RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
Grand Harbour Marina plc
Vittoriosa Wharf,
Vittoriosa, BRG 1721,
Malta

01 June 2021

Dear Sirs,

Grand Harbour Marina plc – Financial Analysis Summary (the **"Update FAS"**)

In accordance with your instructions and in line with the requirements of the Listing Authority 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 Grand Harbour Marina p.l.c. (the "**Company**" or "**GHM**"). 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 2018 to 2020 has been extracted from the Company's audited statutory financial statements for the three years in question, as and when appropriate;

(b) The forecast data for the financial year ending 31 December 2021 has been provided by management of the Company;

(c) Our commentary on the results of the Company and on the respective financial position is based on the explanations provided by the Company;

(d) The ratios quoted in this report have been computed by us applying the definitions as set out and defined within the Update FAS; and

(e) Relevant financial data in respect of competitors as analysed in Part D has been extracted from public sources such as the web sites of the companies concerned and the respective financial statements filed with the Registry of Companies.

The Update FAS is meant to assist potential investors by summarising the more important financial data of the Company. 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 securities of the Company and should not be interpreted as a recommendation to invest. 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 in this report. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo
Director

GRAND HARBOUR MARINA
VITTORIOSA MALTA

FINANCIAL ANALYSIS SUMMARY

Update 2021

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013.

01 June 2021

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LIST OF ABBREVIATIONS

BOT	Build, Operate and Transfer agreement entered between IC Cesme Marina Yatirim, Turizm vs Isletmeleri Anonim Sirketi ("**IC Cesme**") and the Turkish Ministry of Transportation, which agreement expires in 2067;
CAGR	Compound annual growth rate;
CNMIL	Camper & Nicholsons Marina Investments Ltd;
CNML	Camper & Nicholsons Marinas Limited;
MGS	Malta Government Stock;
PA	Planning Authority; and
PPE	Property, Plant and Equipment.

Important Information

Purpose of the Document

Grand Harbour Marina plc (the "**Company**", "**GHM**" or the "**Issuer**") issued €15 million 4.5% Unsecured Bonds 2027 pursuant to a prospectus dated 26 June 2017 (the "**Bond Issue**"). The prospectus included a Financial Analysis Summary ("**FAS**") in line with the requirements of the Listing Policies as issued and last updated by the MFSA on 5 March 2013. 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 Company.

Sources of Information

The information that is presented has been collated from a number of sources, including the Company's website (https://en.cnmarinas.com/grand-harbour-marina/), feedback from management as well as the Company's audited Financial Statements for the years ended 31 December 2018, 2019 and 2020 and forecasts for financial year ending 31 December 2021.

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

Wherever used, FYXXXX refers to financial year covering the period 1st January to 31st 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 26 June 2017 (appended to the prospectus)

