COMPANY ANNOUNCEMENT

MEDSERVREGIS P.L.C.
(THE **"COMPANY"**)

Updated Financial Analysis Summary

Date of Announcement	26 June 2023
Reference	293/2023
Capital Market Rule	CMR 5.16

Quote

The Company announces that it has updated the financial analysis summary to take into account the consolidated financial statements of the Company for the financial year ended 31 December 2022 and the forecasts for the financial year ending 31 December 2023.

The said update is available for inspection at the Company's registered office and on the Company's website: http://www.medservenergy.com/investor-relations

Unquote

Laragh Cassar
Company Secretary

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

26 June 2023

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 2020 to 2022 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 2023 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,

Vincent E Rizzo
Director

FINANCIAL ANALYSIS SUMMARY

Update 2023

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.

26 JUNE 2023

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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
MedOps	Medserv Operations Limited
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 2020, 2021 and 2022 and forecasts for financial year ending 31 December 2023.

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.

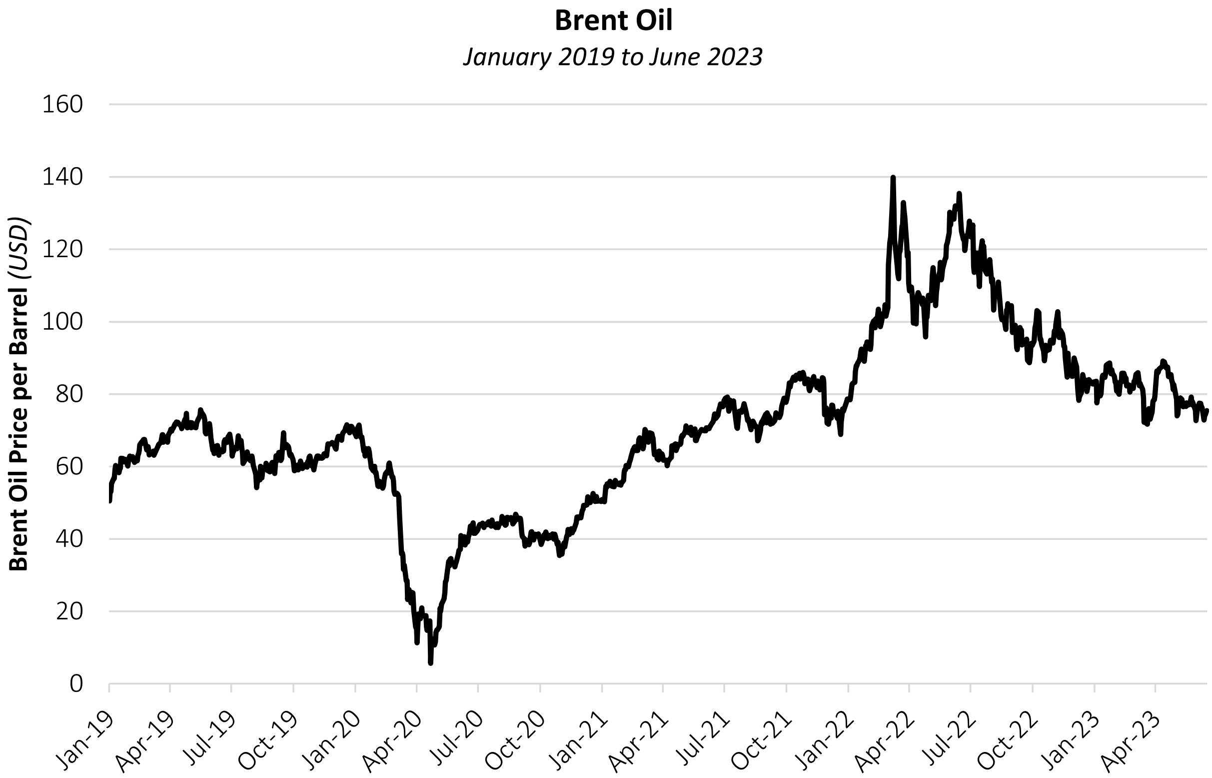
Previous FAS Issued

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)*

1 UPDATE ON THE OIL AND GAS INDUSTRY

The global oil and gas industry has faced very significant challenges in the past few years particularly with respect to the pandemic and the Ukraine war. In fact, as depicted in the chart below, the oil price slumped to multi-year lows in 2020 with the outbreak of the COVID-19 pandemic which severely dented demand for oil as various economies around the globe were subject to restrictive measures including lockdowns. Subsequently the price of oil recovered as economies reopened and began their journey towards normality and by the end of 2021, oil prices had exceeded the USD 80 level on the back of the pent-up demand.



Source: Refinitiv Eikon

Oil prices surged at the beginning of 2022 on the back of the uncertainty created by the start of Russia's war on Ukraine with Brent Oil reaching around the USD140 level for the first time since 2008. Subsequently, oil prices somewhat eased as supply concerns abated in line with western governments' efforts to seek alternative sources whilst the markets adjusted to the grim reality in Ukraine. Although the oil price somewhat normalised by the end of 2022, the spike in the early part of last year led to record profits and cash flows for the International Energy Companies ("**IECs**") which in turn spurred further investment.

Moreover, investment in upstream activities is expected to increase and reach their highest levels since 2015.[1] Such investments are supported by the need to substitute the oil and gas that was previously sourced from Russia[2] which is now 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.[3] Thus, the global oil and gas industry needs to build-up capacity to ensure that it can adequately serve the demand over the long-term given the long lead time of such projects.

Nonetheless, pitfalls and uncertainties still prevail in this intrinsically volatile industry. One of the main risks relates to the prevailing macro-economic environment whereby the risk of recession is on the increase as various central banks tighten their respective monetary policy (mostly by raising rates) in an attempt to control inflation. In fact, oil prices in 2023 have drifted back towards the USD70 level. On the other hand, earlier this month, Saudi Arabia announced its intention to reduce the country's oil output by 1 million barrels per day with effect from July over and above the output cuts related to the agreement between OPEC+ countries which has been extended up until the end of 2024. Nonetheless, these actions have until now had limited effect on the oil price.

Looking even further into the future, the main challenge of the oil and gas industry is the transition to cleaner energy. Nonetheless, 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. Moreover, low-carbon producing infrastructure doesn't necessarily have sustainable supply chains and therefore emissions and carbon intensity of building the required infrastructure for cleaner energy must be considered apart from cost considerations as prices for the required materials is rising in the prevailing inflationary environment.[4]

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[1] *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: 16 June 2023*

[2] *Deloitte, '2023 oil and gas industry outlook', https://www.deloitte.com/global/en/Industries/energy-chemicals/analysis/gx-oil-and-gas-industry-outlook.html - Accessed on: 16 June 2023*

[3] *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: 16 June 2023*

[4] *KPMG International, 'Oil and gas risk forecast for 2023', https://kpmg.com/xx/en/home/insights/2023/04/oil-and-gas-risk-forecast-for-2023.html – Accessed on: 16 June 2023*

2 KEY RECENT DEVELOPMENTS IN 2022 AND OUTLOOK FOR 2023

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 safe haven for the storage and mobilisation of oil field equipment employed by companies engaged in offshore Libya projects.

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 walls. MedservRegis will be acting as the logistics base for the development of new gas offshore structures for MOG. While technical design is being concluded, drilling will commence by the first half of 2024. In the meantime, ahead of the drilling campaign, oil field equipment and tubulars have already started being received at the Malta base. Furthermore, MOG issued a number of tenders in relation to this large project, which stipulate that Malta will be the base from which such operations need to be carried out.

