4,965)
Cost of Sales - Right of Use Asset	(1,729)	(3,653)	(3,985)	(4,309)
Administrative and other expenses	(86)	(64)	(86)	(86)
Total depreciation and amortisation	**(5,527)**	**(9,683)**	**(9,563)**	**(9,360)**

A business overview of the Group has been extensively covered in section 2 of this report. The result of the contract awards mentioned therein make up the basis for the results achieved in FY2023 and the forecasts for FY2024.

FY2023 Review

The Group's total revenues in FY2023 increased by over 10% to reach a record €73.9 million. The Group's activities picked up substantially in the Middle East (through METS subsidiaries) and the Malta base (through the offering of a variety of services to a wide range of clients), while Cyprus activity reduced due to lower drilling campaigns. Meanwhile, the Group successfully completed an ad-hoc project in Morocco that contributed just short of €9 million of revenues in FY2023.



In terms of reportable segments (as depicted in the below table), 'Integrated Logistics Support Services' ("**ILSS**") and 'Oil Country Tubular Goods' ("**OCTG**") were the main contributors to revenue and EBITDA in FY2023, which is similar to that of previous years.

Revenue and EBITDA by Segment		ILSS €'000	OCTG €'000	PV Farm €'000	Trading Activity (discontinued) €'000	Total €'000
FY2021	Revenue	20,233	8,177	224	1,290	30,091
	EBITDA	3,029	2,763	224	(658)	5,359
FY2022	Revenue	42,990	23,425	524	-	66,939
	EBITDA	3,452	7,429	524	-	11,404
FY2023	Revenue	46,128	27,307	492	-	73,926
	EBITDA	6,395	10,617	492	-	17,504

Cost of sales increased, albeit at a slower rate than the increase in revenues, resulting in an improved gross profit for the year of €28.9 million (FY2022: €23.8 million). Similarly, the uptick in administrative expenses was at a slower pace than the increase in revenue and gross profit, and when taking into account the reversal of impairment of €0.8 million (as opposed to an impairment charge in FY2022 of €0.5 million), EBITDA came in stronger for the year under review at €17.5 million (an increase of 53.5% over that of FY2022 at €11.4 million).

Given its extensive physical asset base, the Group attracts a significant depreciation charge, which for FY2023 stood at €8.2 million. Impairment and amortisation charges for FY2023 were lower than those experienced in FY2022, at €0.1 million and €1.4 million, respectively (FY2022: €2.7 million and €2.1 million, respectively). As may be noted below, the improved EBITDA as well as the lower impairments and amortisation charges (net of the increase in depreciation) led to a higher operating profit for the year, at €7.9 million, compared to an operating loss of €0.9 million registered in FY2022.

The surge in interest rates, the increase in lease liabilities as the Group entered into new leases in the Middle East and the incidence of €3 million in foreign exchange losses led to an increase in finance cost. Net of finance income of just over €1 million, net finance costs for the year amounted to €6.2 million, as opposed to the net finance income position in FY2022 of €1 million as a result of the positive impact of €4.6 million in favourable exchange differences.

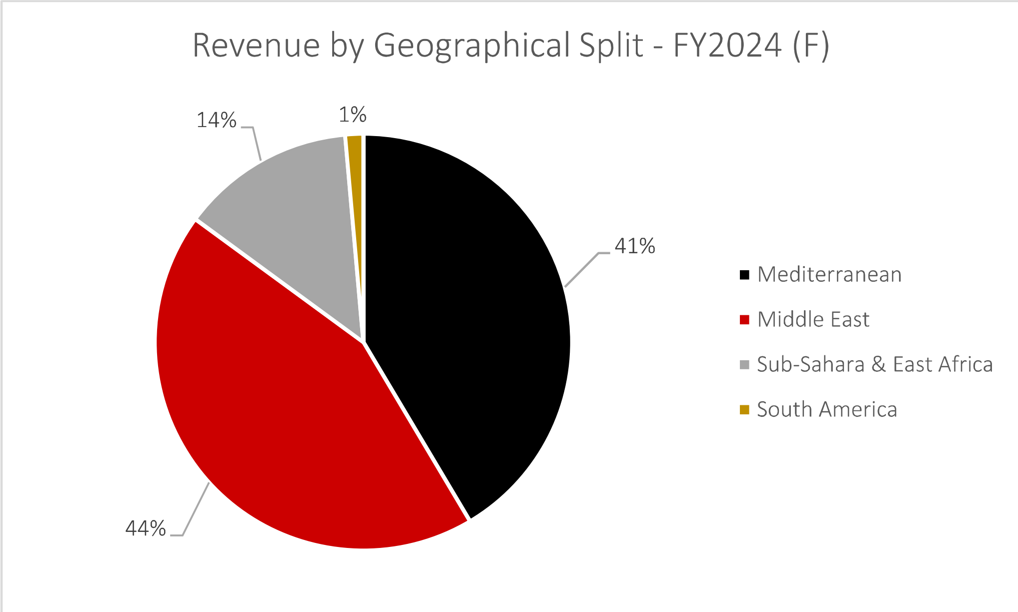
Profit before tax for FY2023 stood at €1.7 million, which after deducting a tax charge of €0.4 million, resulted in a net profit of €1.3 million (FY2022: €0.5 million).