FAS dated 22 June 2018

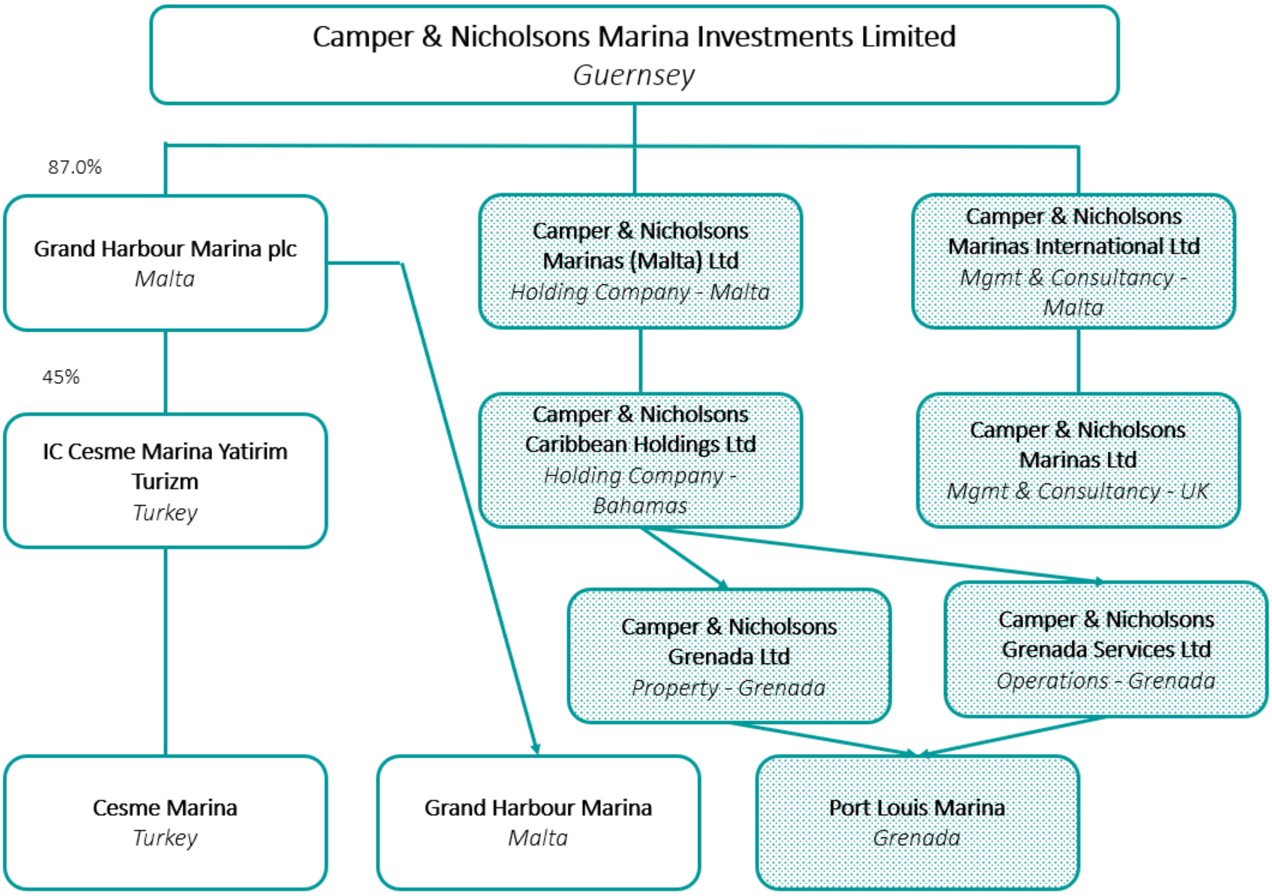
FAS dated 27 May 2019

FAS dated 14 August 2020

1. INTRODUCTION

GHM was established on 31 August 2000, as a private company under the Companies Act (Cap. 386 of the laws of Malta). In preparation of the initial public offering of the Company in 2007, the Company was converted into a public limited company and is currently duly registered and existing as a public company pursuant to the Companies Act (Cap. 386 of the laws of Malta).

The Company is a subsidiary of Camper & Nicholsons Marina Investments Limited ("**CNMIL**") which is registered in Guernsey. As at the date of this report, CNMIL holds 17,393,590 shares, equivalent to 86.97% of the Company's total issued share capital.



The principal activities of Grand Harbour Marina p.l.c. (C 26891) relate to the operation of the Grand Harbour Marina (the **"Marina"**), through which it provides berthing facilities and other quayside and marina related services to yachts, including super-yachts. The principal activity of the Company is therefore, to seek prospective customers to berth their vessels within the facilities at the Marina and to service its existing customers by providing the high-quality ancillary services required by the yacht owners and their crews.

The Company currently owns the emphyteusis to the Grand Harbour Marina in Vittoriosa, Malta and a 45% equity interest in IC Cesme Marina Yatirim, Turizm ve Isletmeleri Sirketi (**"IC Cesme"**), a company which owns and operates a marina in Turkey. The marinas are operated and managed in association with Camper &

Nicholsons Marinas Limited (**"CNML"**), a company that is involved in the management and operation of marinas worldwide.

