Financial Analysis Summary

21 November 2022

Issuer

Mariner Finance p.l.c.

(C 31514)

MZ INVESTMENT SERVICES

The Directors
Mariner Finance p.l.c.
37, Triq Censu Tabone
St. Julian's STJ 1018

21 November 2022

Dear Board Members

Mariner Finance p.l.c. Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Mariner Finance p.l.c. (the "**Group**" or the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2019 to 31 December 2021 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) The forecast data for the years ending 31 December 2022 and 31 December 2023 has been provided by management.

(c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by management.

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

(e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

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Rabat RBT 1523,
Malta
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PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

The principal activity of the Mariner Finance p.l.c. (the "**Company**" or the "**Group**") is to act as an investment company within the Group and to engage in the investment, development and operation of sea terminals, namely in Riga, Latvia. Furthermore, the Company operates and rents to third parties owned real estate in Latvia.

2. DIRECTORS AND KEY EMPLOYEES

The Company is managed by a Board consisting of seven directors entrusted with its overall direction and management.

Board of Directors

Marin Hili	Chairman
Edward Hili	Chief Executive Officer
Michela Borg	Non-Executive Director
Kevin Saliba	Non-Executive Director and Company Secretary
Ian Micallef	Non-Executive Director
Lawrence Zammit	Independent Non-Executive Director
Anthony Busuttil	Independent Non-Executive Director

The Chief Executive Officer is responsible for the day-to-day management of the Group. In the execution of the strategic direction, investment and management oversight of the Group, he is assisted by members of senior management of the operating Group companies having the appropriate experience and knowledge required in particular cases arising from time to time. The aforesaid senior management as well as their principle roles are included hereunder:

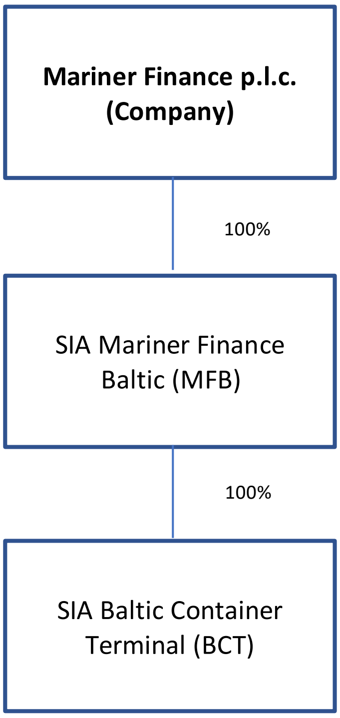
Gerard Sammut	Chief Executive Officer (BCT[1] and MFB[2])
Aldis Zieds	Chairman (BCT)
Dmitrijs Kiselevs	Chief Operating Officer and Information Technology Director (Group)
Dzintars Vigulis	Terminal Manager (BCT)

[1] SIA Baltic Container Terminal ("BCT").

[2] SIA Mariner Finance Baltic ("MFB").

3. ORGANISATIONAL STRUCTURE

As the holding company of the Group, the Company is ultimately dependent upon the operations and performance of the Group's operating company. The organisational structure of the Group is illustrated in the diagram hereunder:



SIA Mariner Finance Baltic ("**MFB**") is a private limited liability company incorporated and registered in Latvia. It has an authorised and issued share capital of the euro equivalent of €25,000,000 divided into 25,000,000 ordinary shares of €1 per share, fully paid up. The company was set up on 28 February 2013 principally to act as the immediate parent company of BCT and to provide financing to its subsidiary company.

A brief overview of **SIA Baltic Container Terminal ("BCT")** is provided in section 5 below.

4. INVESTMENT PROPERTY

The Company owns and operates a commercial and office building located in Merkela Street, Riga, Latvia, consisting of a five-storey building having *circa* 2,480m^2 of rentable space (floor area of *circa* 3,300m^2)[3] ("**Merkela Property**"). The Merkela Property is situated at a major intersection in the central part of Riga, within the main retail and commercial area of the city. In terms of a local grading system, the building is classified as Class B commercial/office space.

The Merkela Property is carried at €4,361,000, a decrease of €209,000 from the prior year (FY2020: €4,570,000). The fair value has been determined based on an independent certified expert's valuation dated 25 March 2022. This decrease in fair value has been solely due to the COVID-19 pandemic which has led the independent expert to adjust the occupancy rates of the property.

The Company has a lease agreement with McDonald's Latvia for an area measuring 626m^2. The lease expires in 2023 and rent receivable is based on a percentage of net annual sales. The remaining area is leased to three other tenants for use as office space or commercial activity. Each of the aforesaid lease agreements specifies a fixed rental charge per square metre and the contractual period ranges from three to ten years.

Commercial & office building – Merkela Street, Riga, Latvia

In addition to the above-mentioned building, the Company owns a parcel of land in Latvia valued at €82,000 (FY2020: €82,000). The fair value has been determined based on independent certified expert's valuation dated 26 January 2018.

[3] In section 4 of the financial analysis summary dated 2 June 2022, the rentable space was incorrectly stated at 3,880m^2.

5. SIA BALTIC CONTAINER TERMINAL

5.1 Introduction

BCT is a private limited liability company incorporated and registered in Latvia. The company was incorporated on 26 March 1996 and is principally engaged in the provision of port and related services at the port of Riga. BCT operates at the Riga Free Port No. 48 under a port concession license issued by the Riga Free Port Authority which expires on 22 March 2047. Apart from the license, the company had entered into a real estate purchase agreement on 30 April 2003 whereby the Riga Free Port Authority sold to BCT, which acquired, full ownership of all yards within the boundaries of the BCT terminal (excluding the quay), together with all underlying communications, warehousing facilities, parking and paved areas surrounding said warehouses, and covered rail ramps.

SIA Baltic Container Terminal

The Freeport of Riga is a regional port that services cargo vessels operating in the Baltic region, particularly in trade with the Commonwealth of Independent States (CIS). Mariner's BCT covers 57 hectares on an island at the mouth of the river Daugava with favourable navigation at the terminal all year round with no tide to influence its 24/7 operation. The terminal enjoys optimum connectivity by rail and road to the major cities of the four countries that border Latvia: Russia, Estonia, Lithuania and Belarus.

5.2 Market and Competition

The BCT container terminal is located at the mouth of the river Daugava which runs through the centre of Latvia's capital Riga. Its favourable geographical location and good, direct access via road and rail to its market hinterland make it strategically located to serve as a gateway to meet container traffic demand to and from the main industrial centres of Russia and other destinations including Moscow, Kaluga, Novgorod, St Petersburg, Minsk, Kiev, Vilnius, Tallinn, Almaty and Tashkent.