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 FY2022 was in the region of €0.8 million, which is expected to be the same level achieved in FY2023. Management expects the contribution from this project to improve further once drilling offshore Libya resumes.

Also in 2020, the Company was awarded a contract by Eni to provide 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 with the option for Eni to extend for a further year. Moreover, MedservRegis was also awarded a contract by OMV AG (a multinational integrated oil and gas company headquartered in Vienna with operational activities in the onshore Murzuk and Sirte basin of Libya) to provide international freight forwarding services including the transportation of goods and drilling related equipment from global sites to specified locations in Libya through the facilities that MedservRegis has at the Malta Freeport. The framework agreement entered into force on 30 October 2020 and is for a duration of three years with the option to extend for a further two years.

During 2022, MedOps secured itself as a base for a new client which is a chemical manufacturing company that supplies several grades of bitumen, which will use the Malta shore base for transhipment of bitumen with the company's own fleet of tank-containers. MedOps will provide storage and berthing facilities under this agreement, as well as unloading and storage services for the client's bitumen stocks. The contract is for a period of five years, and is expected to result in annual revenues of €1.5 million.

Cyprus Operations

Eni and TotalEnergies have started drilling again in Block 6. Eni and TotalEnergies are collaborating together on this project with Eni, which holds a participating interest of 50% acting as the operator while TotalEnergies has the remaining 50%. The well was spudded at the beginning of May 2022 and was completed by the end of August 2022. Eni followed this with an additional second well (known as Zeus-1) which activity lasted until December 2022, with demobilisation concluded during the month of January 2023. This contract, set to expire during June 2023, has been renewed for a further 36-month period, with possible extensions of two one-year extensions.

The drilling campaign of ExxonMobil in Block 10 offshore Cyprus started in September 2021, while the drilling was completed by June 2022. The company has subsequently entered into appraisal phase of one of the wells off the coast of Cyprus, in order to assess the qualitative and quantitative characteristics of the reservoir and the potentials for development and commercialisation of the discovery. Medserv Cyprus signed a new 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.

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, which is expected to extend until August 2023, after which, there will be demobilisation.

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.

The Company secured two contracts (each having a term of 3 years and extendable by a further year) with BP Egypt in 2021 – the first one was awarded in January 2021 whilst the second contract was awarded in May 2021. Similar to the IEOC contract, the BP Egypt contract provides for fixed monthly rates for the provision of equipment and manpower.

Under the scope of the first contract with BP Egypt, the Company 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.

Morocco

In January 2023, Medserv International Limited was awarded a nine-month contract (with possible extensions) by a major IEC in relation to a short drilling campaign offshore Morocco, which is expected to last until October 2023. This new contract does not require any material capital expenditure since the company will be utilising the facilities of local partners in the delivery of this project.

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.

During February 2022, Marubeni was awarded a three-year tubing supply contract with Oman Oil in the North. Average materials will be 15,000 metric tonnes per year, and Marubeni used METS Sohar for the OCTG incoming management until customer call-off. The amount of OCTG handling at **Duqm** in FY2022 is expected to be a record high for the company, while that for FY2023 is expected to be aligned to historic averages.

As a result of these increasing volumes, in April 2023 METS Duqm has signed an additional site of 25,060 sqm in the Port of Duqm for a period of five years renewable for a further period of five years.

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 November 2022, METS UAE managed to obtain another machine shop licence which is expected to widen METS UAE's service offering of the machine shop, which can now handle both VAM and Tenaris threaded connections. Furthermore, in December 2022, the company purchased a new CNC machine that will increase the repairing capacity at the Hamriyah workshop following its commissioning (expected in August 2023).

Late in 2021, METS Dubai was awarded a three-year contract for the provision of machining services on a call out basis. Furthermore, during the second half of 2022, METS UAE, jointly with Petrasco, was awarded a 3-year freight forwarding contract by Dubai Petroleum.

For 2023, the company is expected to participate in additional tenders which aim to continue to improve on the margins and volumes of METS UAE.

METS Iraq

In 2022, the Iraqi operations of the METS division reported improvements in its revenue and EBITDA of 49% and 81% respectively over FY2021. This improvement results from the increase in machine shop orders as well as higher handling and storage income when compared to FY2021, particularly as the company benefitted from the VAM licence that it has.

During FY2022, the company managed to diversify its client base, which was originally focused primarily on BECL (previously BP Iraq). The contract with BCEL has been renewed in November 2022 for a period of five years – the first of its kind in terms of tenure offered by BCEL to its contractors, which indicate the level of trust that BCEL 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 March 2023, the company participated in a second tender, which was awarded thereto, of BECL for the provision of reclamation and repair of tubing services, which will also be for a term of 5 years.

In addition, METS Iraq has also been awarded a 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 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 2022 with rising oil prices and the gradual loosening of output cuts implemented when demand for oil collapsed in 2020. Management anticipates the level of business achieved in FY2022 will be retained in FY2023.

Mozambique Operations

The results of Regis Mozambique were characterised by the standstill in the oil and gas industry that started in the second half of 2022 and remains in place. Oil and gas activity in this African region is expected to resume towards the end of 2023 and the beginning of 2024.

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.

2022 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, RUL managed to secure other contracts which spun over to 2023, including:

- a work package for East Africa Pilings providing integrated lifting services installing conductor pipes at CNOOC's well pads. These works are cyclical in nature and line with CNOOC's overarching wellfield development plan;
- the provision to Mota-Engil on a call-off order basis for integrated lifting services in support of their development and construction activities around TOTAL's CPF; and
- the provision to Karmodbeta for part contracted / part on a call-off order basis for integrated lifting services for the construction of residential man-camps for TOTAL's construction related activities across the Tilenga project.

SOUTH AMERICA

The nearshore drilling campaign conducted by Suriname's national oil company was successfully completed during 2019. Since then, there were limited services provided by the Group in this region. The Group's business development team continues to actively pursue business opportunities in the region with particular focus on Guyana and Trinidad.

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 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	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