GHM's principal markets comprise local and foreign yacht owners seeking either long-term purchase of a home-port berth or annual, seasonal or short-term stays in Malta and can be divided into three segments as set out below:

1. Annual and seasonal berth licences of foreign and Maltese owned sail and power yachts of less than 28 metres.
2. Visiting sail and power yachts over 28 metres which are principally foreign-owned.
3. Long-term licence-holding sail and power yachts over 28 metres which are also principally foreign-owned.

The Grand Harbour Marina

Presently the Company owns (under a 99-year sub-emphyteusis) and operates the Marina. Located in the waters of the Dockyard Creek in the Grand Harbour, the Marina is bordered by the three historical fortified cities of Vittoriosa, Senglea and Cospicua and is within a short drive of Malta's international airport. Furthermore, the Marina forms part of the Vittoriosa waterfront and is bordered by a variety of restaurants and bars.

The Marina comprises of *circa* 1,200 square metres of land area and *circa* 48,600 square metres of water area with a total capacity of 261 berths, of which 28 are superyacht berths. The pontoon berths are concrete-based, offering wide fairways and are equipped with water and electricity connections, which are directly linked to the marina management software system.

The Company strives to provide a safe environment for its customers and the Marina is, therefore, manned by berthing masters 24x7, aided by a network of CCTV cameras. GHM also provides its customers with various berthing utilities and related services, including, but not limited to, the provision of water, electricity, fuel, internet access, parking facilities, storage, concierge services, as well as the repair, refit and servicing of vessels and related equipment.

IC Cesme in Turkey

In 2011, the Company acquired a 45% stake of IC Cesme, with the remaining 55% shareholding held by a Turkish group named Ibrahim Cecen Investment Holding AS. The marina operated by IC Cesme is located one hour's drive from Turkey's third largest city Izmir and its international airport. The marina is held by IC Cesme under a build, operate and transfer (BOT) agreement with the Turkish Ministry of Transportation, which contract now expires in 2067. The marina comprises 394 berths with a total lettable area of *circa* 32,000 square metres along with an up-market marina village that contains 52 commercial units, which are let to individual tenants, typically on five-year leases. The landside units include food and beverage, retail outlets offering designer fashion boutiques, books and electronics stores, as well as a supermarket and office space. The marina was officially opened in 2010 and is fully operational.

Given the mismatch between the reporting currency of IC Cesme (Turkish Lira) with that of GHM (Euro), wide fluctuations in the conversion rate between the Turkish Lira and the Euro have notable consequences in the financial results of GHM. In October 2018, the Turkish government issued guidelines whereby companies such as IC Cesme had to start billing in Turkish Lira, which is expected to continue to have a negative effect on the conversion of these revenues in GHM's consolidated accounts, should the Turkish Lira weaken further.

Following more than a 30% depreciation of the Turkish Lira relative to the Euro in 2018, during 2019 the Turkish Lira lost a further 10% of its value against the Euro amid the continued political concerns in Turkey and the surrounding region as well as uncertainties related to the implementation of proper monetary policy by the Central Bank of Turkey. The decrease in the value of the Turkish Lira has continued in 2020, with the currency shedding in excess of 36% against the Euro as well as a further depreciation of around 16%[1] since the start of this year reflecting continued economic and political turmoil and ongoing uncertainties related to monetary policy in Turkey.

Relationship between the Company and CNML

CNML provides a number of consultancy services to GHM and its affiliated company, IC Cesme, in relation to recruitment, operation, projects, sales and marketing and branding amongst others. CNML's connection with the yachting industry dates back as far as 1782, while its association with marinas is traceable to the early 1960's. It presently operates in the Caribbean, Turkey and Malta, with the consultancy business being based in the United Kingdom.

GHM benefits from a services agreement with CNML which has its operational headquarters in London from where it carries out staff cover operations, human resources, business development, technical services, financial and sales and marketing functions. The benefits from the services agreement are principally the use of the Camper & Nicholsons brand and access to Camper & Nicholsons' resources. The relationship with CNML also allows GHM to benefit from its global network of contacts, its high-profile advertising programmes and its presence in the major international exhibitions.

CNML also has an active role in the implementation of GHM's policies and strategies, including its management. The Board of Directors of GHM includes two individuals who are also directors of CNMIL as the parent company of GHM.