Forecasts for FY2024

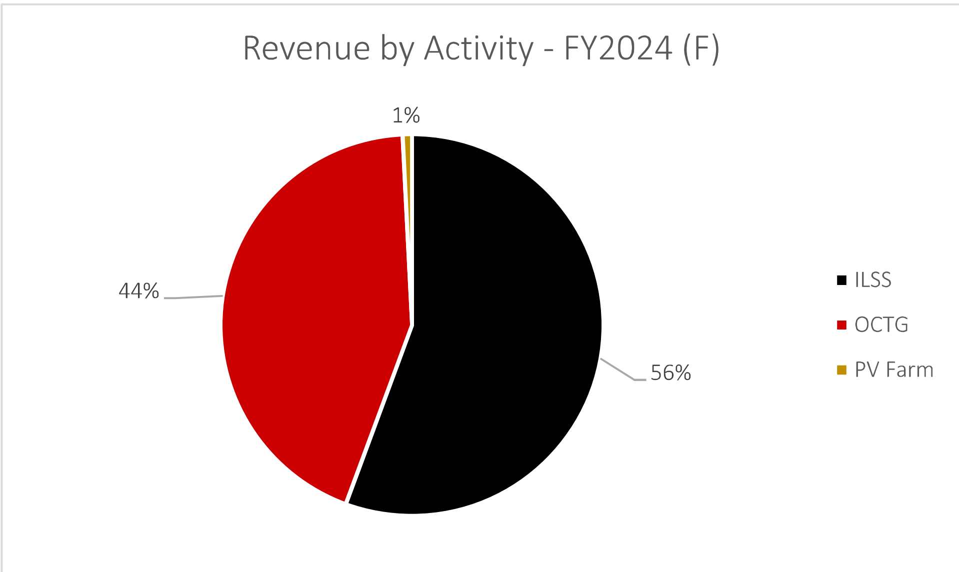
The main drivers of the forecast for FY2024 have been explained in section 2 and in the preamble of Part B of this document.

Revenue for FY2024 is expected to reflect the downward adjustment pertaining to the one-off Morocco project that materialised in FY2023 and takes into account the contracted works expected to be delivered during the year.

At €64 million, revenue is expected to be generated as follows:



The scope of works in the Mediterranean region is expected to be key for the FY2024 revenue figure, contributing approximately 41% thereof, while the Middle East remains an important geographical area for the Group, primarily represented by the METS group of companies and related principally to OCTG, contributing a further 44% to revenue. The split by activity is depicted below:



The geographical areas that the Group is expected to operate in are areas where it already has presence and as such should not necessitate additional operating expenditure to be undertaken. As such, cost of sales is expected to decline by just under €10 million to €35.2 million, resulting in a gross profit which is close to that achieved in FY2023 at €28.8 million. Most of the €10 million adjustment relates to the one-off Morocco project.

Administrative expenses are anticipated to be on the same level as those of FY2022, at €12.8 million, and following other income of €0.3 million and an impairment charge of €0.1 million, EBITDA is expected to be in the region of €16.1 million.

Depreciation and amortisation charges are expected to remain above the €9.5 million mark, similar to FY2023, which should lead to an operating profit of €6.5 million.

Net finance costs are expected to be lower in FY2024, at €4.6 million. This is reflective of the Group's partial repayment of bank borrowings despite the lack of visibility of any finance income or effect of foreign exchange fluctuations that may be generated during the financial year, which may affect this figure further.