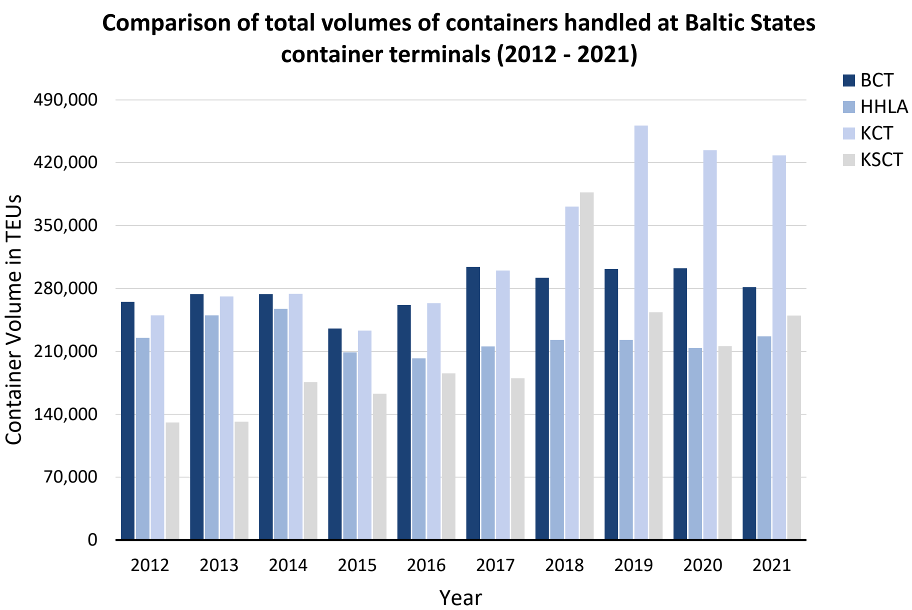
Latvia is a fast-developing country located on the south-east coast of the Baltic Sea in the centre of the Baltic States (Lithuania, Latvia and Estonia). It represents the financial hub of the three nations and its favourable geopolitical environment provides excellent business opportunities for the four major markets bordering Latvia - Belarus, Estonia, Lithuania and Russia.

The standing of Russia in the region has been disrupted since February 2022 following its invasion of Ukraine and the subsequent sanctions implemented by the international community which effectively cut-off the country from most Western production inputs.

There are three main ports in Latvia - Venstpils, Riga and Liepaja - and these are mainly involved in transit cargo. The Freeport of Riga is by far the major container-handling port in Latvia. Moreover, BCT is the only specialised container terminal within the port. There are two other terminals - Riga Central Terminal (RCT) and Riga Universal Terminal (RUT) - which handle relatively small volumes of containerised cargo, though their main fields of activity are in the handling of general and bulk cargoes. As a specialised container terminal BCT is better equipped in terms of infrastructure, superstructure and workforce to efficiently and productively handle containers.

In addition to RCT and RUT, BCT's other competitors comprise specialised container terminals which are located in the neighbouring Baltic States and other eastern Baltic countries. These include: Klaipeda Container Terminal (KCT) and Klaipeda Smelte Container Terminal (KSCT) in Klaipeda, Lithuania; HHLA Muuga (formerly Transiidikeskuse) (HHLA) in Tallinn, Estonia; the container terminals within the Port of St. Petersburg, Russia, and; Palokangas - EU Container Terminal and Mussalo Container Terminal within HaminaKotka Port, Finland.

KCT, KSCT and HHLA, located in the neighbouring Baltic States represent the most direct form of competition to BCT due to their similar geographical locations, hinterland markets, inland connections, geopolitical environment and general terminal facilities. Below is a comparison of BCT with its direct competitors for the financial years 2012 to 2021.



5.3 Principal Activities

BCT commenced activities on 1 May 1996, subsequent to the restructuring of a state-owned company, Riga Trade Port. It operates over an area of *circa* 557,000m^2. The BCT terminal has an annual container handling capacity of *circa* 450,000 TEUs[4], and offers the following services:

- **Quay-side operations** – including the berthing of vessels for the loading and/or unloading of containerised cargo using four ship-to-shore gantry cranes. A fifth ship-to-shore gantry crane was delivered during 2020. Quay operations are supported by a variety of yard and interface equipment which includes reach stackers, rail-mounted gantries as well as various tractors, trailers and forklifts.
- **Yard operations** – the terminal has a container storage yard comprising a capacity of *circa* 20,000 TEUs. In addition, the yard has 500 reefer points, that is, electrical outlets for the storage of temperature-controlled containers.
- **Gate and rail operations** – including the transfer of containers between the container terminal and inland road and rail networks. BCT has direct access to both road and rail networks, and operates its own rail handling facility which can service up to 64 rail platforms simultaneously.
- **Warehousing** – the terminal has *circa* 20,400m^2 of covered warehousing space for the storage of general cargo. The warehouse facilities have direct access to the rail and road networks for more efficient distribution of cargo. In January 2020, BCT completed development of further warehouse facilities, thereby increasing capacity by an additional 11,000m^2.
- **Ancilliary activities** – a wide range of value-added services are provided at the container terminal due to an optimised integrated logistics chain. Through a container freight station, the terminal offers the service of, amongst others, stuffing and stripping of containers (packing/unpacking). In addition, BCT also provides engineering services for the repair of damaged containers.

Of the activities outlined above, the principal business at BCT is quay-side operations (the loading and unloading of containers), which in H1 2022 represented 68% of total revenue generated by the company (FY2021: 65%).

As an important node within the region's logistics network, BCT's clients include shipping lines, freight forwarders, third party logistics service providers, liner agents, inland carriers (such as road haulage companies), as well as end-customers. The container terminal services some of the world's largest shipping lines which call directly at the terminal as well as other shipping lines that use common feeder services. These include Maersk Line, Compagnie Maritime d'Affretement – Campagnie Generale Maritime (CMA-CGM) and Mediterranean Shipping Company (MSC), Unifeeder and Cosco (including Orient Overseas Container Line [OOCL]), as well as Evergreen, ONE and HMM. BCT has strong relationships with all the major shipping lines and their local representatives and strives to maintain good relations with both existing and potential clients.

[4] TEU is the abbreviation for twenty-foot equivalent unit, a standard measure for a container for transporting goods, used to calculate how many containers a ship can carry, or a port can deal with.

5.4 Operational Performance

The following table sets out the highlights of BCT's operating performance for the years indicated therein.

SIA Baltic Container Terminal Statement of Comprehensive Income for the year ended 31 December	2019 Actual €'000	2020 Actual €'000	2021 Actual €'000	2022 Forecast €'000	2023 Projection €'000
Revenue	16,614	15,832	14,717	17,744	19,164
Other operating income	131	232	252	-	-
Net operating expenses	(8,187)	(7,941)	(7,672)	(9,087)	(9,497)
EBITDA*	**8,558**	**8,123**	**7,297**	**8,657**	**9,667**
Depreciation and amortisation	(1,579)	(2,058)	(2,200)	(2,179)	(2,192)
Net interest income/(cost)	1	(125)	(24)	(172)	25
Profit before tax	**6,980**	**5,940**	**5,073**	**6,306**	**7,500**
Taxation	(70)	(244)	(272)	(241)	(241)
Profit after tax	**6,910**	**5,696**	**4,801**	**6,065**	**7,259**
Comprehensive income:					
Revaluation, net of deferred tax	6,017	-	-	-	-
Total comprehensive income	**12,927**	**5,696**	**4,801**	**6,065**	**7,259**

** Please refer to Part 5 of this report entitled "Glossary of Alternative Performance Measures (APM)"*

Key Accounting Ratios	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast	FY2023 Projection
Revenue growth *(Revenue FY1/revenue FY0)*	1%	-5%	-7%	21%	8%
Operating profit margin *(EBITDA/revenue)*	52%	51%	50%	49%	50%
Net profit margin *(Profit after tax/revenue)*	42%	36%	33%	34%	38%

Source: MZ Investment Services Limited

Notwithstanding the global economic downturn caused by the pandemic, the number of TEUs handled by BCT in **FY2020** was broadly equal to the volume handled in the prior year (302,403 TEUs compared to 302,080 TEUs in FY2019). Revenue for the year amounted to €15.8 million, a decrease of €782,000 or -5% compared to FY2019. The reduction in revenue is mainly attributable to COVID-19 related discounts afforded to clients. As a result, EBITDA declined from €8.6 million in FY2019 to €8.1 million, and operating profit margin decreased by 1% to 51%.