[1] *Based on the Turkish Lira exchange rate against the euro as at 28 May 2021. Source: European Central Bank*

2. Governance & Senior Management

The Board of Directors

The current Board of GHM consists of four directors who are entrusted with the overall strategic direction and management of the Company. The Board's mandate is to identify and execute new investment opportunities and obtain related funding. The Board is currently composed of the following Directors:

Members of the Board	
Mr Lawrence Zammit	Chairman, Independent Non-Executive Director
Mr Franco Azzopardi	Independent Non-Executive Director, Chairman of Audit Committee
Mr Victor Lap-Lik Chu	Non-Executive Director
Ms Elizabeth Ka-Yee Kan	Chief Executive Officer and Executive Director

David Martin Bralsford and Clive Peter Whiley resigned as directors of the Company on 11 September 2020.

The Board of Directors was re-appointed at the Company's Annual General Meeting which was last held on 24th May 2021, in accordance with the Articles of Association of the Company. All members of the board will hold office up until the next Annual General Meeting.

Executive Management of the Company

The senior management team is composed of the following individuals:

Senior Management	
Mr Jean Paul Saliba	Chief Financial Officer
Mr Andrew Farrugia	Chief Operating Officer
Mr Gordon Vassallo	General Manager

3. Material Developments During FY2020

GHM

The business activity at the Grand Harbour Marina during FY2020 was impacted by the outbreak of the COVID-19 pandemic. The continued growth in annual and seasonal contracts for superyachts and in annual contracts for pontoons was offset by the drop in visitor contracts for both superyachts and pontoons, largely reflecting the country-wide entry restrictions of yachts into Maltese waters introduced by the Maltese government between March and June 2020. Moreover, Grand Harbour Marina experienced a significant decline in bookings also for the summer period given the uncertainty of when restrictions would be lifted and if a quarantine period was to apply to any boats entering local waters. Nonetheless, Grand Harbour Marina managed to register overall revenues in line with the previous year at €4.1 million whilst profit before tax doubled from €0.4 million in 2019 to €0.8 million largely reflecting a €0.18 million government grant (related to a COVID-19 wage support scheme) and other prudent cost savings measures undertaken to offset the adverse effects of COVID-19.

Furthermore, as was the case in the last eight years, the Company did not record any sale of superyacht berths during the year.

IC Cesme

The outbreak of COVID-19 also had an adverse impact on the business of IC Cesme marina in Turkey, particularly that related to landside. In fact, in Turkish Lira IC Cesme reported an 18% drop in revenue from landside activities partly reflecting the average discount of 42% granted to tenants on a fixed rent model for the period March to December 2020 as well as lower rents received from tenants on a variable rent model as their respective businesses were adversely impacted by the restrictions imposed by the Turkish authorities. The COVID-19 related restrictions also resulted in lower income from ancillary services.

The drop in revenue was exacerbated when the figures are converted from Turkish Lira to Euros as the former continued to weaken amid elevated economic and political uncertainty. This fact also led to IC Cesme incurring a foreign exchange loss arising on the outstanding Euro denominated loans which amounted to TRY22.1 million or €2.8 million when translated using the average exchange rate of the year. This was partly offset by a decline in costs following wage support received from the Turkish government, the fact that most of the IC Cesme cost base is denominated in the weakening Turkish Lira and also a cost-containment exercise undertaken by management in light of the pandemic. As a result, IC Cesme incurred a pre-tax loss of €2.4 million compared to a marginal profit before tax of €0.1 million in FY2019.

4. Value of GHM's Major Assets

The assets of the Company are predominantly made up of

- Property, Plant and Equipment (**"PPE"**) relating to the berths and pontoons at the marina in Malta as well as improvements to leased property and owned motor vehicles, office equipment and assets in the course of construction;
- the Right of Use (**"RoU"**) assets relating to the lease of water spaces, offices and warehouses[2],
- the 45% equity interest in the Turkish IC Cesme;
- financial instruments; and
- loans receivable from the parent company (CNMIL).