As a result, the Group's net profit, after deducting a tax charge of €0.2 million, is expected to be €1.8 million, which continues to build on the positive momentum of the Group in recent years.

7.2 Statement of Cash Flows

Note: The FY2021 statement of cash flows comprises the first six months of operations of Regis Holdings Limited as well as a six-month contribution (July to December 2021) from MedservRegis plc.

	Actual	Actual	Actual	Forecast
for the year ended 31 December	**2021**	**2022**	**2023**	**2024**
	€'000	*€'000*	*€'000*	*€'000*
Net cash from operating activities	6,580	20,016	12,404	20,103
Net cash (used for) / from investing activities	(1,893)	3,456	(2,914)	(7,791)
Free Cash Flow	**4,687**	**23,472**	**9,490**	**12,312**
Net cash used in financing activities	(5,290)	(11,237)	(10,346)	(7,534)
Net movements in cash and cash equivalents	**(603)**	**12,235**	**(856)**	**4,778**
Cash and cash equivalents at beginning of the year	8,637	9,107	18,662	13,897
Effects of exchange rate fluctuations on cash held	1,153	(2,680)	(3,910)	-
ECL allowance on cash balances	(80)	-	-	-
Cash and cash equivalents at end of year	**9,107**	**18,662**	**13,897**	**18,675**

FY2023 Review

The Group generated net cash from operating activities of €12.4 million, reflective of the business that was generated during the year, as profit for the year was adjusted for working capital movements, interest, tax and other non-cash items. The adjustments related to working capital movements included the impact of contract assets (work in progress and accrued revenues) of the Morocco project and the effect of accrued revenues.

In FY2023, the Group was a net user of cashflows in relation to investing activities, as it continued to add on to its asset base. From a free cash flows basis, the Group had a balance of €9.5 million.

Cash used in financing activities amounted to €10.3 million largely reflecting the servicing of the principal and interest of bank borrowings and bonds, settling the payment obligations related to leases as well as the repayment of a shareholder loan (due to a non-controlling interest party) in the region of €1.3 million.

Overall, the Group used €0.9 million of cash in FY2023 on a net basis. After taking into account the healthy opening cash balances for the year of €18.6 million and the exchange rate fluctuations of €3.9 million, the Group closed the financial year at €13.9 million.

Forecasts for FY2024

The cash flow forecasts for FY2024 anticipates net cash from operating activities to reach €20 million, largely reflecting working capital movements in relation to the payment of receivables, mainly those of the Morocco project and a delayed payment from Libya that was originally expected in FY2023. From an operations perspective, the business momentum for FY2024 is expected to be in line with that of FY2023, save for the Moroccan one-off project. Investing activities are expected to utilise €7.8 million of net cash primarily in the form of capital expenditure across the Group, which is expected to include equipment in Guyana and Malta, base improvements also in Malta, and other equipment and base improvements to the METS group, including the new yard in JAFZA as mentioned earlier. The free cash flow of the Group is anticipated to reach €12.3 million by the end of FY2024.

Cashflows used in financing activities include the servicing of bank loans and the bonds (for a total of €4 million), payment of lease liabilities (€4.3 million) and dividends (€1 million), net of new loans of approximately €1.8 million in relation to the Guyana capex. The net cash outflow used in financing activities are anticipated to be in the region of €7.5 million.

After accounting for an opening cash balance of €13.9 million, the Group is anticipating closing off FY2024 with a balance of €18.7 million.

7.3 Statement of Financial Position

Note: The statement of financial position for the year ending 31 December 2021 has been produced taking into account the combination of the Medserv Group and the Regis Group.