Depreciation and amortisation charge was higher in FY2020 by €479,000 on account of an increase in property, plant and equipment. The company completed new warehouse facilities at the beginning of FY2020 and in July 2020 got delivery of a new gantry crane. Net profit achieved in FY2020 amounted to €5.7 million compared to €6.9 million in FY2019 (-18%).

In **FY2021**, BCT handled 281,568 TEUs compared to 302,403 TEUs in the prior year (-7%). This was mainly due to a shortage of containers in the first half of 2021 and increases in freight/shipping prices, following disruptions caused by the COVID-19 pandemic. In consequence, revenue for the year decreased by 7% from €15.8 million in FY2020 to €14.7 million in FY2021.

The decline in revenue impacted EBITDA by €0.8 million (y-o-y) which amounted to €7.3 million in FY2021 (FY2020: €8.1 million). Operating profit margin for the year decreased by 1 percentage point to 50% (FY2020: 51%).

Depreciation & amortisation was higher y-o-y by 7% to €2.2 million (+€142,000) and related to the commissioning of a new quay crane and a warehouse. This additional charge was partly offset by a decrease in net interest cost of €101,000 (y-o-y) to €24,000. Total comprehensive income in FY2021 amounted to €4.8 million compared to €5.7 million in FY2020 (-16%).

During H1 **2022**, BCT's operational performance improved on a comparable basis primarily due to a post COVID-19 pandemic recovery. Furthermore, the Russia-Ukraine conflict had a positive effect on volumes too with containers previously passing through Russia being diverted instead to Riga. Volumes handled at BCT in H1 2022 were 21.7% higher than those handled in the same period of the previous year.

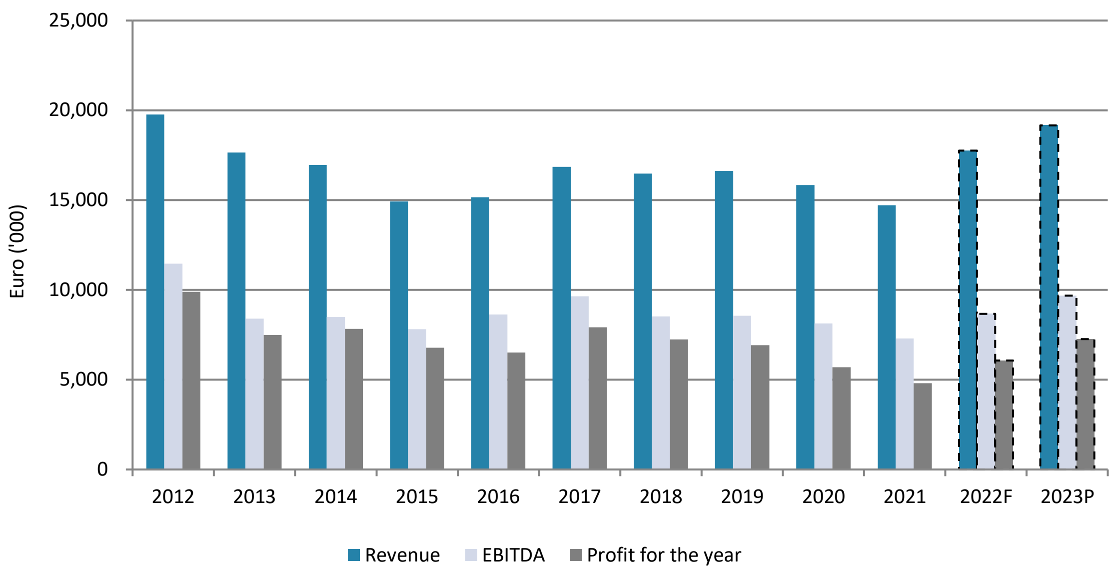
On an annual basis, BCT expects to handle approximately 331,000 TEUs in FY2022, an increase of 17% from the prior year. As such, revenue is projected to increase by €3.0 million (+21%) from €14.7 million in FY2021 to €17.7 million, while EBITDA is expected to amount to €8.7 million compared to €7.3 million in FY2021 (+19%). Overall, management is estimating BCT's total comprehensive income to amount to €6.1 million for the full year, an increase of €1.3 million from FY2021.

In **FY2023**, TEU volume is expected to grow by 4% to 344,000 TEUs (FY2022: 331,000 TEUs) while average revenue per TEU is projected to increase by 3.85%. As such, revenue generated by BCT is estimated to increase by €1.5 million, from €17.7 million in FY2022 to €19.2 million. EBITDA is projected to increase by 12% (+€1.0 million) to €9.7 million. The EBITDA margin is expected to remain stable at *circa* 50%.

Overall, total comprehensive income is forecasted to amount to €7.3 million in FY2023, an increase of €1.2 million (+20%) over FY2022. In consequence, net profit margin is expected to improve by 4 percentage points to 38%.

5.5 10-Year Operational Performance and Forecast

BCT Operational Performance



SIA Baltic Container Terminal for the year ended 31 December	2012 Actual €'000	2013 Actual €'000	2014 Actual €'000	2015 Actual €'000	2016 Actual €'000	2017 Actual €'000	2018 Actual €'000	2019 Actual €'000	2020 Actual €'000	2021 Actual €'000	2022 Forecast €'000	2023 Projection €'000
Revenue	19,761	17,647	16,950	14,924	15,156	16,838	16,475	16,614	15,832	14,717	17,744	19,164
EBITDA*	11,449	8,389	8,488	7,815	8,629	9,642	8,520	8,558	8,123	7,297	8,657	9,667
Profit for the year	9,884	7,495	7,818	6,770	6,501	7,913	7,232	6,910	5,696	4,801	6,065	7,259

	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast	FY2023 Projection
TEUs ('000)	265	274	274	235	262	304	292	302	302	282	331	344
Container revenue per TEU (€)*	75	64	62	64	58	55	56	55	52	52	54	56
EBITDA per TEU (€)*	43	31	31	33	33	32	29	28	27	26	26	28
TEUs growth *(TEUs FY1/TEUs FY0)*	0%	3%	0%	-14%	11%	16%	-4%	3%	0%	-7%	17%	4%
Revenue growth *(Revenue FY1/revenue FY0)*	-1%	-11%	-4%	-12%	2%	11%	-2%	1%	-5%	-7%	21%	8%
Operating profit margin *(EBITDA/revenue)*	58%	48%	50%	52%	57%	57%	52%	52%	51%	50%	49%	50%
Net profit margin *(Profit after tax/revenue)*	50%	42%	46%	45%	43%	47%	44%	42%	36%	33%	34%	38%