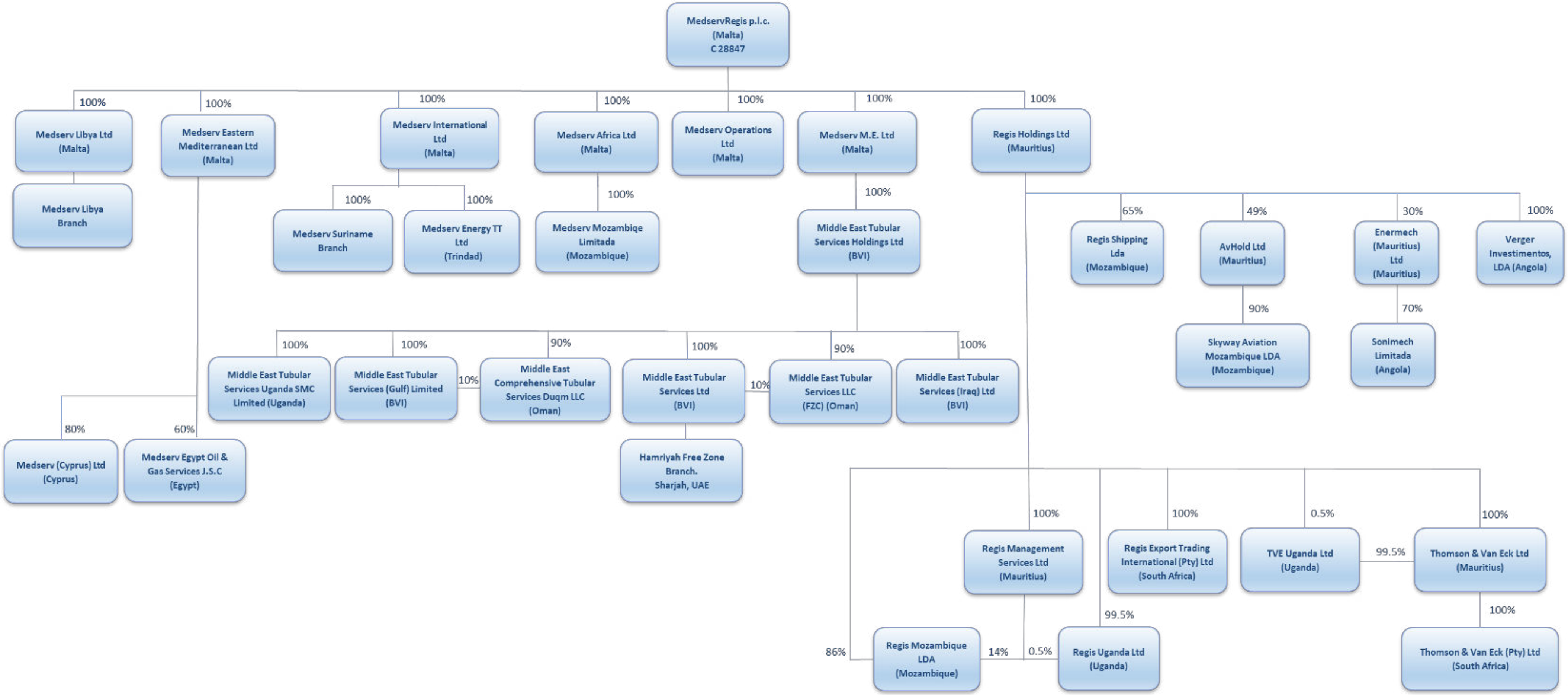
The Executive management of MedservRegis plc is composed of the following:

Executive Management	Role
Mr Anthony S. Diacono	Chairman
Mr David O'Connor	Chief Executive Officer
Mr Carmelo *sive* Karl Bartolo	Deputy CEO for Business and Operations
Mr Olivier Bernard	Deputy CEO for Finance, Administration, Investment and Trading
Mr Alessandro Roca	Group Finance Director
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

Mr. Godfrey Attard and Mr. Robert Bennett changed their roles as from 1 January 2023. Mr. Attard has relinquished the Group-related responsibilities and has since been responsible to provide day to day general management duties for Medserv Cyprus Limited. Mr. Attard will be retiring at the end of June 2023 after 15 years of service with the Company. Mr. Bennett has relinquished his role as Chief Business Development Officer and is now the Regional Manager for Sub-Saharan Africa.

5 Group Structure

The Group is composed of the Issuer, which is the holding company of several subsidiary companies, as shown in the organigram overleaf. MedservRegis plc is continuously working to cross-sell its services across the Group's various geographical locations and client base.



MedservRegis p.l.c.
(Malta)
C 28847
100%
Medserv Libya Ltd
(Malta)
Medserv Libya
Branch
100%
Medserv Eastern
Mediterranean Ltd
(Malta)
80%
Medserv (Cyprus) Ltd
(Cyprus)
60%
Medserv Egypt Oil &
Gas Services J.S.C
(Egypt)
100%
Medserv International
Ltd
(Malta)
100%
Medserv Suriname
Branch
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Medserv Energy TT
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Medserv Africa Ltd
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Medserv Operations
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Medserv M.E. Ltd
(Malta)
100%
Middle East Tubular
Services Holdings Ltd
(BVI)
100%
Middle East Tubular
Services Uganda SMC
Limited (Uganda)
100%
Middle East Tubular
Services (Gulf) Limited
(BVI)
10%
90%
Middle East
Comprehensive Tubular
Services Duqm LLC
(Oman)
100%
Middle East Tubular
Services Ltd
(BVI)
Hamriyah Free Zone
Branch.
Sharjah, UAE
10%
90%
Middle East Tubular
Services LLC
(FZC) (Oman)
100%
Middle East Tubular
Services (Iraq) Ltd
(BVI)
100%
Regis Holdings Ltd
(Mauritius)
65%
Regis Shipping
Lda
(Mozambique)
49%
AvHold Ltd
(Mauritius)
90%
Skyway Aviation
Mozambique LDA
(Mozambique)
30%
Enermech
(Mauritius)
Ltd
(Mauritius)
70%
Sonimech
Limitada
(Angola)
100%
Verger
Investimentos,
LDA (Angola)
100%
Regis Management
Services Ltd
(Mauritius)
100%
Regis Export Trading
International (Pty) Ltd
(South Africa)
0.5%
TVE Uganda Ltd
(Uganda)
99.5%
100%
Thomson & Van Eck Ltd
(Mauritius)
100%
Thomson & Van Eck (Pty) Ltd
(South Africa)
86%
Regis Mozambique
LDA
(Mozambique)
14%
0.5%
99.5%
Regis Uganda Ltd
(Uganda)

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 FY2020 €'000	Actual FY2021 €'000	Actual FY2022 €'000
Property, Plant & Equipment	27,736	36,052	33,335
Buildings & base Improvements	*13,338*	*13,846*	*12,899*
Plant & equipment	*9,845*	*18,743*	*16,567*
PV farm	*2,663*	*2,474*	*2,276*
Cargo carrying units	*1,300*	*575*	*382*
Furniture, fittings & office equipment	*302*	*306*	*355*
Motor vehicles	*53*	*108*	*118*
Assets not yet in use	*235*	*-*	*739*
Intangible Assets & Goodwill	9,836	21,108	16,905
Goodwill	*2,403*	*9,209*	*8,837*
Brands	*147*	*1,139*	*937*
Customer Relationships	*7,286*	*10,760*	*7,131*
Right-of-use assets	62,190	50,014	48,507
Total Major Assets	99,762	107,174	98,747
Total Assets	121,768	150,786	151,729
Major Assets as a % of Total Assets	***81.90%***	***71.10%***	***65.08%***

**Note: The statement of financial position for the year ending 31 December 2021 and 2022 have been produced taking into account the combination of the Medserv Group and the Regis Group, while the assets listed for FY2020 are of Medserv plc only.*

The Group's Property, Plant and Equipment ("**PPE**"), which includes those assets used in the operations of the Group and the Right of Use 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*) did not materially change between the end of FY2021 and FY2022, with the marginal declines relating primarily to depreciation charges or impairment losses incurred during the year.

The Intangible Assets & Goodwill were first recognised in FY2016 upon the acquisition and consolidation of the METS Group (OCTG segment). The intangible assets acquired in FY2016 consist mainly of acquired customer relationships and were being 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 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.

During FY2022, the Group impaired an amount equivalent to €2.1 million of the value of its intangible assets and goodwill, with the majority relating to customer contracts (€1.6 million). The impairment loss was mainly attributable to the Group's operations in Egypt and is the result of a number of factors acting in combination, namely the increase in the interest rates and the country risk premium leading to a significant increase in the discount rates used in carrying out the impairment assessments coupled with costs increases due to higher inflation and devaluation of the Egyptian pound against foreign currencies. This shortfall in Egypt has further triggered an impairment loss of €0.4 million and €0.2 million for the goodwill and the "Medserv" brand, respectively. The amortisation of the customer contracts during 2022 amounted to €2.1 million.

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 in FY2020 and to the MedservRegis plc results for FY2022.