PPE & RoU Assets

The table below summarises the value of total assets, the PPE and the RoU assets for each of FY2018, FY2019 and FY2020.

Year	*Total Assets* €'000	*PPE* €'000	*RoU* €'000
2018	*22,252*	*5,215*	*-*
2019	*28,162*[3]	*5,059*	*5,150*
2020	*27,449*	*4,831*	*5,403*

Equity Interest in IC Cesme

The table below summarises the value of total assets and the 45% equity interest in IC Cesme as a percentage of total assets for each of FY2018, FY2019 and FY2020.

Year	*Total Assets* €'000	45% Equity interest in IC Cesme €'000	IC Cesme *as a % of Total Assets*
2018	*22,252*	*2,580*	*11.59%*
2019	*28,162*[3]	*2,343*[3]	*8.32%*[3]
2020	*27,449*	*1,302*	*4.74%*

Independent Valuations

CBRE, the company that is tasked with valuing the marina investments of GHM, has valued the marina assets at €23.91 million as at 31 December 2020 (2019: €23.43 million) and the Turkish marina assets at €15.8 million (2019: €20.5 million). The latter reflected the negative impact of the sharp depreciation of the Turkish Lira (reflecting the prevailing economic and political challenges in Turkey). In fact, in Turkish Lira, CBRE valued the IC Cesme marina at TRY144 million representing a 5.1% uplift on the value attributed in 2019 of TRY137 million.

[2] *The recognition of leases started from FY2019 as a result of the adoption of IFRS16 – Leases.*

[3] *Figure is restated as explained in Note 5.3 of the 2020 Annual Report of Grand Harbour Marina.*

Loans Receivable from CNMIL

The table below summarises the value of total assets and the loans receivable from CNMIL for FY2018, FY2019 and FY2020.

Year	*Total Assets* €'000	*Loans Receivable from CNMIL* €'000	*Loans Receivable from CNMIL as a % of Total Assets*
2018	*22,252*	*3,950*	*17.75%*
2019	*28,162*[4]	*3,922*	*13.93%*
2020	*27,449*	*6,172*	*22.49%*

Cash and Investments

As at the end of FY2020, the Company had a cash balance of €1.5 million (FY2019: €4.1 million). Furthermore, GHM had €5.9 million of investments (which in the main consisted of debt securities listed on the local stock exchange, FY2019: €5.7 million; FY2018: €0.5 million).

[4] *Figure is restated as explained in Note 5.3 of the 2020 Annual Report of Grand Harbour Marina.*

5. THE MARITIME SECTOR IN MALTA

Malta is today a well-established maritime centre and its strategic position in the Mediterranean has historically been considered as unique. Malta has been of vital importance in the maritime world, offering a complete range of international maritime services and other ancillary facilities. Over the past decades, building on its long and varied maritime tradition, Malta has also developed a very strong legal and regulatory platform that has enabled the Malta Flag to become a reputable international shipping register. In fact, the register has over 8,800 vessels with total gross tonnage of over 84 million. This makes the Malta flag register the largest European flag and the 6th largest in the world, and as such enjoys a certain level of power in international fora. The reputable flag ensures compliance with international and European standards and accompanied by the right balance of maritime services know-how, an efficient registration system and the fiscal advantages, has contributed to the success of the local maritime industry.

As a maritime nation, across the years Malta has also been successful in turning itself into a highly sought-after yachting location and has been hailed as a superb berthing place especially for the winter months due to the country's mild climate all year round. Malta's competitive cost structure has helped the island to compete with other marinas in the Mediterranean which, in turn, although they may be more fashionable are also often crowded and relatively expensive. Several marinas around Malta are situated within the island's natural inlets (further information on each of the main marinas in Malta in the table below) which are sheltered in neat creeks that offer protection from harsh weather conditions. Moreover, several local marinas provide various ancillary services including water and electricity supplies, fuel bunkering, wireless broadband, car parking facilities, shipyard services, towage, pilots, and other related services.