as at 31 December	Actual 2021 €'000	Actual 2022 €'000	Actual 2023 €'000	Forecast 2024 €'000
ASSETS				
Goodwill and intangible assets	21,108	16,905	15,547	14,309
Property, plant and equipment	36,052	33,335	30,755	33,495
Loan receivable	4,147	-	-	-
Investments at FVTPL	4,007	2,760	3,609	3,395
Right of use asset	50,014	48,507	52,349	48,835
Total non-current assets	**115,328**	**101,506**	**102,260**	**100,034**
Inventories	1,067	731	534	518
Current tax asset	306	430	431	453
Contract assets	202	183	3,382	852
Trade and other receivables	21,882	29,424	22,124	21,617
Cash at bank and in hand	11,984	19,455	16,293	20,592
Financial asset	-	-	150	150
Assets held for sale	17	-	-	-
Total current assets	**35,458**	**50,223**	**42,914**	**44,181**
Total assets	**150,786**	**151,729**	**145,174**	**144,215**
LIABILITIES				
Loans and borrowings	3,912	6,013	4,928	5,288
Bonds (listed)	49,491	42,612	42,705	43,130
Trade and other payables	71	-	-	-
Lease liabilities	12,720	12,431	16,442	14,338
Deferred tax liabilities	5,318	4,628	3,828	3,395
Provisions & employee benefits	1,427	1,400	1,369	1,369
Total non-current liabilities	**72,939**	**67,084**	**69,272**	**67,520**
Current tax payable	6	11	105	586
Contract liabilities	193	90	113	130
Lease liabilities	1,722	1,877	3,001	2,800
Loans and borrowings	4,415	9,964	3,716	3,244
Trade & other payables, provisions & employee benefits	8,692	12,347	10,916	11,055
Total current liabilities	**15,028**	**24,289**	**17,851**	**17,815**
Total liabilities	**87,967**	**91,373**	**87,123**	**85,335**

EQUITY				
Share capital	10,164	10,164	10,164	10,164
Share premium	27,778	27,778	27,778	27,778
Reserves	(1,063)	(4,217)	(6,152)	(6,151)
Retained earnings	23,151	23,904	25,068	25,084
Total equity attributable to equity-holders of the Company	**60,030**	**57,629**	**56,858**	**56,875**
Non-controlling interest	2,789	2,727	1,192	2,005
Total equity	**62,819**	**60,357**	**58,051**	**58,880**
Total equity and liabilities	**150,786**	**151,729**	**145,174**	**144,215**

FY2023 Review

The Group's total asset base contracted marginally to €145.2 million from €151.7 million a year earlier. The major assets have been referred to and commented upon in section 6 of this report. The Group operates from a variety of bases and undertakes capital expenditure to complement the operations with the appropriate plant and equipment. The high level of activity during the year meant that the Group had a high level of trade receivables and cash.

Total debt, including lease liabilities, was marginally lower than that of FY2022. The composition of the change was a mix of a decline in both short and long term bank borrowings, net of an increase in lease liabilities, as the Group entered into new leases for the purposes of additional bases in the Middle East. When accounting for the €16.3 million cash balances at the end of FY2023, net debt was nearly €54.5 million at the end of the year under review (FY2022: €53.4 million).

for the year ended 31 December	**Actual 2021** *€'000*	**Actual 2022** *€'000*	**Actual 2023** *€'000*	**Forecast 2024** *€'000*
Loans and borrowings (non-current)	3,912	6,013	4,928	5,288
Bond (listed)	49,491	42,612	42,705	43,130
Loans and borrowings (current)	4,415	9,964	3,716	3,244
Lease liabilities	14,442	14,308	19,443	17,138
Total Debt	**72,260**	**72,897**	**70,792**	**68,800**
Cash at bank and in hand	11,984	19,455	16,293	20,592
Net Debt	**60,276**	**53,442**	**54,498**	**48,208**

During FY2023, the Group settled the outstanding €7.8 million in bonds which were subject to an early redemption but whose respective holders did not accept the bond exchange offer launched by the Group late in 2022. This, together with the decline in payables, led to a drop in the total current liabilities for the year.

Equity was adversely affected by foreign exchange fluctuations, offsetting the increase in retained earnings (which in turn reflected the profit for the year). As a result, the total equity balance for the end of the year contracted to €58.1 million from €60.4 million a year earlier.

FORECASTS FOR FY2024

The movements in total assets expected in FY2024 are characterised by the cash being generated from the business during the year, net of depreciation and amortisation charges.

On the funding side, as may be seen from the net borrowing analysis above, the Group is expected to increase its level of bank borrowings, albeit marginally, while lease liabilities are anticipated to be lower in view of the lease payments made during the year. Net of cash, which in FY2024 is expected to be €20.6 million (FY2023: €16.3 million), net borrowings are projected to be €48.2 million.

Equity is also expected to be positively impacted by the profit expected for the year excluding any foreign exchange movements which cannot be ascertained at this point in time. Retained earnings movements for the year also takes into account the interim dividend declared by the Company's directors in January 2024 for a total of €1 million.