Review of the performance of FY2020 of Medserv plc (prior to the share for share transaction) can be viewed at:

FAS dated 28 June 2021	*https://www.medservenergy.com/Fleximanager/Siteimages/editorupload/20210628142708897.pdf*

7 ISSUER PERFORMANCE & FINANCIAL POSITION OVERVIEW

This section provides an analysis of the FY2022 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 2023 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 FY2023, as described further in section 2 and below.

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.

for the year ended 31 December	Actual 2020*	Actual 2021	Actual 2022	Updated Forecast 2023
	€'000	*€'000*	*€'000*	*€'000*
Revenue	32,412	29,925	66,939	63,815
Cost of Sales	(21,178)	(17,112)	(43,828)	(37,162)
Gross Profit	**11,234**	**12,813**	**23,111**	**26,653**
Other income	2,214	1,769	1,096	263
Administrative expenses	(7,614)	(8,812)	(12,340)	(12,265)
Impairment loss on financial assets	(258)	(440)	(463)	(208)
Other expenses	(10)	-	-	-
Share of profit of equity-accounted investees		29	-	-
EBITDA	**5,566**	**5,359**	**11,404**	**14,443**
Depreciation	(7,974)	(4,382)	(7,627)	(7,624)
Impairment on PPE & intangible assets	(1,351)	(7,229)	(2,662)	-
Amortisation of Intangible Assets	(1,791)	(1,145)	(2,056)	(1,524)
Results from operating activities	**(5,550)**	**(7,397)**	**(941)**	**5,295**
Finance income	1,043	2,426	4,979	-
Finance costs	(5,044)	(2,390)	(4,015)	(4,266)
Net finance costs	*(4,001)*	*36*	*964*	*(4,266)*
Profit / Loss before tax	**(9,551)**	**(7,361)**	**23**	**1,029**
Tax credit / (expense)	756	58	522	(173)
Profit / (Loss) from continued operations	**(8,795)**	**(7,303)**	**545**	**856**
Profit from Discontinued Operations	-	100	-	-
Profit / (Loss) for the period	**(8,795)**	**(7,203)**	**545**	**856**

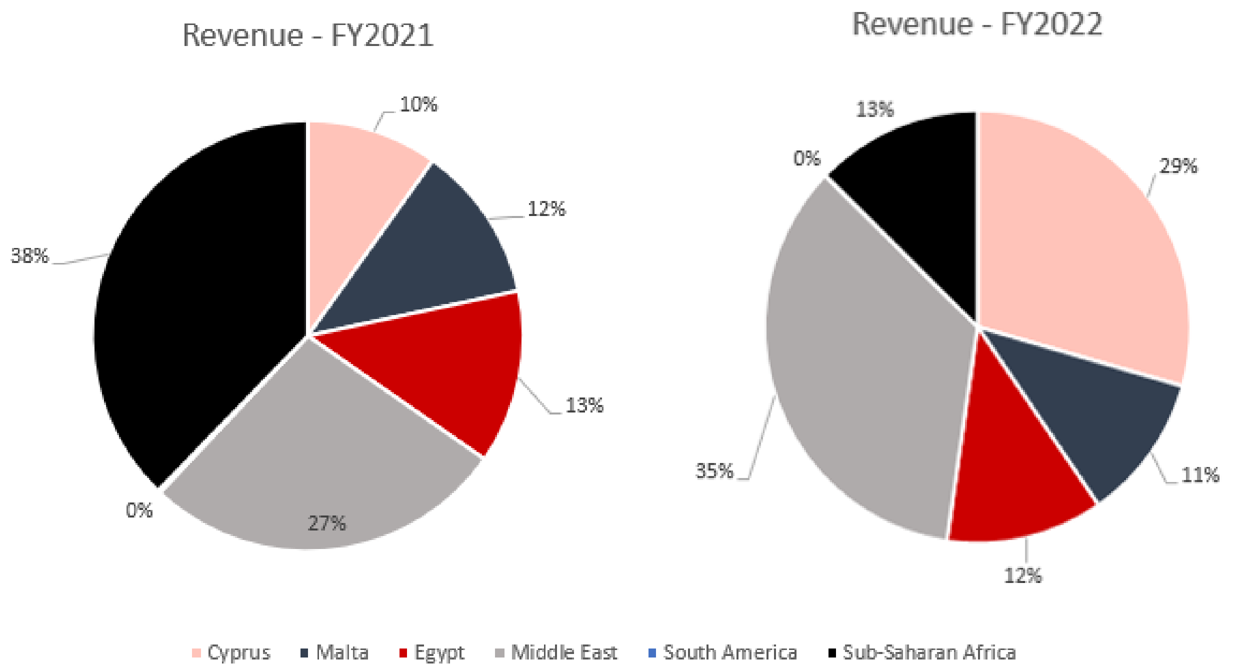
** FY2020 relate to the financial performance of Medserv plc before the share for share exchange.*

Depreciation and amortisation	Actual	Actual	Actual	Updated Forecast
for the year ended 31 December	2020	2021	2022	2023
Within:	*€'000*	*€'000*	*€'000*	*€'000*
Cost of Sales - PPE & Ias	(4,564)	(3,712)	(5,966)	(5,591)
Cost of Sales - Right of Use Asset	(4,702)	(1,729)	(3,653)	(3,493)
Administrative and other expenses	(499)	(86)	(64)	(64)
Total depreciation and amortisation	**(9,765)**	**(5,527)**	**(9,683)**	**(9,148)**

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 FY2022 and the forecasts for FY2023.

FY2022 Review

The Group's total revenues in FY2022 reached €66.9 million, reflecting the improved performance at the Cypriot subsidiary, which increased its contribution towards revenue by 19 percentage points, or €16.7 million in absolute terms in view of the additional scope of works and contracts secured by the company during the year.



The METS subsidiaries were also significant contributors to the Group's revenue, which increased to €23.4 million in FY2022. 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 in FY2022, which is similar to that for FY2021. The Group reported how in ILSS, it provided services to four international energy companies in FY2022, when compared to a maximum of two in previous years.

Revenue and EBITDA by Segment		ILSS *€'000*	OCTG *€'000*	PV Farm *€'000*	Trading Activity (discontinued) *€'000*	Total *€'000*
FY2020	Revenue	16,531	15,352	529	-	32,412
	EBITDA	256	4,781	529	-	5,566
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	38,511	24,844	460	-	63,815
	EBITDA	5,720	8,263	460	-	14,443

The cost of sales for FY2022 were higher in view of the combination of higher cost base as the Group was not immune to inflationary costs increases, as well as lower-margin contracts, resulting in a gross profit margin of 35% which is 8 percentage points lower than the gross profit margin generated in FY2021. Administrative expenses increased to €12.3 million, reflecting increases in staff complement due to growing pipeline, which however, for reasons mentioned in the introductory part of this section in relation to the reverse acquisition, is not comparable directly with FY2021.

EBITDA stood at €11.4 million for FY2022.

for the year ended 31 December	Actual 2020 *€'000*	Actual 2021 *€'000*	Actual 2022 *€'000*
EBITDA	**5,566**	**5,359**	**11,404**
Depreciation	(7,974)	(4,382)	(7,627)
Impairment on PPE & intangible assets	(1,351)	(7,229)	(2,662)
Amortisation of Intangible Assets	(1,791)	(1,145)	(2,056)
Results from operating activities	**(5,550)**	**(7,397)**	**(941)**

The financial performance in FY2022 was impacted by a depreciation charge of €7.6 million. Furthermore, amortisation of intangible assets of the Group came in at €2.1 million.