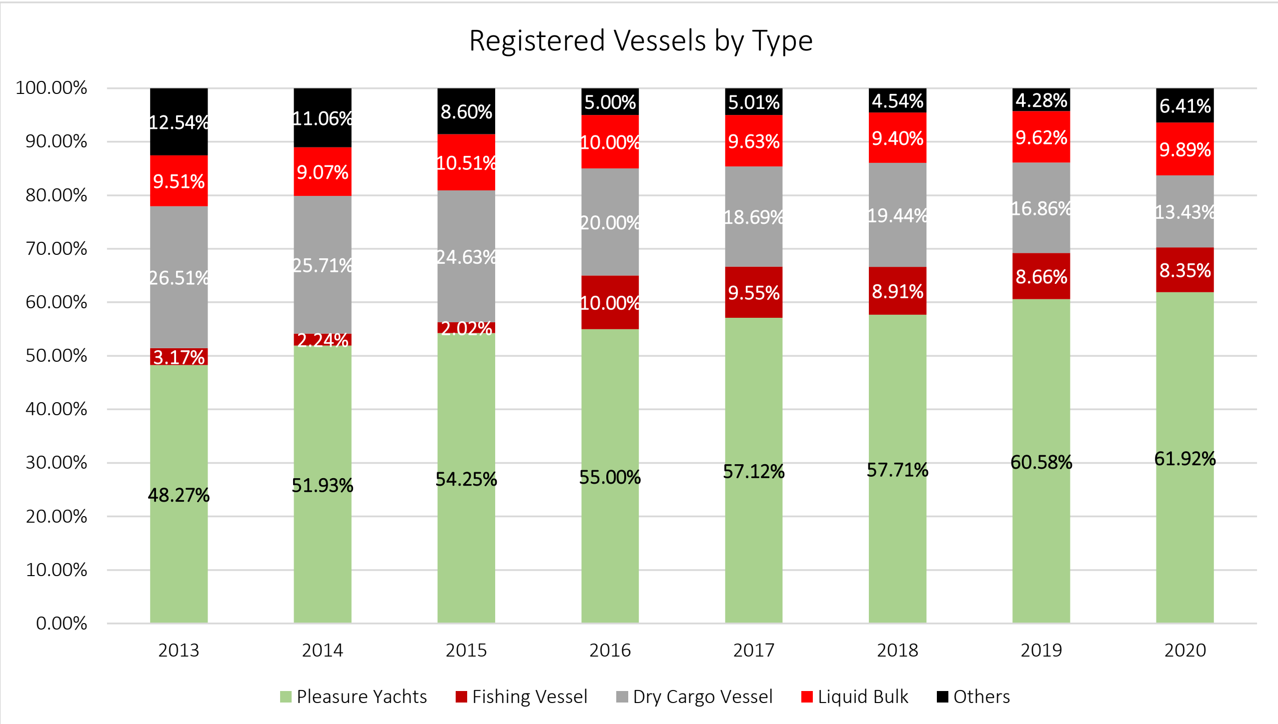
Marina	Location	Marina Operator	No. of Pontoon Berths	No. of Superyacht Berths	Max Length (m)
Grand Harbour Marina	*Vittoriosa Wharf*	*Grand Harbour Marina Plc*	*233*	*28*	*100*
Kalkara Marina	Kalkara Wharf	Kalkara Marina Company Ltd	120	-	25
Laguna Marina	Valletta Waterfront	Mersenne Marinas Ltd	46	-	15
Manoel Island Yacht Marina	Manoel Island	Midi plc	200	*Data not available*	120
Mgarr Harbour Marina	Mgarr, Gozo	Harbour Management Ltd	300	8	80
Msida & Ta' Xbiex Marinas	Ta' Xbiex	Creek Developments Plc	767	-	22
Gzira Gardens Marina	Gzira	Gzira Gardens Marina Consortium	57	-	40
Roland Marina	Ta' Xbiex	S&D Yachts	150	2	30
Portomaso Marina	St. Julian's	Boatcare Trading Ltd	120	-	24
Marina di Valletta	Haywharf, Pieta'	Consortium between Marina di Varazze S.r.l, Arrigo Group, Joinwell furniture and Tal-Maghtab Construction	255	-	30