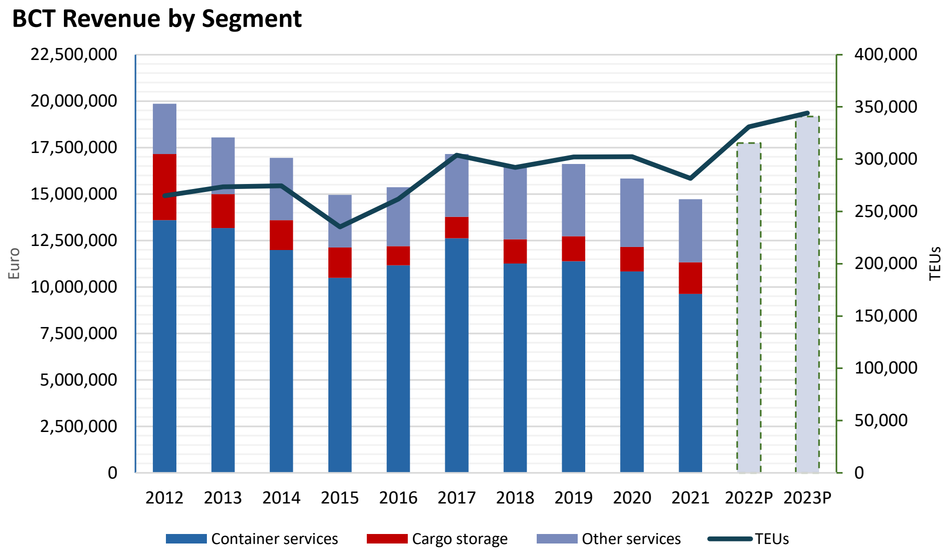
Source: MZ Investment Services Limited

** Please refer to Part 5 of this report entitled "Glossary of Alternative Performance Measures (APM)"*

Over the past 10 years, BCT's performance has been fairly consistent on y-o-y basis, whereby average revenue and average EBITDA for the said period amounted to €16.5 million and €8.7 million respectively. Compared to the last published financial information, actual revenue (FY2021: €14.7 million) was lower than average by 11% mainly due to supply constraints of containers, while actual EBITDA (FY2021: €7.3 million) was lower than average by 16%. Volumes handled by BCT in the reviewed period increased from *circa* 265,000 TEUs in FY2012 to *circa* 282,000 TEUs in FY2021 (the peak year in terms of volume was in FY2017 with 304,000 TEUs).

Competition has increased considerably over the years, which resulted in lower revenue and EBITDA per TEU being generated by BCT. In FY2021, the terminal generated total revenue and EBITDA per TEU of €52 and €26 respectively, compared to €75 and €43 respectively in FY2012. Notwithstanding increased competition, management has undertaken various measures to ensure that the company's EBITDA and profit margins are safeguarded through ongoing capital investment at the terminal (infrastructure, equipment, software, etc.) and implementation of operational efficiencies.

In FY2022 and FY2023, BCT's revenue is projected to surpass average revenue by 8% and 16% respectively (+€1.3 million and +€2.7 million respectively). EBITDA in FY2022 is expected to equal the average EBITDA of €8.7 million but register an 11% increase over average EBITDA in FY2023.



The above chart depicts BCT's revenue by segment. The principal activity of BCT is the handling (loading and unloading) of containers (blue bar) and during the last 10 years represented *circa* 70% of total revenue. Volume of containers (TEUs) has progressively increased from 265,000 TEUs in 2012 to 282,000 TEUs in 2021 (+6%). Notwithstanding, total revenue has decreased from €19.9 million in 2012 to €14.7 million (-26%). Due to the competitive and price-sensitive nature of BCT's industry, the company has been inclined to handle higher container volumes but generate less revenue per TEU. On a unit basis, BCT's revenue has declined from €75/TEU in 2012 to €52/TEU in 2021.

The chart shows a decline in 2015 of 14% (y-o-y) in the number of TEUs handled by BCT. This adverse movement was principally due to the geopolitical situation in Russia at the time and the depressed price of oil.

In view of the general improvement in economic conditions, but also supported by the sanctions on Russia due to the war in Ukraine which diverted container traffic from the port of St Petersburg to alternative terminals in the Baltics, BCT is projecting revenue per unit to increase to €54 and €56 in FY2022 and FY2023, and volume is expected to increase from 282,000 TEUs in FY2021 to 331,000 TEUs and 344,000 TEUs in FY2022 and FY2023 respectively. As such, BCT's revenue is expected to increase by 21% in FY2022 and 8% in the following year.

6. NEW INVESTMENT – MāRUPE PROPERTY

6.1 Overview

On 6 October 2022, the Company entered into a share purchase agreement, which agreement was subsequently amended, with Mariner Capital Limited, the Company's immediate parent company, pursuant to which Mariner Capital Limited agreed to sell and transfer to the Company the entire issued share capital which it held in SIA Mariner Logistics, and the Company agreed to accept and purchase the entire issued share capital of SIA Mariner Logistics. The consideration due by the Company to Mariner Capital Limited, in the amount of €7,238,931, shall be set-off against a receivable due by Mariner Capital Limited to the Company.

Following the completion of this transaction, SIA Mariner Logistics will become a wholly owned subsidiary of the Company, engaged principally in the operation and lease of real estate in Latvia.

SIA Mariner Logistics was incorporated in 2019 as a subsidiary of Mariner Capital Limited. It was set up to act as the parent and finance company of SIA Elipse BLC (Latvian registration number 40003706196) and SIA Elipse Centrs (Latvian registration number 40103987320), two entities incorporated and registered in Latvia.

SIA Elipse BLC was granted the right of use of a plot of land in the municipality of Mārupe, Riga, Latvia, by the Riga International Airport for a period of 49 years, due to expire in June 2054 (the "Mārupe Land"). SIA Elipse BLC developed a commercial property on the Mārupe Land, and thereafter operated same as a warehouse building with office space, two auxiliary buildings and an engineering building, covering a total area of 31,549m^2 (the "**Mārupe Property**").

The Mārupe Property is located on a site which is strategically located within the territory of the Riga International Airport in Latvia, with excellent road connections to Riga City Centre, Riga port, national highways and the Baltic highway network. It is also in close proximity to the planned Rail Baltic project, which will connect Riga International Airport to Riga City Centre and to other key cities in the Baltics.

In terms of a reorganisation agreement dated 4 November 2020, the Mariner Logistics sub-group underwent a group reorganisation whereby the subsidiaries of SIA Mariner Logistics, namely SIA Elipse BLC and SIA Elipse Centrs, were acquired by SIA Mariner Logistics, following which the two subsidiaries ceased to exist. As a result of the reorganisation, SIA Mariner Logistics acquired all the property, rights and liabilities of its subsidiary companies, and consequently acquired the right of use of the Mārupe Land and became the owner and operator of the Mārupe Property.

A loan agreement dated 1 March 2019 by and between SIA Mariner Logistics and Luminor Bank AS is secured by, *inter alia*, the assets of SIA Mariner Logistics. Such security interests include but are not limited to pledges over the Mārupe Property granted by SIA Mariner Logistics in favour of Luminor Bank AS.

The Mārupe Property is leased out to a total of 14 tenants, with five of said tenants accounting for 78% of the revenue generated by SIA Mariner Logistics. The warehouse with office premises with a total area of 9,593 sqm within the warehouse is leased out to a third party tenant until 1 June 2028, and the warehouse with an area of 4,443 sqm and locker room of 32 sqm is leased out to another key third party tenant until 31 March 2024. According to the lease agreements entered into with the other 12 tenants, covering a total area of 14,035 sqm, the leases are due to expire between 2023 and 2026, and are expected to be renewed thereafter. Two of the key leases due to expire in 2023 will be automatically extended for another one-year period under the same terms and conditions, unless either party objects to the extension. As at the date of this report, no such objection has been manifested by either the Group or the respective tenants.