7.4 Ratio Analysis

The following set of ratios have been computed by Rizzo Farrugia & Co (Stockbrokers) Ltd using the figures extracted from annual reports and management information.

Note: where the ratios were non-computable because of a negative return or a negative result, the ratio has been recorded as 'n/a' or excluded from the list of ratios presented in view of negative returns in all years under review.

Profitability Ratios

The below is a set of ratios prepared to assist in measuring the Company's ability to generate profitable sales from its assets.

	Actual FY2021	Actual FY2022	Actual FY2023	Forecast FY2024
Gross Profit margin *(Gross Profit / Revenue)*	42.82%	35.53%	39.06%	44.98%
EBITDA margin *(EBITDA / Revenue)*	17.91%	17.04%	23.68%	25.14%
Operating Profit margin *(Operating Profit / Revenue)*	n/a	n/a	10.63%	10.22%
Net Profit margin *(Profit for the period / Revenue)*	n/a	0.81%	1.75%	2.86%
Return on Equity *(Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)*	n/a	0.88%	1.83%	1.74%
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	n/a	0.45%	1.13%	1.66%
Return on Assets *(Profit for the period / Average Assets)*	n/a	0.36%	0.87%	1.26%

Profitability ratios for FY2023 improved on the back of better performance for the year, as has been explained in earlier parts of this report. While notable improvements were recognised in the gross profit and EBITDA margins, the Group also managed to recognise an operating profit, despite the high depreciation and amortisation charges which in earlier years offset the profits generated from the Group's business activities.

These metrics are generally expected to improve even further in FY2024, as cost controls and improved margins are anticipated to result in improved profitability for the year. When comparing to FY2023 ratios, the effect of the foreign exchange translation losses accounted for in FY2023 (and which cannot be quantified or ascertained for this financial year as at the date of this report) need to be taken into account.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring the Company's ability to meet its short-term obligations.

	Actual FY2021	Actual FY2022	Actual FY2023	Forecast FY2024
Current Ratio *(Current Assets / Current Liabilities)*	2.36x	2.07x	2.40x	2.48x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.80x	0.80x	0.91x	1.16x

The additional activity in FY2023 allowed the Group to utilise cash generated from operations to reduce its bank borrowings during the year, resulting in stronger liquidity ratios, despite the fact that cash balances were lower than those of FY2022. Such ratios are also expected to improve in FY2024, as this model is anticipated to be applied also during the current financial year, while there being a significant cash build-up.

Solvency Ratios

The below is a set of ratios prepared to assist in measuring the Company's ability to meet its debt obligations.

	Actual FY2021	Actual FY2022	Actual FY2023	Forecast FY2024
Interest Coverage ratio *(EBITDA / Net finance costs)*	n/a	n/a*	2.83x	3.53x
Gearing Ratio (1) *(Net debt inc. leases / Total Equity)*	0.96x	0.89x	0.94x	0.82x
Gearing Ratio (2) *[Total debt inc. leases / (Total Debt plus Total Equity)]*	0.53x	0.55x	0.55x	0.54x
Net Debt to EBIDTA *(Net Debt inc. leases/ EBIDTA)*	11.25x	4.69x	3.11x	3.00x

**The interest coverage ratio for FY2022 cannot be reported as finance income exceeded finance costs, leading to a net finance income flow thereof.*

Significant improvement was also noticeable in the Group's solvency metrics. As EBITDA improved, the Group had a stronger net debt to EDBITDA ratio for FY2023, and an adequate interest coverage ratio. From a gearing perspective, as explained earlier, the Group reduced its level of borrowings whilst its obligations under leases increased as it acquired rights over additional bases during the year, resulting in a gearing ratio which was identical to that of FY2022.

Such ratios are expected to improve even further in FY2024, on the back of improved EBITDA, lower gearing structures, and increased cash balances.

Additional Ratios

Since the company did not register a net profit in FY2021, the Earnings Per Share (EPS) ratio cannot be computed.

	Actual FY2021	Actual FY2022	Actual FY2023	Forecast FY2024
Earnings per Share (€) *(Profit for the year / No of shares in issue)*	(0.071)	0.005	0.013	0.018
Dividend Cover *(EPS / Dividend paid per share)*	N/A	N/A	N/A	1.83x

Computations for FY2023 reflect the improved profitability of the Group. For FY2024, the Company is expected to report improved returns and this is reflected in the anticipated EPS for the year. In January 2024, the Company announced an interim dividend for an aggregate of €1 million.