Impairments related to PPE were in relation to the PPE at MedOps, Regis Mozambique and Regis Uganda and amounted to €1 million in FY2022 (FY2021: €5.3 million). These impairments are net of an impairment reversal of €0.5 million following the disposal of the Group's remaining vessel (MV Regis Kaskazi) during FY2022. Impairments to the intangible asset class were €2.1 million for the year under review and were primarily in relation to the customer contracts portion (€1.6 million).

The Group generated a net of €1 million in other income comprising mainly exchange differences arising from operating activities less the reduction in the fair value of the financial assets at fair value through profit or loss. The Group holds a portfolio of equity shares, bonds and other securities classified as financial assets at fair value through profit and loss as these are held for trading purposes. These investments represent marketable and listed instruments which are highly liquid and the Group uses the market closing rates for the fair valuation of these instruments. The reduction in the fair value recognised in other income is the result of the declining global market prices during 2022.

The Group accounted for net finance income of €1 million as the foreign exchange gains and interest receivable from banks outweighed the interest charges and other finance costs of the Group. The foreign exchange gains came as a result of the strengthening of the USD against the Euro from 1.1332 as at 31 December 2021 to 1.0667 as at 31 December 2022. Furthermore, the Group sought to reduce its finance costs further during FY2022 by reducing the amount of the outstanding bonds on the Malta Stock Exchange (from €20 million to €13 million) and hedged its position against further increases in interest rates, which have materialised towards the end of FY2022 to date.

Overall, the Group registered a profit for the year of €0.5 million, compared to the net loss of €7.2 million in FY2021.

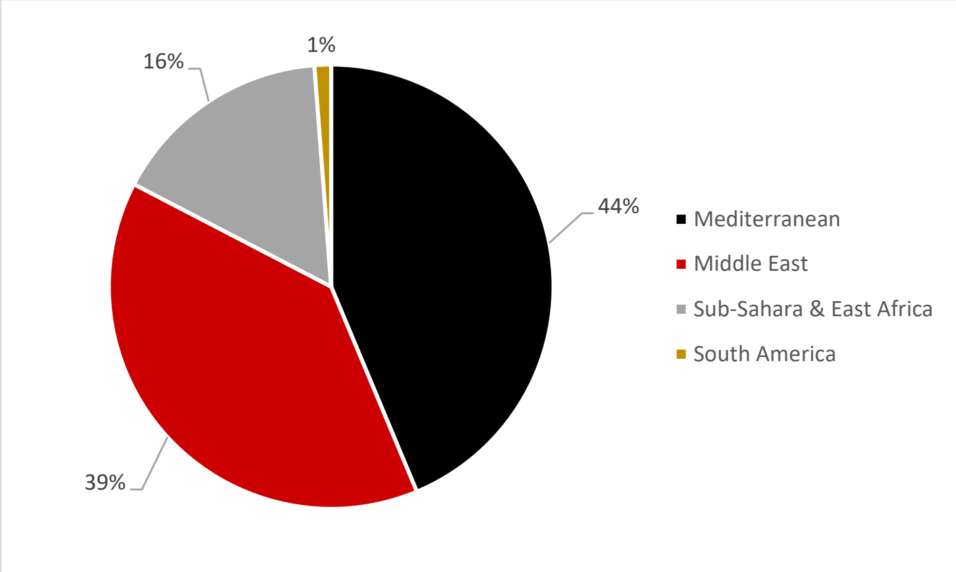
Updated Forecasts for FY2023

The updated FY2023 forecasts are based on the following key revenue drivers:

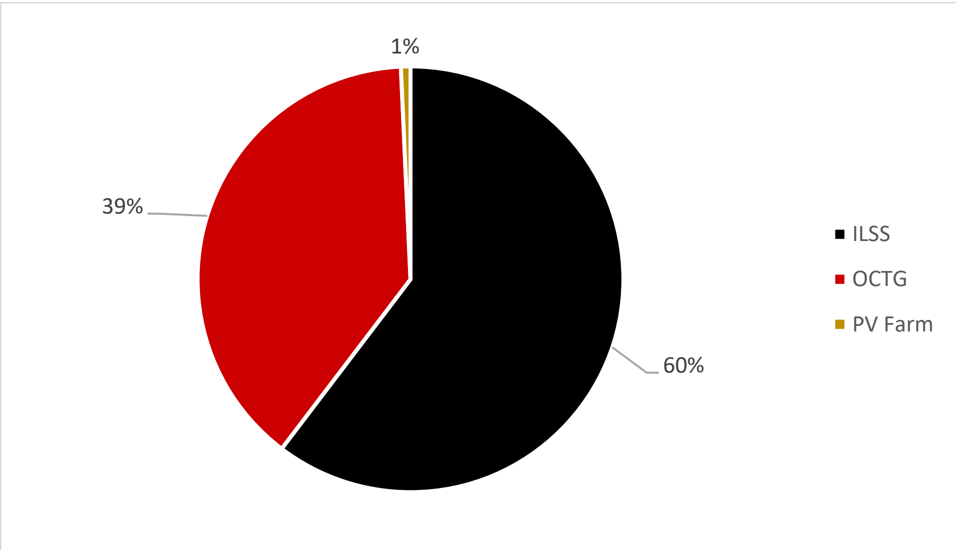
- Malta base:
    - ENI North Africa and MOG's operations - client's OCTG and tubulars have started arriving already at the Malta base ahead of the drilling campaigns scheduled for 2024 as explained in section 2. This is expected to increase the utilisation rate of the facilities of Malta base in 2023. In addition, the company will further provide logistics and other support services to client's supply vessels and ad hoc assignments from its main clients. These projects are expected to increase the Malta base turnover by 63% over last year.
    - Revenue generated from the PV farm at the same levels as earlier years at €0.5 million.
    - Revenue from non-oil & gas business comprising of services provided to local agents, importers and contractors projected at the same levels of FY2022 at €3 million.
- Cyprus base is expected to have a reduction in revenue by 71% compared to last year. FY 2022 was a year where this subsidiary was active throughout the whole year, generating record turnover and EBITDA. The following are the projects that this subsidiary will be servicing during FY 2023:

    - Chevron drilling offshore Cyprus until July 2023 with the demobilisation expected to take place in August.
    - Eni drilling offshore Cyprus during Q4 2023 which will span over Q1 2024.
- Egypt – revenue from this subsidiary is expected to be in the region of €6.6 million servicing mainly IEOC and BP.
- METS – (i) Duqm is expected to generate the same level of revenues as those of FY2022 in relation to its supply chain management services; (ii) UAE’s machine shop is expected to continue to improve as the company secures new contracts and its order book improves while its new contract with a global manufacturer and supplier of steel pipes in Abu Dhabi will allow the Company to recover an element of the inflationary costs; (iii) METS Iraq will benefit from the renewed contract with Basra Energy Company Limited for the provision of machine shop services for another five years starting November 2022 as well as the new contract secured in 2023 for the reclamation and repair of tubing program starting from Q3 2023. The new 2023 contract will require significant use of both the machine shop and the yard as all inspection work will be carried out at the yard facilities requiring a 10,000sqm dedicated area for inspection activity; and METS Sohar is expected to maintain the same volume of work in terms of handling and storage as that generated during FY2022.
- REGIS companies – (i) in Mozambique, management is confident that the oil & gas industry will have an imminent upswing towards the end of FY2023, following a standstill which had started around the second quarter of 2022. However, for the time being, management has taken a cautious view to project FY2023 at the same levels of FY2022; (ii) in Mauritius, the logistic services contracted with existing clients are expected to continue contributing to the Group’s revenues for FY2023; and (iii) in Uganda, the three-year contract signed in FY2022 with Vallourec in providing OCTG services is expected to boost the revenue from this subsidiary, supplemented by other logistics contracts.
- Morocco – drilling by ENI Maroc BV started in June 2023, and expected to continue until October 2023, followed by a demobilisation period of the shore base. This short drilling campaign is expected to net the Group €5.5 million in revenues for the year.