An area of *circa* 10,145m^2 of the Mārupe Land has additionally been developed by SIA Mariner Logistics, which area is predominantly being operated as a car park. The remaining area of *circa* 19,080m^2 is, as at the date of this report, undeveloped land.

As at 1 September, 2022 the Mārupe Property was valued by an independent expert at €24,460,000, while the vacant area of *circa* 19,080 sqm (to be developed into additional logistics space and for which foundational works have been undertaken) was valued at €890,000, which together aggregate to a value of €25,570,000.

6.2 Financial Performance

The following financial information is extracted from the financial statements of SIA Mariner Logistics ("**ML**") for the year ended 31 December 2021.

SIA Mariner Logistics Statement of Total Comprehensive Income for the year ended 31 December	**2020 Audited €'000**	**2021 Audited €'000**
Rental income and other operating income	461	2,056
Net operating expenses	(140)	(655)
EBITDA	**321**	**1,401**
Depreciation & amortisation	(32)	(130)
Operating profit	**289**	**1,271**
Change in fair value of investment property	486	2
Investment income	462	-
Net finance costs	(739)	(610)
Profit before tax	**498**	**663**
Taxation	-	-
Profit after tax	**498**	**663**
Total comprehensive income	**498**	**663**

SIA Mariner Logistics Statement of Financial Position as at 31 December	2020 Audited €'000	2021 Audited €'000
ASSETS		
Non-current assets		
Property, plant and equipment	465	469
Investment property	21,198	21,200
Right-of-use assets	3,871	3,769
	25,534	25,438
Current assets		
Trade and other receivables	382	317
Cash and cash equivalents	262	246
	644	563
Total assets	**26,178**	**26,001**
EQUITY		
Equity and reserves		
Called up share capital	1,449	1,449
Retained earnings	327	989
	1,776	**2,438**
LIABILITIES		
Non-current liabilities		
Bank loans	15,350	-
Amounts due to related parties	2,827	2,676
Lease liability	3,907	3,836
Other non-current liabilities	178	179
	22,262	6,691
Current liabilities		
Bank loans	915	15,466
Amounts due to related parties	905	1,173
Lease Liability	81	84
Other current liabilities	239	149
	2,140	16,872
	24,402	**23,563**
Total equity and liabilities	**26,178**	**26,001**

SIA Mariner Logistics **Statement of Cash Flows** **for the year ended 31 December**	**2020** **Audited** **€'000**	**2021** **Audited** **€'000**
Net cash from operating activities	295	1,633
Net cash from investing activities	703	(27)
Net cash from financing activities	(896)	(1,622)
Net movement in cash and cash equivalents	**102**	**(16)**
Cash and cash equivalents at beginning of year	160	262
Cash and cash equivalents at end of year	**262**	**246**

ML's revenue in 2021 amounted to €2.1 million, mainly generated from leases of commercial space in the Mārupe Property described earlier in this report. Comparative information for 2020 is not representative as ML acquired the Mārupe Property and associated rental business with effect on 30 September 2020. As such, financial information for 2020 covers the period from 1 October 2020 to 31 December 2020. After accounting for operating expenses and finance costs, ML reported total comprehensive income for 2021 of €663,000 compared to €498,000 in 2020.

Shareholder's equity as at 31 December 2021 amounted to €2.4 million.

Assets amounted to €26.0 million in 2021 and principally comprised the Mārupe Property amounting to €21.2 million and right-of-use assets of €3.8 million. The Mārupe Property is situated on a leased plot and as such ML reflects the right-of-use asset and lease liability in accordance with accounting standards. The average remaining term of the lease is 49 years.

Liabilities as at 31 December 2021 mainly included a bank loan of €15.5 million which repayment date was extended from 28 February 2022 to 28 February 2027. In addition, an amount of €3.8 million related to interest-bearing loans due to related parties.

7. ECONOMIC ANALYSIS - LATVIA[5]

Latvia's 2022 growth spurt is set to be cut short by an inflation surge and a slowing global economy. The doubling of energy prices ahead of the coming heating season is projected to make households scale back on consumption likely resulting in negative quarterly GDP growth around the year change. In 2023, consumption is expected to partially recover once the heating season is over. However, by that time a slowing external environment is forecast to weigh on Latvia's exports. A pick-up in EU-funded investments is expected to give a boost to public investment in both 2023 and 2024. Energy price growth is forecast to peak before 2023 and services prices are forecast to gradually become the main inflation driver during the forecast horizon. The general government deficit is set to decrease to 3.4% of GDP in 2023 and further to 1.4% in 2024.

2022 started with a strong growth in exports and a recovery in private consumption that was driven by a lifting of the pandemic-related restrictions to economic activity. However, growth is expected to slow in the second part of the year as household disposable incomes shrink amid surging energy prices and exports face headwinds from slowing foreign demand. Overall, on the back of the strong growth in the first half of the year, GDP growth for 2022 is forecast at 1.9%.

In 2023, GDP growth is expected to decline by 0.3%. While the end of the heating season is likely to provide a boost to consumption, this is expected to be a mild increase amid still high energy prices and depleted household savings. Similarly, weakened real disposable incomes and slowing construction and manufacturing elsewhere in the EU means exports are also set to struggle. Private investment growth is forecast to slow amid dwindling savings and rising interest rates. However, clearing of the backlog of EU funded projects should provide a timely boost to public investments keeping the economy out of a recession in 2023.

In 2024, growth is expected to pick up to 2.6%. A stabilisation in energy prices is set to provide relief for household budgets and hence foster their consumption. EU-funded investments are expected to have gathered pace by then and private investment would benefit from a relief in construction materials' prices, although higher interest rates are set to dampen household investment. Export growth is expected to continue struggling amid weak growth in Europe and a global investment slowdown, which is forecast to reduce demand for Latvia's sizeable timber industry. Import growth is expected to follow demand dynamics and after a significant slowdown in 2023 it is forecast to pick up in 2024.

In 2022, HICP[6] inflation is forecast to reach 16.9%, but it is expected to peak before the end of 2022 as the full increase in wholesale energy prices is assumed to have been passed on to consumers by then. However, energy prices are expected to remain elevated throughout 2023 and combined with knock-on effects to non-energy prices, inflation is projected at 8.3%. By 2024 energy prices are expected to begin falling, but services price inflation supported by strong wage growth is set to take over as the main inflation driver.

[5] European Economic Forecast – Autumn 2022 (European Commission Institutional Paper 187 Nov '22);
[6] Harmonised Index of Consumer Prices.

PART 2 – GROUP PERFORMANCE REVIEW

8. CONSOLIDATED FINANCIAL INFORMATION

The following financial information is extracted from the consolidated financial statements of Mariner Finance p.l.c. (the "**Group**") for the years ended 31 December 2019 to 31 December 2021. The projected financial information for the years ending 31 December 2022 and 31 December 2023 has been provided by management of the Company.

The projected financial statements relate to events in the future and are based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between projected and actual results may be material.