7.5 VARIATIONS IN THE ISSUER'S FORECASTS FOR FY2023

	Actual	Forecast	Variance
for the year ended 31 December	**2023**	**2023**	
	€'000	*€'000*	
Revenue	73,926	63,815	15.8%
Cost of Sales	(45,050)	(37,162)	21.2%
Gross Profit	**28,876**	**26,653**	8.3%
Other income	988	263	275.7%
Administrative expenses	(13,122)	(12,265)	7.0%
Impairment loss on financial assets	762	(208)	-466.3%
EBITDA	**17,504**	**14,443**	21.2%
Depreciation	(8,206)	(7,624)	7.6%
Impairment on PPE & intangible assets	(79)	-	n/a
Amortisation of Intangible Assets	(1,357)	(1,524)	-11.0%
Results from operating activities	**7,862**	**5,295**	48.5%
Finance income	1,011	-	n/a
Finance costs	(7,201)	(4,266)	68.8%
Net finance costs	*(6,190)*	*(4,266)*	45.1%
Loss before tax	**1,672**	**1,029**	62.5%
Tax credit / (expense)	(377)	(173)	117.9%
Profit / (Loss) for the period	**1,295**	**856**	51.3%

The variance in revenues is the result of delays in offshore Libya drilling offset by the one-off Morocco project, increased activity in Cyprus and volumes of OCTG at the METS subsidiaries. The increases in cost of sales were also a reflection of the increases in revenues, mainly in relation to Morocco and Duqm, as was explained in earlier part of this report.

With regards other income, this reflects the movements in fair value of financial instruments, which mainly related to such movements of marketable securities which form part of the Group's portfolio of investments. In FY2023, these faired better than expected while the 2023 FAS Update was being prepared.

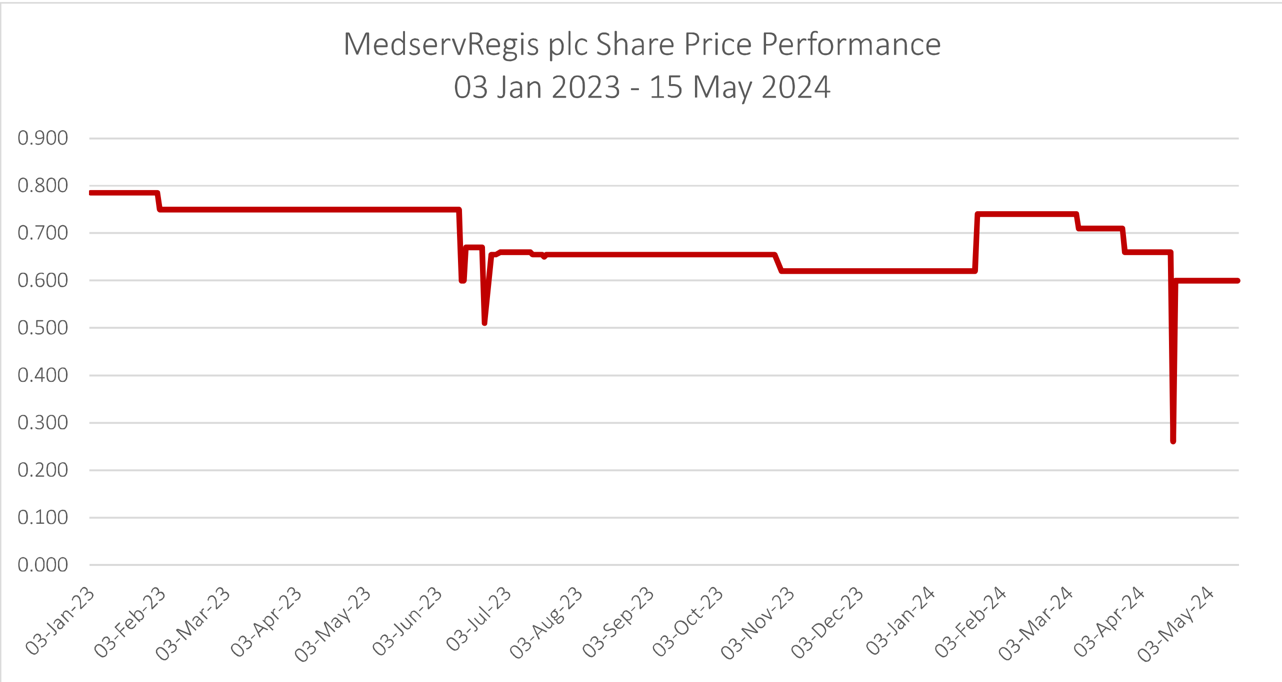
Such variances, as well as that the reversal of exchange losses included in the 'impairments loss on financial assets', led to the variance in EBITDA of 21% when compared to what was published as forecasts last year forFY2023.