Overall, revenue for FY2023 is expected to be marginally lower than that of FY2022, at €63.8 million, with the below geographical split:



The scope of works in the Mediterranean region is expected to be pivotal for the revenue of FY2023, contributing to 44% thereof. The Middle East remains also an important geographical area for the Group, primarily represented by the METS group of companies and related principally to OCTG, as depicted in the chart below:



In FY2023, gross profit margin is expected to increase again, to 42% due to the improved recoverability on the revenue mix expected to be provided during FY2023. Administrative expenses are expected to be in the same region of those for FY2022, resulting in an improved forecasted EBITDA of €14.4 million and an EBITDA margin of 22.6% (FY2022: 17.0%).

After accounting for the depreciation and amortisation of PPE and Intangible assets respectively, the Group is expected to generate an operating profit of €5.3 million – a significant improvement over the operating loss of €1 million of FY2022. As finance income cannot be ascertained (in terms of existence or level), the net finance costs are expected to be €4.3 million, resulting in a profit before tax of €1 million. After accounting for tax, profit for the year is expected to amount to €0.9 million, as the situation in FY2023 is expected to continue to generally register an improvement over the performance achieved in FY2022.

Note on foreign currency risk: the Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group companies. The functional currencies of the Group companies are primarily the Euro and US Dollar (USD). As such, any weakening of the USD against the EUR will impact negatively the performance of the Group, while any strengthening of the USD will have a positive impact on the results for the year.

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.

for the year ended 31 December	Actual 2020	Actual 2021	Actual 2022	Updated Forecast 2023
	€'000	€'000	€'000	€'000
Net cash from operating activities	10,124	6,580	20,016	16,260
Net cash (used for) / from investing activities	(1,680)	(1,893)	3,456	(3,254)
Free Cash Flow	**8,444**	**4,687**	**23,472**	**13,006**
Net cash used for financing activities	(3,976)	(5,290)	(11,237)	(7,696)
Net movements in cash and cash equivalents	**4,467**	**(603)**	**12,235**	**5,310**
Cash and cash equivalents at beginning of the year	625	8,637	9,107	18,662
Effects of exchange rate fluctuations on cash held	(414)	1,153	(2,680)	-
ECL allowance on cash balances	(27)	(80)	-	-
Cash and cash equivalents at end of year	**4,652**	**9,107**	**18,662**	**23,972**

FY2022 REVIEW

The statement of cash flows 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), thus the movement in cash flows in FY2021 are not comparable to those of Medserv plc in FY2020 as presented above. For this reason, the opening cash balance of FY2021 does not tally with the closing cash balance of FY2020.

The Group generated net cash from operating activities of €20 million, evidence of the improved operations of the Group during the said year.

During FY2022, the Group received proceeds in relation to related party loan repayments, which were originally extended by Regis (prior to the business combination transaction) to related parties, to the tune of €4.4 million. In addition, during the year the Group received €1.6 million from the disposal of PPE and a further €1.3 million from the sale of financial assets. Net of additions to PPE, capex and purchase of additional financial assets, the Group's net cash from investing activities amounted to €3.5 million.

In terms of financing activities, during FY2022 the Group made a payment of circa €7 million to pay part of the outstanding bonds listed on the Malta Stock Exchange, with the remaining balance of €13 million being refinanced during the year. Other financing activities in FY2022 included the servicing of the bonds' interest and bank borrowings' interest and principal repayments, as well as the additional drawdown of bank loans, which led to a net cash outflow position of €11.2 million.

Currency exchange fluctuations were at €2.7 million in FY2022, reducing the closing cash position of the Group to €18.7 million, net of bank overdraft facilities.

Updated Forecasts for FY2023

The cash flow forecasts for FY2023 anticipates net cash from operating activities to reach €16.3 million in FY2023, as the momentum of FY2022 is expected to improve also in FY2023 in terms of drilling and exploratory activities, which generate demand for both ILSS and OCTG services.

Investing activities for the year include further acquisition of PPE and the expansion of the machine shop business in UAE, as well as other investments in Uganda (related to the setting up of a base), heavy-lifting equipment in Cyprus and optimisation of the present storage facilities in Malta ahead of the upcoming drilling campaign.

The cash flow used in financing activities reflect interest payments on both the bonds and bank loans, partial repayment of the principal of bank borrowings and payment of lease liabilities for the year.

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 2020 €'000	Actual 2021 €'000	Actual 2022 €'000	Updated Forecast 2023 €'000
ASSETS				
Goodwill and intangible assets	9,836	21,108	16,905	15,381
Property, plant and equipment	27,736	36,052	33,335	32,458
Contract Costs	-	-	-	-
Loan Receivable		4,147	-	-
Investments at FVTPL		4,007	2,760	2,760
Right of Use Asset	62,189	50,014	48,507	48,396
Deferred tax assets	3,491	-	-	-
Total non-current assets	**103,252**	**115,328**	**101,506**	**98,995**
Inventories	1,087	1,067	731	731
Current tax asset	183	306	430	495
Contract costs	318	-	-	-
Contract Assets	32	202	183	183
Trade and other receivables	9,629	21,882	29,424	19,917
Cash at bank and in hand	7,267	11,984	19,455	24,605
Assets held for sale		17	-	-
Total current assets	**18,516**	**35,458**	**50,223**	**45,931**
Total assets	**121,768**	**150,786**	**151,729**	**144,926**
LIABILITIES				
Deferred Income	30,575	-	-	-
Loans and borrowings	5,508	3,912	6,013	4,960
Bonds (listed)	49,799	49,491	42,612	43,051
Trade and other payables	2,120	71	-	-
Lease Liability	17,345	12,720	12,431	12,964
Deferred tax liabilities	608	5,318	4,628	4,618
Provisions & Employee Benefits	799	1,427	1,400	1,400
Total non-current liabilities	**106,755**	**72,939**	**67,084**	**66,993**
Current tax payable	6	6	11	11
Contract Liabilities	812	193	90	104
Lease Liability	1,024	1,722	1,877	2,447
Loans and borrowings	4,427	4,415	9,964	1,687
Trade and other payables, Provisions & Employee Benefits	4,453	8,692	12,347	12,471
Total current liabilities	**10,722**	**15,028**	**24,289**	**16,720**
Total liabilities	**117,477**	**87,967**	**91,373**	**83,713**

EQUITY				
Share capital	5,374	10,164	10,164	10,164
Share Premium	12,004	27,778	27,778	27,778
Reserves	8,499	(1,063)	(4,217)	(4,217)
Retained earnings/(accumulated losses)	(20,533)	23,151	23,904	24,612
Total equity attributable to equity-holders of the Company	**5,344**	**60,030**	**57,629**	**58,337**
Non-controlling interest	(1,052)	2,789	2,727	2,876
Total equity	**4,292**	**62,819**	**60,357**	**61,213**
Total equity and liabilities	**121,769**	**150,786**	**151,729**	**144,926**

FY2022 Review

The Group's total asset base expanded marginally to €151.7 million (from €150.8 million a year earlier). The non-current assets of the Group decreased by approximately €14 million, reflecting the impairments and depreciation charges as explained above, as well as the repayment of the related party loan. Meanwhile, current assets increased by approximately €18 million as the additional activity of the Group led to increased cash balances as well as a build-up in short-term trade debtors within the balance of receivables.