Mariner Finance p.l.c. Statement of Total Comprehensive Income for the year ended 31 December	2019 Actual €'000	2020 Actual €'000	2021 Actual €'000	2022 Forecast €'000	2023 Projection €'000
Revenue	16,614	15,832	14,717	17,744	19,164
Rental income - Merkela property	456	368	261	316	347
Rental income - Mārupe property	-	-	-	-	2,269
Net operating expenses	(8,486)	(8,289)	(7,730)	(9,388)	(10,680)
EBITDA*	**8,584**	**7,911**	**7,248**	**8,672**	**11,100**
Depreciation & amortisation	(1,579)	(2,058)	(2,252)	(2,183)	(2,326)
Operating profit	**7,005**	**5,853**	**4,996**	**6,489**	**8,774**
Loss on revaluation of investment property	-	(463)	(209)	-	-
Net finance costs	(1,785)	(1,905)	(1,888)	(2,112)	(3,281)
Profit before tax	**5,220**	**3,485**	**2,899**	**4,377**	**5,493**
Taxation	(316)	(288)	(267)	(256)	(248)
Profit after tax	**4,904**	**3,197**	**2,632**	**4,121**	**5,245**
Other comprehensive income:					
Revaluation, net of deferred tax	6,017	-	-	-	-
Total comprehensive income	**10,921**	**3,197**	**2,632**	**4,121**	**5,245**

** Please refer to Part 5 of this report entitled "Glossary of Alternative Performance Measures (APM)"*

Key Accounting Ratios	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast	FY2023 Projection
Operating profit margin *(EBITDA/revenue)*	50%	49%	48%	48%	51%
Interest cover (times) *(EBITDA/net finance cost)*	4.81	4.15	3.84	4.11	3.38
Net profit margin *(Profit after tax/revenue)*	29%	20%	18%	23%	24%
Earnings per share (€) *(Profit after tax/number of shares)*	98.08	63.94	52.64	82.42	104.90
Return on equity *(Profit after tax/shareholders' equity)*	10%	6%	5%	8%	10%
Return on capital employed *(EBITDA/total assets less current liabilities)*	10%	9%	8%	9%	9%
Return on assets *(Profit after tax/total assets)*	5%	3%	3%	4%	4%

Source: MZ Investment Services Limited

During **FY2020**, the global economy experienced the impact of the COVID-19 pandemic. Such pandemic was unprecedented but its effect on the Group's business operations in the said year was minimal. In fact, both container volumes handled and occupancy levels within the Group's principal activities were similar to those of the previous year despite the pandemic. The only financial impact resulting from the pandemic was in the form of COVID-19 related discounts given to the Group's clients.

In 2020, revenue decreased by €782,000 or -5%, from €16.6 million in FY2019 to €15.8 million and rental income generated from the property in Latvia amounted to €368,000 compared to €456,000 in the prior year. Net operating expenses also decreased but not to the same extent as revenue (by -2%) which thus resulted in a 8% decline in EBITDA to €7.9 million (FY2019: €8.6 million).

Depreciation and amortisation charge was higher in FY2020 on a comparable basis by €479,000 on account of new property, plant & equipment. Furthermore, the carrying value of the property in Latvia was reduced by €463,000. As such, profit after tax in FY2020 amounted to €3.2 million, a decrease of €1.7 million (-35%) compared to €4.9 million generated in the previous year.

The Group's revenue in **FY2021** amounted to €14.7 million, a decrease of 7% or €1.1 million from the prior year. As explained in section 5.4 of this report, the decline was mainly attributable to a shortage of containers in the first half of 2021 and increases in freight/shipping prices. Rental income was lower on a y-o-y basis by €43,000 to €561,000.

EBITDA generated in FY2021 amounted to €7.2 million compared to €7.9 million in FY2020 (-8%), while operating profit margin was lower by 1 percentage point to 48%. Notwithstanding the decline in EBITDA, interest cover remained strong at 3.84 times (FY2020: 4.15 times).

The Group aims to deliver a return on capital employed above the level of its cost of funding. The return on capital employed as at year end stood at 8% (FY2020: 9%).

Due to the impact of the pandemic, the carrying value of investment property was impaired by €209,000 (FY2020: loss on revaluation of €463,000). Depreciation & amortisation was higher by €194,000 primarily on account of the commissioning of a new quay crane and a warehouse at BCT. No material changes were noted in investment income and taxation. Overall, total comprehensive income was lower by €565,000 from €3.2 million in FY2020 to €2.6 million in FY2021 (-18%). The Group achieved a net profit margin of 18% in FY2021 compared to 20% in the previous year.

In **FY2022**, the Group is projected to achieve a 21% increase in revenue to €17.7 million (FY2021: €14.7 million) mainly in view of the increase in volume handled at the terminal in H1 2022, which trend is expected to continue at least for the rest of the current financial year.

Operating profit margin is expected to remain stable at 48% and accordingly, the Group is projected to report an EBITDA of €8.7 million in FY2022 compared to €7.2 million in FY2021 (+20% or €1.5 million). Interest cover is expected to improve from 3.84 times in FY2021 to 4.11 times due to a projected increase in EBITDA.

In consequence of the above-mentioned increase in operational activities, profit after tax is projected to amount to €4.1 million, an increase of 57% or €1.5 million over the prior year (FY2021: €2.6 million).

The projections for **FY2023** assume that the acquisition of SIA Mariner Logistics is completed at the beginning of FY2023.

Revenue generated from terminal operations is expected to increase y-o-y by 8% to €19.2 million (FY2022: €17.7 million) on account of improving business conditions. In addition, rental income of €2.3 million is projected to be generated from the Mārupe Property pursuant to the consolidation of SIA Mariner Logistics. In consequence, EBITDA is expected to increase by €2.4 million (+28%) from €8.7 million in FY2022 to €11.1 million which will in turn increase operating profit margin by 8 percentage points to 51%.

Due to the projected increase in outstanding bonds from €35 million to €55.4 million and consolidation of SIA Mariner Logistics' bank borrowings, net finance costs are expected to increase from €2.1 million in FY2022 to €3.3 million. As such, interest cover is expected to decline from 4.11 times in FY2022 to 3.38 times.

The Group expects to report a profit after tax of €5.2 million in FY2023 compared to €4.1 million in the prior year (+27%). Such higher earnings will result in a higher return on shareholders' equity (from 5% in FY2021 to 10% in FY2023). The return on capital employed and on assets is projected to remain stable from the last published financial statements at 9% and 4% respectively.

Mariner Finance p.l.c. Statement of Financial Position as at 31 December	2019 Actual €'000	2020 Actual €'000	2021 Actual €'000	2022 Forecast €'000	2023 Projection €'000
ASSETS					
Non-current assets					
Intangible assets	13,800	13,746	13,703	13,661	13,879
Property, plant and equipment	48,737	44,996	43,569	44,838	52,462
Investment property	5,115	4,652	4,443	4,443	29,013
Right-of-use assets	2,538	8,265	7,938	7,611	10,822
Loans and receivables	20,583	23,796	27,970	28,271	17,853
	90,773	95,455	97,623	98,824	124,029
Current assets					
Loans receivable	-	750	414	385	434
Inventories	465	438	455	473	492
Trade and other receivables	3,457	2,980	3,216	3,010	3,629
Cash and cash equivalents	615	727	640	2,352	13,930
	4,537	4,895	4,725	6,220	18,485
Total assets	**95,310**	**100,350**	**102,348**	**105,044**	**142,514**
EQUITY					
Equity and reserves					
Called up share capital	500	500	500	500	500
Other equity and reserves	17,470	17,470	17,470	17,470	17,470
Retained earnings	29,130	32,327	34,960	35,746	37,187
	47,100	**50,297**	**52,930**	**53,716**	**55,157**
LIABILITIES					
Non-current liabilities					
Bank loans and other financial liabilities	2,041	349	42	2,192	14,362
Bonds	34,648	34,717	34,789	34,873	43,232
Lease liability	2,535	6,304	5,604	4,795	7,895
Other non-current liabilities	274	341	302	302	1,880
	39,498	41,711	40,737	42,162	67,369
Current liabilities					
Bank loans and other financial liabilities	6,323	5,227	5,721	5,730	4,802
Bonds	-	-	-	-	12,195
Lease Liability	49	697	700	809	826
Other current liabilities	2,340	2,418	2,260	2,627	2,165
	8,712	8,342	8,681	9,166	19,988
	48,210	**50,053**	**49,418**	**51,328**	**87,357**
Total equity and liabilities	**95,310**	**100,350**	**102,348**	**105,044**	**142,514**