The amortisation of intangible assets came lower than expected on the strength of the renewal for a further year of a contract with a key client. Meanwhile, the foreign exchange loss recognised in the finance costs for the year led to a significant variance in this metric.

As a result of these variances, the net profit for the year was 51.3% more than that anticipated in last year's FAS update.

MedservRegis plc's ordinary shares are listed on the Official List of the Malta Stock Exchange – details as follows:

ISIN:	MT0000310103
Issued Shares:	101,637,634 ordinary shares
Nominal Value:	€0.10
2023 Year-End Price:	€0.620
Highest Price in 2023:	€0.785
Lowest Price in 2023:	€0.510
Current Market Price:	€0.600 *(as at 15 May 2024)*
Enterprise Value[7]:	€115.5 million
Price to Earnings Ratio[8]:	47.1x



Apart from the shares, the Issuer has other debt securities which are also listed on the Official List of the Malta Stock Exchange. Details of these bonds are found in the table below:

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[7] *Based on the market capitalisation as at 15 May 2024 and the figures extracted from the Statement of Financial Position as at 31 December 2023.*

[8] *Based on market price as at 15 May 2024.*

ISIN	Details	Maturity	Nominal Amount
MT0000311234	4.5% Unsecured 2026 (€)	05/02/2026	21,982,400
MT0000311242	5.75% Unsecured 2026 (USD)	05/02/2026	9,148,100
MT0000311259	5.00% Secured 2029 (€)	20/12/2029	13,000,000

PART D COMPARATIVES

NB: The table below seeks to compare the securities of MedservRegis plc with a selection of securities with a similar term. It is to be noted, however, that there are significant differences in the business models of each of the listed companies being compared below and an exact match to the operations and business of the Issuer is not available. Thus, while the metrics below can be used as a gauge of MedservRegis's financial strength against other issuers listed locally, they do not capture the quantitative factors such as the different business models of each issuer, their competitive position in the market, KPIs, etc.