On the funding side, the non-current liabilities have declined by circa €5 million, which is primarily made up of the lower bond outstanding amount, partly net off through new bank borrowings, as may also be seen in the debt and cash structure below.

During FY2022, the Group repaid €7 million of the then-outstanding bonds, and by the end of the year was working on the refinancing of the remaining €13 million (which were subsequently listed on 7 January 2023). Total debt, including lease liabilities, stood at the same level of FY2021, as short-term borrowings also increased, in line with the Group's growing operational activities. When accounting for the €19.5 million cash balances at the end of FY2022, net debt for the year was nearly €53.4 million (FY2021: €60.3 million).

	Actual	Actual	Actual	Updated Forecast
for the year ended 31 December	**2020**	**2021**	**2022**	**2023**
	€'000	*€'000*	*€'000*	*€'000*
Loans and borrowings (non-current)	5,508	3,912	6,013	4,960
Bond (listed)	49,799	49,491	42,612	43,051
Loans and borrowings (current)	4,427	4,415	9,964	1,687
Lease liabilities	18,370	14,442	14,308	15,411
Total Debt	**78,104**	**72,260**	**72,897**	**65,109**
Cash at bank and in hand	7,267	11,984	19,455	24,605
Net Debt	**70,837**	**60,276**	**53,442**	**40,504**

Similarly, current liabilities increased on the back of higher trade creditors from €4.4 million in FY2021 to €8.4 million by the end of FY2022 and are reflected in the statement of financial position together with other payables and employee benefits.

Equity was adversely affected by foreign exchange fluctuations, net of the increase in retained earnings reflecting the profit for the year, which contracted the balance for the end of the year to €60.4 million from €62.8 million a year earlier.

Updated Forecasts for FY2023

Total assets for FY2023 are expected to decline by 4% to €144.9 million. The change in the non-current assets is driven primarily by the depreciation and amortisation charges. As the Group's contracts continue to pick up, cash balances are expected to improve accordingly.

The funding structure is expected to remain in line with FY2022, albeit noticing a decline in total borrowings as the Group is expected to repay most of its short-term borrowings and some of the longer-term borrowings. Coupled with the substantial increase in cash balances, net debt is expected to be positively affected and will go down to €40.5 million from €53.4 million as at end of FY2022.

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.

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

Since the FY2021 income statement comprise the twelve-month operations of Regis Holdings Limited as well as the six-month operations of Medserv plc, the profitability ratios of FY2021 are not fully comparable to the ratios of FY2020, which were compiled from the income statement of Medserv plc on a stand-alone basis.

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

	Actual FY2020	Actual FY2021	Actual FY2022	Updated Forecast FY2023
Gross Profit margin *(Gross Profit / Revenue)*	34.66%	42.72%	34.53%	41.77%
EBITDA margin *(EBITDA / Revenue)*	17.17%	17.73%	17.04%	22.63%
Operating Profit margin *(Operating Profit / Revenue)*	n/a	n/a	n/a	8.30%
Net Profit margin *(Profit for the period / Revenue)*	n/a	n/a	0.81%	1.34%
Return on Equity *(Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)*	n/a	n/a	0.88%	1.41%
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	n/a	n/a	0.45%	0.74%
Return on Assets *(Profit for the period / Average Assets)*	n/a	n/a	0.36%	0.58%

As the Group registered a better performance in FY2022, most of the profitability ratios improved. The Group had high charges of depreciation and amortisation and during FY2022, it also had significant impairment charges, which are reflected in the ratios above. In fact, whilst EBITDA margin was positive, the operating profit margin was still negative once the depreciation, amortisation and impairments were deducted. In FY2022, the Group also recorded finance income higher than finance costs, which led to a marginal profit position, as reflected also in the ratios reported above.

For FY2023, the ratios are expected to further advance in line with the forecasted improvement in the Group's performance as explained in further detail in the sections above.

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 FY2020	Actual FY2021	Actual FY2022	Updated Forecast FY2023
Current Ratio *(Current Assets / Current Liabilities)*	1.73x	2.36x	2.07x	2.75x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.68x	0.80x	0.80x	1.47x

The additional activity of the Group led to an increase in both trade receivables and cash balances, which boosted the liquidity ratios of the Group as can be seen from the figures reported above. The Group also is expected to further sustain its liquidity position and thus such ratios are anticipated to improve further in FY2023.

Solvency Ratios

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

	Actual 2020	Actual FY2021	Actual FY2022	Updated Forecast FY2023
Interest Coverage ratio *(EBITDA / Net finance costs)*	1.39x	n/a	n/a*	3.39x
Gearing Ratio (1) *(Net debt inc. leases / Total Equity)*	16.51x	0.96x	0.89x	0.66x
Gearing Ratio (2) *[Total debt inc. leases / (Total Debt plus Total Equity)]*	0.95x	0.53x	0.55x	0.52x
Net Debt to EBIDTA *(Net Debt inc. leases/ EBIDTA)*	12.73x	11.36x	4.69x	2.80x

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

As operations picked up substantially in FY2022, the Group registered positive results which have affected its key solvency metrics accordingly. As discussed earlier, the Group refinanced its €20 million bond, after a partial repayment of €7 million during FY2022. The Group also increased its short-term borrowings in FY2022, which however is expected to decline yet again in FY2023, as the increased level of activity is expected to generate additional cashflows that may be applied to repay some of the Group's outstanding borrowings. This is reflected in the solvency ratios as seen above, whereby the Group reported a lower net debt to EBITDA from 12.73x in FY2020 to 4.69x in FY2022, which is expected to decline even further in FY2023 to 2.8x.

Additional Ratios

Since the company did not register a net profit in FY2020 and FY2021, the Earnings Per Share ratio cannot be computed. Similarly, the Group did not declare any dividends during the years under review and as such, the computation of the Dividend Cover ratio is not possible.

	Actual FY2020	Actual FY2021	Actual FY2022	Updated Forecast FY2023
Earnings per Share (€) *(Profit for the year / No of shares in issue)*	n/a	n/a	0.005	0.008

Computations for FY2022 reflect the return to profitability of the Group, albeit no dividend has been declared for the year, and as such, the dividend cover ratio cannot be computed. For FY2023, the Company is expected to return a profit, and the ratio computations for the said forward looking period are included in the table above.

7.5 VARIATIONS IN THE ISSUER'S FORECASTS FOR FY2022 AND FY2023

for the year ended 31 December	Actual 2022	Forecasts in 2022 FAS 2022	*Variance*	Updated Forecast 2023	Projections in 2022 FAS 2023	*Variance*
	€'000	*€'000*		*€'000*	*€'000*	
Revenue	66,939	54,694	*22.4%*	63,815	59,216	*7.8%*
Cost of Sales	(43,828)	(34,359)	*27.6%*	(37,162)	(36,637)	*1.4%*
Gross Profit	**23,111**	**20,335**	*13.7%*	**26,653**	**22,579**	*18.0%*
Other income	1,096	130	*743.1%*	263	38	*592.1%*
Administrative expenses	(12,340)	(8,901)	*38.6%*	(12,265)	(8,272)	*48.3%*
Impairment loss on financial assets	(463)	-	*n/a*	(208)	-	*n/a*
Other expenses	-	66	*n/a*	-	(194)	*n/a*
EBITDA	**11,404**	**11,630**	*-1.9%*	**14,443**	**14,151**	*2.1%*
Depreciation	(7,627)	(6,381)	*19.5%*	(7,624)	(6,596)	*15.6%*
Impairment on PPE & intangible assets	(2,662)	-	*n/a*	-	-	*n/a*
Amortisation of Intangible Assets	(2,056)	(2,056)	*0.0%*	(1,524)	(2,008)	*-24.1%*
Results from operating activities	**(941)**	**3,193**	*-129.5%*	**5,295**	**5,547**	*-4.5%*
Finance income	4,979	-	*n/a*	-	-	*n/a*
Finance costs	(4,015)	(4,045)	*-0.7%*	(4,266)	(3,612)	*18.1%*
Net finance costs	*964*	*(4,045)*	*-123.8%*	*(4,266)*	*(3,612)*	*18.1%*
Profit / Loss before tax	**23**	**(852)**	*-102.7%*	**1,029**	**1,935**	*-46.8%*
Tax credit / (expense)	522	1,146	*-54.5%*	(173)	(257)	*-32.7%*
Profit from continued operations	**545**	**294**	*85.4%*	**856**	**1,678**	*-49.0%*