Key Accounting Ratios	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast	FY2023 Projection
Gearing ratio *(Net debt/net debt and shareholders' equity)*	49%	48%	47%	46%	56%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	0.96	0.93	0.87	0.86	1.26
Net debt to EBITDA (years) *(Net debt/EBITDA)*	5.24	5.89	6.38	5.31	6.25
Net assets per share (€) *(Net asset value/number of shares)*	942.00	1,005.94	1,058.60	1,074.32	1,103.14
Liquidity ratio (times) *(Current assets/current liabilities)*	0.52	0.59	0.54	0.68	0.92

Source: MZ Investment Services Limited

Total assets as at 31 December **2021** amounted to €102.3 million, an increase of €2.0 million from a year earlier. The primary movements included an increase in loans & receivables of €4.2 million and a decrease of €1.4 million in property, plant & equipment.

Total liabilities decreased y-o-y by €0.6 million, mainly on account of an increase in bank borrowings of €0.2 million and a reduction in lease obligations amounting to €0.7 million (reflecting annual lease payments).

Equity increased by the net profit of the year of €2.6 million, from €50.3 million in FY2020 to €52.9 million in FY2021. The gearing ratio improved by 1 percentage point to 47% (FY2020: 48%).

During the year under review, the liquidity ratio weakened from 0.59 times in FY2020 to 0.54 times in FY2021.

For the year ending 31 December **2022**, the Group does not anticipate any major changes to its financial position. Total assets are projected to amount to €105.0 million (FY2021: €102.3 million) mainly on account of an increase in property, plant & equipment and cash balances of €1.3 million and €1.7 million respectively.

Total liabilities are expected to increase by €1.9 million to €51.3 million, and principally comprise bank loans and bonds amounting to €42.8 million and lease liability of €5.6 million. The gearing ratio of the Group is projected to decrease y-o-y by 1 percentage point to 46%.

The Group's statement of financial position as at 31 December **2023** includes the consolidation of the assets and liabilities of SIA Mariner Logistics and a net increase in bonds of €20.55 million.

Total assets are projected to increase by €37.5 million mainly on account of:

i) the increase in property, plant & equipment of €7.6 million (net of depreciation charge) includes capital expenditure by BCT of approx. €3.0 million and *circa* €5.5 million is earmarked for the development of a new warehouse at ML and installation of solar panels on the roof of the existing warehouse (scheduled for completed in FY2024 at an estimated cost of €9.0 million);
ii) the increase of €24.6 million in investment property relates to the fair value of the Mārupe Property;
iii) the increase in right-of-use assets and lease liabilities of €3.2 million and €3.1 million respectively refer to the existing lease of land of ML;
iv) the decrease of €10.4 million in loans and receivables reflects: (i) the reduction of €7.2 million in balances due from Mariner Capital Limited as consideration for the acquisition of SIA Mariner Logistics; and (ii) the elimination upon consolidation of *circa* €3.5 million in loans between ML and BCT;
v) the increase in projected cash balances to €11.6 million (FY2022: €2.4 million) is explained further in the commentary on the cash flow statement.

During the projected year under review, the liquidity ratio should improve from 0.68 times in FY2022 to 0.92 times in FY2023.

Total liabilities are projected to increase by €36.0 million (y-o-y), which movement is expected to emanate primarily from changes in borrowings and other financial liabilities.

In FY2023, bank borrowings and other financial liabilities are projected to increase by €11.2 million mainly on account of existing bank loans of ML.

Bonds are expected to increase from €35 million in FY2022 to €55.4 million in FY2023 on the assumption that 65% of current bondholders will exchange their bonds for new bonds. The remaining outstanding portion of existing bonds amounting to €12.25 million will be settled in June 2024 and therefore have been classified as current liabilities.

The gearing ratio of the Group is expected to increase by 10 percentage point in FY2023 to 56%. Using alternative measurements of leverage, net debt to equity is projected to increase from 0.86 times in FY2022 to 1.26 times in FY2023, while net debt to EBITDA will weaken to 6.25 years in FY2023 from 5.31 years in the prior year.

Net assets per share is projected to increase from €1,074 in FY2022 to €1,103 in FY2023.

Mariner Finance p.l.c. Statement of Cash Flows for the year ended 31 December	2019 Actual €'000	2020 Actual €'000	2021 Actual €'000	2022 Forecast €'000	2023 Projection €'000
Net cash from operating activities	5,600	6,160	4,432	6,780	6,808
Net cash from investing activities	(13,192)	(7,677)	(4,009)	(3,084)	(8,469)
Net cash from financing activities	7,044	1,629	(510)	(1,984)	13,239
Net movement in cash and cash equivalents	**(548)**	**112**	**(87)**	**1,712**	**11,578**
Cash and cash equivalents at beginning of year	1,163	615	727	640	2,352
Cash and cash equivalents at end of year	**615**	**727**	**640**	**2,352**	**13,930**
Free cash flow*	(1,473)	2,168	3,997	3,696	(8,900)

** Free cash flow is arrived at by deducting capital expenditure from cash generated from operating activities.*

Net cash inflow from operating activities in **FY2020** was higher on a comparable basis by €560,000 to €6.2 million (FY2019: €5.6 million), mainly on account of favourable movements in working capital.

Net cash outflow from investing activities amounted to €7.7 million in FY2020 compared to €13.2 million in FY2019. During the year, the Group's investment in property, plant and equipment amounted to €4.0 million (FY2019: €7.1 million), while net amounts advanced to parent company and related parties amounted to €3.8 million compared to €6.1 million in FY2019.

Net cash used in financing activities amounted to €1.6 million compared to cash inflows of €7.0 million in the prior year. The Group utilised the above-mentioned proceeds from the sale and leaseback transaction to repay a bank loan used to finance the said crane. As such, net repayment of bank loans in FY2020 amounted to €2.8 million (FY2019: net drawdowns of €7.1 million). On the other hand, the Group received proceeds from the sale and leaseback of a gantry crane amounting to €4.5 million.

Cash and cash equivalents as at 31 December 2020 amounted to €727,000 compared to €615,000 in FY2019.

In **FY2021**, net movement in cash and cash equivalents amounted to -€87,000 compared to a positive balance of €112,000 in FY2020.

Net cash from operating activities was lower by €1.8 million from the prior year which is reflective of the y-o-y decrease in volumes handled at BCT (FY2021: €4.4 million; FY2020: €6.2 million).

Net cash used in investing activities amounted to €4.0 million (FY2020: net outflows of €7.7 million) and mainly comprised net amounts advanced to parent company and related party of €3.6 million and capital expenditure amounting to €0.4 million.