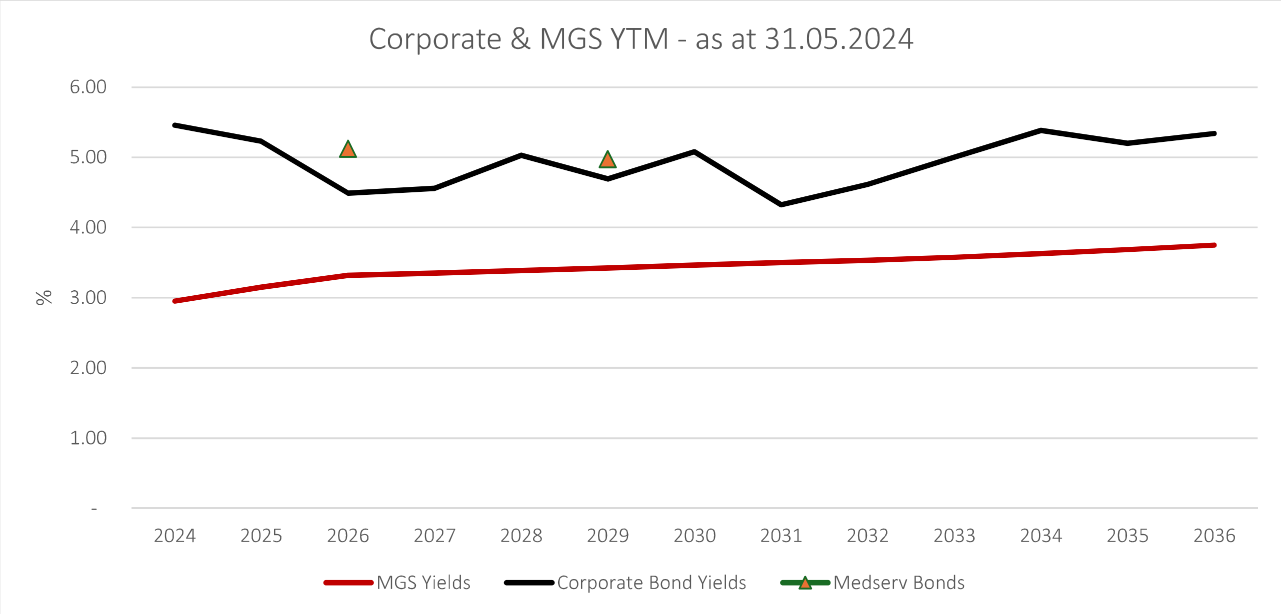
Bond Details	*Amount Outstanding (€)*	*Gearing (%)**	*Net Debt to EBITDA (times)*	*Interest Cover (times)*	*YTM (as at 31.05.2024)*
4.00% MIDI plc 2026 (Secured)	50,000,000	26.6%	N/A	N/A	4.24%
4.00% Int. Hotel Investments plc 2026 (Secured)	55,000,000	42.5%	9.6	1.8	3.99%
4.00% Int. Hotel Investments plc 2026 (Unsecured)	60,000,000	42.5%	9.6	1.8	4.84%
3.90% Plaza Centres plc 2026 (Unsecured)	5,150,000	14.6%	2.2	N/A	4.64%
4.50% MEDSERVREGIS PLC 2026	**21,982,400**	**30.4%**	**1.5**	**8.4**	**5.12%**
3.25% AX Group plc 2026 (Unsecured)	15,000,000	39.4%	20.9	1.3	3.45%
3.75% Premier Capital plc 2026 (Unsecured)	65,000,000	30.2%	0.5	34.0	3.98%
5.00% MEDSERVREGIS PLC 2029 (SECURED)	**13,000,000**	**30.4%**	**1.5**	**8.4**	**4.97%**
4.50% Endo Finance plc 2029 (Unsecured)	13,500,000	65.0%	11.6	1.5	5.78%
4.00% SP Finance plc 2029 (Secured)	12,000,000	43.7%	6.9	2.2	4.44%
3.65% Stivala Group Finance plc 2029 (Secured)	15,000,000	22.9%	3.6	6.5	3.82%
3.80% HILI Finance Company plc 2029	80,000,000	62.8%	3.2	6.2	4.32%
3.75% AX Group plc 2029 (Unsecured)	10,000,000	39.4%	20.9	1.3	3.75%

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Rizzo, Farrugia & Co (Stockbrokers) Ltd

**Gearing: (Net Debt / [Net Debt + Total Equity]) [Net debt excludes leases]*

The chart overleaf compares the 4.50% MedservRegis plc Unsecured 2026 and the 5.00% MedservRegis plc Secured 2029 bonds to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 31 May 2024.

MEDSERV PLC BONDS' YTM VS CORPORATE & MGS YTM – AS AT 31.05.2024



The 4.5% MedservRegis plc 2026 bond is yielding 63 basis points over the corporate bonds average YTM maturing in the same year and 180 basis points over the average MGS YTM for a similar maturity. The 5.00% MedservRegis plc 2029 Secured bond is yielding 28 basis points over the corporate bonds average YTM for 2029 and 154 basis points over the average MGS YTM for a similar maturity. This data has been extracted as at 31 May 2024.

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Free Cash Flow (FCF)	FCF represents the amount of cash remaining from operations after deducting capital expenditure requirements.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

Statement of Financial Position Explanatory Definitions

Assets	What the company owns which can be further classified in Current and Non-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.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Profitability Ratios

Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity (ROE)	ROE measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by average shareholders' equity.
Return on Capital Employed (ROCE)	ROCE indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets (ROA)	ROA measures the rate of return on the assets of the company. This is computed by dividing profit after tax by average total assets.

Liquidity Ratios

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Solvency Ratios

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its 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.
Earnings per Share (EPS)	EPS is calculated by dividing the company's profit by the number of shares in issue.
Dividend Cover	Dividend cover is calculated by dividing the EPS by the dividend per share.
Enterprise Value (EV)	EV measures the company's total value comprising its market capitalisation and net debt.
Price to Earnings (P/E)	The P/E ratio is a valuation multiple used to compare the company's share price with its EPS.

Prepared by:
Rizzo, Farrugia & Co (Stockbrokers) Ltd
E: sponsors@rizzofarrugia.com
T: +356 2258 3000