Source: Yachting in Malta, 12th Edition 2017-2018, Management Information; https://theworldnews.net/mt-news/gzira-gardens-redesign-includes-bike-friendly-promenade-office

The Yacht and Superyacht Sector

In recent years, Malta has put in place specific legislation that takes into consideration the distinctive requirements of the local yacht and superyacht industry, and that also tries to make the process of registering private and commercial yachts under the Malta Flag an attractive and competitive proposition. Furthermore, the yacht and superyacht industry in Malta offers a complete range of services and facilities which include, deep natural harbours, state of the art marinas, extensive refit and repair facilities, a multitude of support shore services and infrastructure, a cluster of local and international operators and service providers together with bunkering operations and supplies. This is complemented by several attractive solutions including temporary importation procedure, VAT-efficient finance leasing structures and certification of commercial yachts.

By the end of 2020, the number of superyachts flying the Malta flag reached 860 (registration of yachts over 24 metres in length). Furthermore, total pleasure yachts registered as a percentage of total registered vessels have continued to increase, extending the positive trend registered in recent years. Over the years, pleasure yacht ownership as a percentage of the total number of vessels registered in Malta, has increased, adding nearly fourteen percentage points between 2013 and 2020.



Source: Transport Malta – Annual Reports

Impact of COVID-19 on Local Ports

Following the outbreak of the coronavirus pandemic, GHM has since been carefully monitoring global and local developments. GHM has reportedly taken due note of the measures introduced by the Government of Malta to safeguard public health, including travel restrictions which may have a significant effect on the accessibility of foreign nationals into its ports. Boat owners, captains and crew are informed of any national measures being taken by the local authorities. On 1 June 2020, the Government announced the re-opening of the ports as from 1 July 2020. Nevertheless, the Company remains committed to take all necessary actions to reduce as much as possible COVID-19's impact on the business and will continue being proactive in taking the necessary measures to safeguard the health and safety of its employees and customers, in order to maintain accessibility into its ports in compliance with the advice and any directives issued by the health authorities.

6. PREAMBLE

MARINA RECONFIGURATION EXERCISE

Approximately €3.5 million (equivalent to almost 24%) of the net proceeds from the 4.5% bond issued during 2017 were earmarked for reconfiguration of the marina at GHM. This was envisaged to take place in two phases. Approximately €0.8 million was planned to be invested in phase one, whilst the Company anticipated that the balance of €2.7 million would be invested in phase two. However, prior to investing in phase two the Board reserved the right to assess other possible investment opportunities.

Management has advised that while the process of obtaining the necessary permits for the phase one investment is taking longer than expected due to matters outside its control, it is still ongoing. To this effect, no incremental revenue from phase one of the reconfiguration has been forecasted for 2021.

NOTES TO THE FORECASTS

The forecasts for FY2021 have been based on a number of assumptions as listed below.

i) there will be no change to the existing activities provided through the Grand Harbour Marina and IC Cesme Marina;

ii) the Group will continue to enjoy the confidence of its customers, suppliers and its bankers throughout the period under consideration;

iii) the Group will enjoy good relations with its employees and their representatives throughout the period under consideration;

iv) GHM income from annual pontoon contracts will be lower in view of a complementary month awarded to all clients in this segment;

v) GHM income from seasonal superyacht contracts will remain low as crews/captains prefer to stay in their home port due to fear of further lockdowns;

vi) income from visiting superyachts, which was the GHM's business segment worst hit by the pandemic during 2020, will marginally improve in 2021;

vii) GHM is not expecting any further wage subsidies in 2021;

viii) marketing expenses to resume in line with local events once the social distancing requirements are lifted by local authorities;

ix) GHM interest receivable expected to increase following additional loans granted to related parties during the third quarter of 2020;

x) IC Cesme Marina will continue being impacted by the volatility of the Turkish Lira. Given the continued depreciation in the Turkish Lira since the start of 2021, management have cautiously assumed a negative contribution of €0.7million from its investment in IC Cesme;

xi) the bases and rates of taxation, both direct and indirect, will not change materially during the period under consideration; and

xii) the rate of inflation throughout the period under consideration will not exceed that experienced in the last few years.