Net cash used in financing activities amounted to €0.5 million compared to cash inflows of €1.6 million in FY2020. Such amount included lease liability payments and net drawdown of bank loans amounting to €0.7 million (outflow) and €0.2 million (inflow) respectively.

In view of the expected increase in EBITDA in **FY2022** and **FY2023**, net cash inflows from operating activities are expected to amount to €6.78 million and €6.81 million respectively compared to €4.43 million in FY2021. In the latter projected year, the Group will be in receipt of rent receivable from the Mārupe Property.

Net cash used in investing activities is projected to amount to €3.1 million in FY2022 and €8.5 million in FY2023, as further explained below.

BCT intends to invest €6.1 million in FY2022 and FY2023 mainly for the purposes of extending its quay and other terminal related expenditure. ML is planning to use €5.5 million in FY2023 to develop a new warehouse and a solar farm on the roof of the existing warehouse. Overall, purchase of property, plant and equipment is projected to amount to €3.1 million and €8.6 million in FY2022 and FY2023 respectively.

Net cash used in financing activities is expected to amount to €2.0 million in FY2022, reflecting lease liability payments of €0.8 million, dividend payments of €3.3 million and net drawdown of bank loans of €2.1 million.

In FY2023, net cash inflows from financing activities are projected to amount to €13.2 million. Cash inflows shall comprise net bond proceeds amounting to €20.3 million. Cash outflows are expected to include repayment of bank and other loans of €3.7 million, lease payments of €0.8 million and distribution of dividends of €2.6 million.

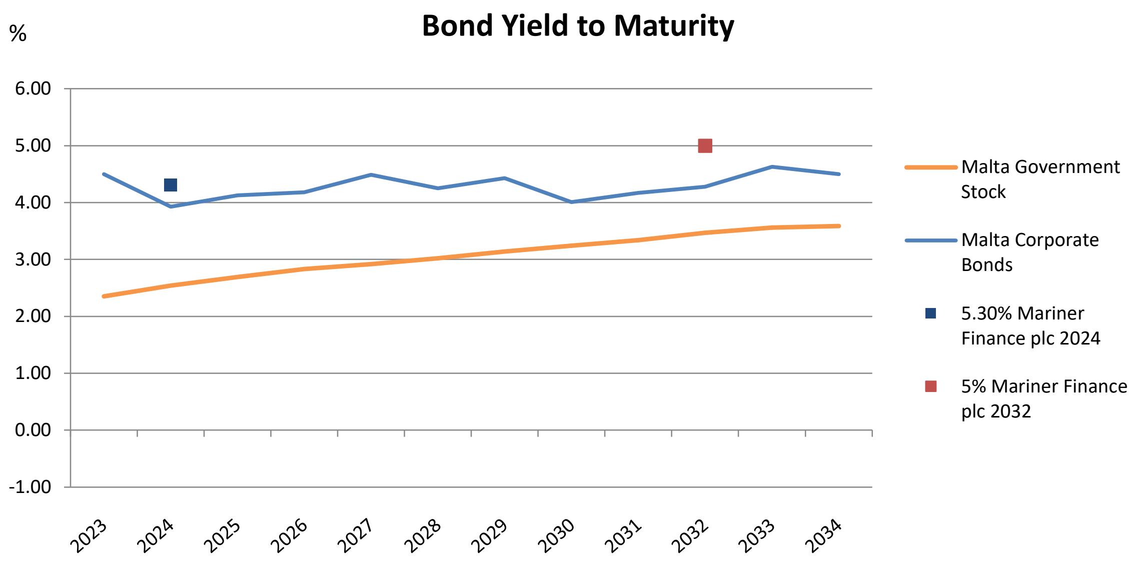
PART 3 – COMPARABLES

The table below compares the Group and its bond issues to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
4.25% GAP Group plc Secured € 2023	8,349,900	5.28	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.50	1.68	37,992	9,916	65.59
5.80% International Hotel Investments plc 2023	10,000,000	4.24	1.06	1,695,229	838,216	40.59
6.00% AX Investments Plc € 2024	40,000,000	3.21	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	4.91	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	**35,000,000**	**4.31**	**3.30**	**102,348**	**52,929**	**46.65**
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.93	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	5.10	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	9,137,200	2.99	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.70	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.64	1.06	1,695,229	838,216	40.59
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	5.09	52.47	155,313	70,709	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.13	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.18	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.57	0.83	1,863,456	899,566	40.81
4.00% International Hotel Investments plc Secured € 2026	55,000,000	4.57	1.06	1,695,229	838,216	40.59
3.75% Premier Capital plc Unsecured € 2026	65,000,000	4.03	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.13	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.25	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	4.22	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.60	4.60	349,955	142,068	27.22
4.00% Eden Finance plc Unsecured € 2027	40,000,000	4.49	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	4.23	3.25	362,955	235,392	26.66
4.00% Hili Finance Company plc Unsecured € 2027	50,000,000	4.25	4.48	727,669	154,632	71.84
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	4.25	4.48	727,669	154,632	71.84
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.36	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	4.67	4.48	727,669	154,632	71.84
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.75	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	4.47	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	4.08	-	238,228	78,698	63.41
5.00% Mariner Finance plc Unsecured € 2032	**44,000,000**	**5.00**	**3.30**	**102,348**	**52,929**	**46.65**
4.50% The Ona plc € 2028 - 2034	16,000,000	4.50	44.94	29,758	8,719	51.62

11-Nov-22

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd 11 November 2022

To date, there are no corporate bonds which have a redemption date beyond 2034. The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta.

The 2024 bonds are trading at a yield of 4.31%, which is 38 basis points higher when compared to other corporate bonds maturing in the same year. The premium over FY2024 Malta Government Stock is 177 basis points.

The 2032 bonds have a yield of 5%, which is 72 basis points higher when compared to other corporate bonds maturing in the same year. The premium over FY2032 Malta Government Stock is 153 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year.
Operating expenses	Operating expenses include the cost of terminal operations and management expenses in maintaining the investment property.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA 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.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.

Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Current assets are all assets of the Company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Company within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Non-current liabilities	The Company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Net assets per share	Total assets less total liabilities divided by the number of equity shares in issue.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current 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 a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.

PART 5 – GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES (APM)

The financial information included in this report includes certain measures to assess the financial performance of the Group's business that are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. Such measures comprise the following:

Container revenue per TEU

A TEU or Twenty-foot Equivalent Unit is a unit of measurement used to determine cargo capacity for container ships and terminals. This measurement is derived from the dimensions of a 20ft standardised shipping container. Because standard containers can be 20 or 40ft in length the capacity of a container ship can depend on the ratio of the two sizes.

BCT reports the volume of containers handled by the terminal in TEUs (port throughput). Container revenue per TEU is calculated by dividing annual revenue of BCT by total TEUs handled at the terminal during the same period.

EBITDA

EBITDA is calculated as operating income/(loss) after adding back depreciation and amortisation.

Management evaluates operating performance based on EBITDA and is done to give a more comparable basis for profitability. Also, it is a metric closer to net cash generation. Excluding revaluation of property, net finance costs and one-off transactions gives a more comparable year-on-year measure of trading performance.

EBITDA per TEU

EBITDA per TEU is calculated by dividing BCT's EBITDA by total TEU's handled at the terminal during the same period.