FY2022 VARIANCES

The provision of specialised services in Cyprus during the drilling campaign in FY2022 increased revenue more than that anticipated in the FY2022 forecasts presented in the FAS published in November 2022 (the "**2022 FAS**"), albeit at low margins, thereby leading also to higher cost of sales than were originally forecast. In addition, the increased volumes at Duqm also led to higher revenues than forecast in the 2022 FAS. Administrative expenses in FY2022 were higher than originally anticipated, as a result of inflationary pressures and increased personnel costs. Depreciation charge was also higher in view of the increase in PPE, while interest income that was recorded in FY2022 was in relation to foreign exchange gains, which, by their nature, cannot be forecast. The effects of these variances led to variations in the results obtained in FY2022, accordingly.

FY2023 VARIANCES

The 2022 FAS included FY2023 projections in line with the requirements of the MFSA Listing Policies. The said projections did not include the Morocco contract that was announced in January this year. Furthermore, FY2023 was projected to include activity at Duqm based on the then-historical averages. However, following the record volume of incoming tonnages handled during FY2022 and the outlook in Oman, the forecasts for FY2023 have been adjusted to reflect the projected volumes accordingly. Management have also adjusted the forecast revenue for Angola, which has seen a recovery in FY2022 and is also picking up. Meanwhile, drilling activity offshore Cyprus necessitated a downward adjustment to the projections made in the 2022 FAS for this region. This, however, was largely offset by the pickup of activity in Malta and the improvements from the machine shops in UAE and Iraq.

The variance in the administrative expenses was necessary to reflect the levels experienced in FY2022, while the amortisation charge on the intangible assets has been reduced to reflect the impairments sustained in FY2022. These adjustments to the FY2023 forecasts led to an update of the results expected for the year.

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

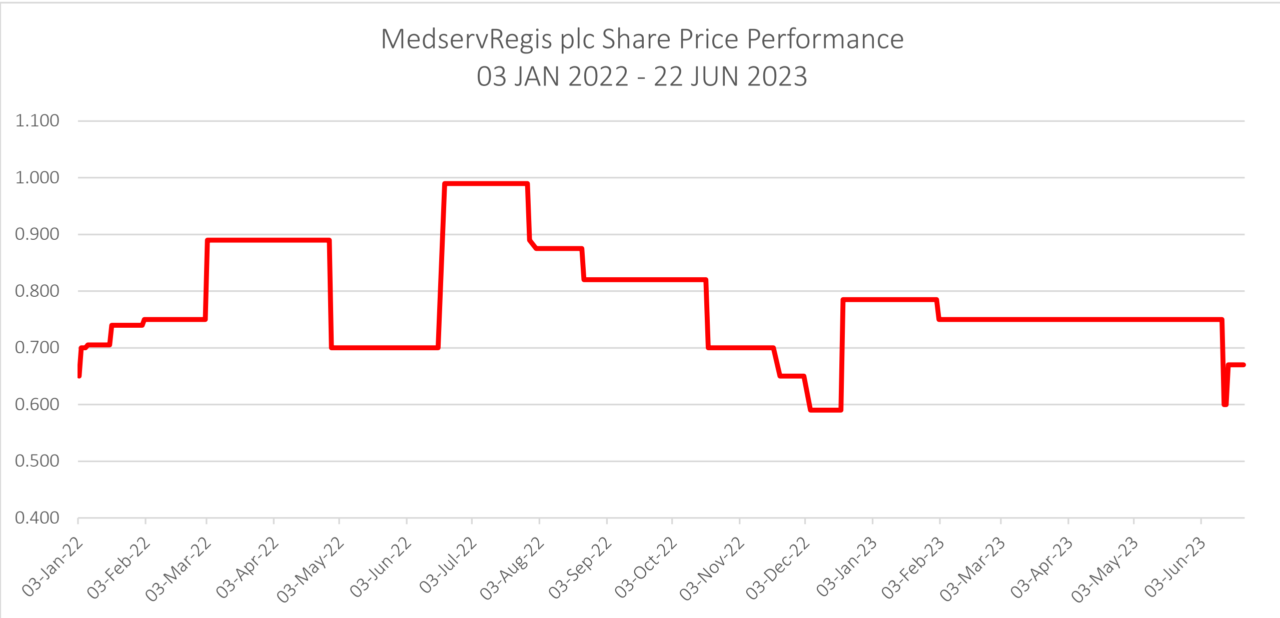
Nominal Value: €0.10

2022 Year-End Price: €0.785

Current Market Price: €0.670 *(as at 22 June 2023)*

Enterprise Value[5]: €121.5 million

Price to Earnings Ratio: 117.9x



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:

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

[5] *Based on the market capitalisation as at 22 June 2023 and the figures extracted from the Statement of Financial Position as at 31 December 2022.*

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 22.06.2023)*
4.00% MIDI plc 2026 (Secured)	50,000,000	36.3%	N/A	N/A	4.07%
4.00% Int. Hotel Investments plc 2026 (Secured)	55,000,000	41.4%	11.2x	1.9x	4.71%
4.00% Int. Hotel Investments plc 2026 (Unsecured)	60,000,000	41.4%	11.2x	1.9x	4.15%
3.90% Plaza Centres plc 2026	5,680,000	13.3%	2.1x	7.8x	4.57%
4.50% MEDSERV PLC 2026	**21,982,400**	**39.3%**	**3.4x**	**N/A**	**6.49%**
3.25% AX Group plc 2026	15,000,000	30.0%	14.8x	1.8x	3.56%
3.75% Premier Capital plc 2026	65,000,000	26.4%	0.5x	11.1x	4.39%
5.00% MEDSERV PLC 2029 (Secured)	**13,000,000**	**39.3%**	**3.4x**	**N/A**	**4.81%**
4.50% ENDO Finance plc 2029	13,500,000	25.6%	0.9x	8.2x	4.80%
4.00% SP Finance plc 2029 (Secured)	12,000,000	51.8%	12.0x	1.4x	3.80%
3.65% Stivala Finance plc 2029 (Secured)	15,000,000	28.9%	5.6x	4.8x	4.03%
3.80% HILI Finance Company plc 2029	80,000,000	63.2%	3.6x	4.7x	4.56%
3.75% AX Group plc 2029	10,000,000	30.0%	14.8x	1.8x	4.01%

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 22 June 2023.

MEDSERV PLC BONDS' YTM VS CORPORATE & MGS YTM – AS AT 22.06.2023

The 4.5% MedservRegis plc 2026 bond is yielding 157 basis points over the corporate bonds average YTM maturing in the same year and 295 basis points over the average MGS YTM for a similar maturity. The 5.00% MedservRegis plc 2029 Secured bond is yielding 38 basis points over the corporate bonds average YTM for 2029 and 122 basis points over the average MGS YTM for a similar maturity.

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.

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