7. Financial Statement Analysis – Historic and Forecasts

7.1 GHM - Revenue Analysis

The table below provides a breakdown of revenue for the periods under review:

for the year ended 31 December	*Actual* 2018 *€'000*	*Actual* 2019 *€'000*	*Actual* 2020 *€'000*	*Forecast* 2021 *€'000*
Berthing income	3,369	3,145	3,116	2,882
Ancillary Revenue	1,356	971	982	953
Total GHM revenue	**4,725**	**4,116**	**4,098**	**3,835**

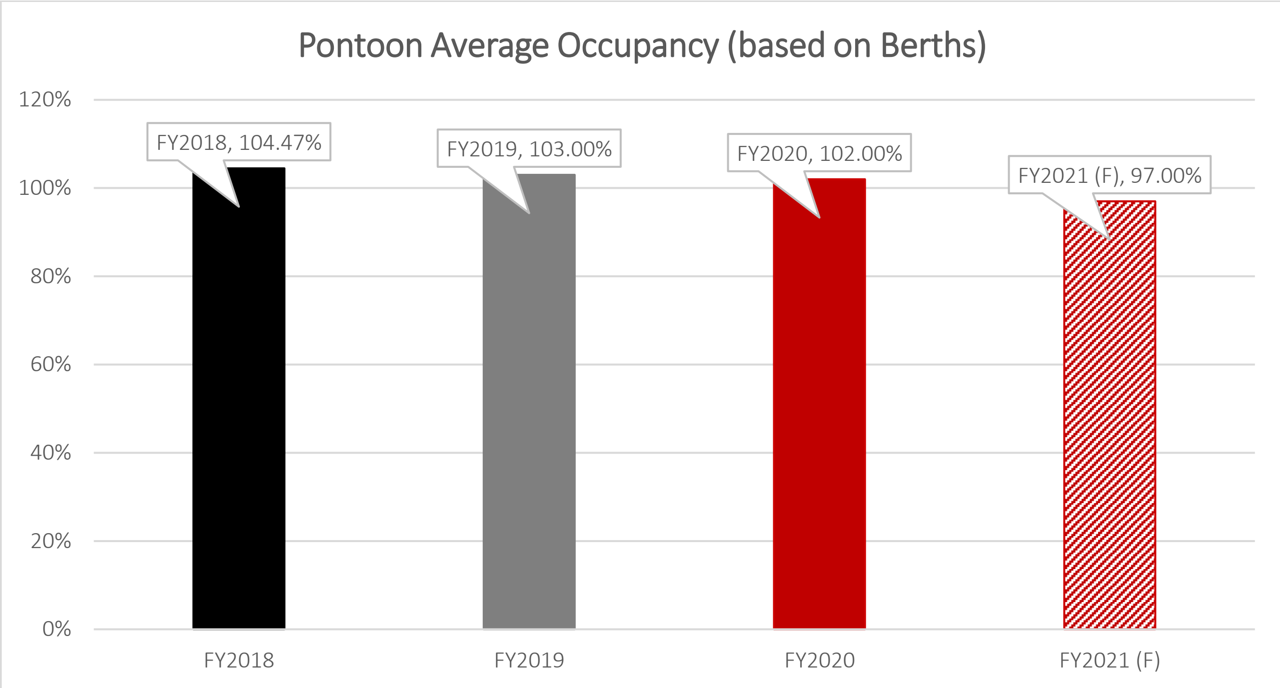
As illustrated in the table above, berthing income comprises the most significant revenue stream, representing 76.0% of total revenue in FY2020 (FY2019: 76.4%; FY2018: 71.3%). The other significant revenue stream relates to the provision of ancillary services such as water and electricity.

Going forward, given the measures introduced by the Government of Malta and the travel restrictions currently in place, it is expected that the pontoon and superyacht visitors' segment will still be limited although GHM is expecting a slight improvement in this area. Nonetheless, overall berthing income is still anticipated to be lower in view of discounts granted on annual contracts as well as expected decline in seasonal contracts as explained in Section 7.3.

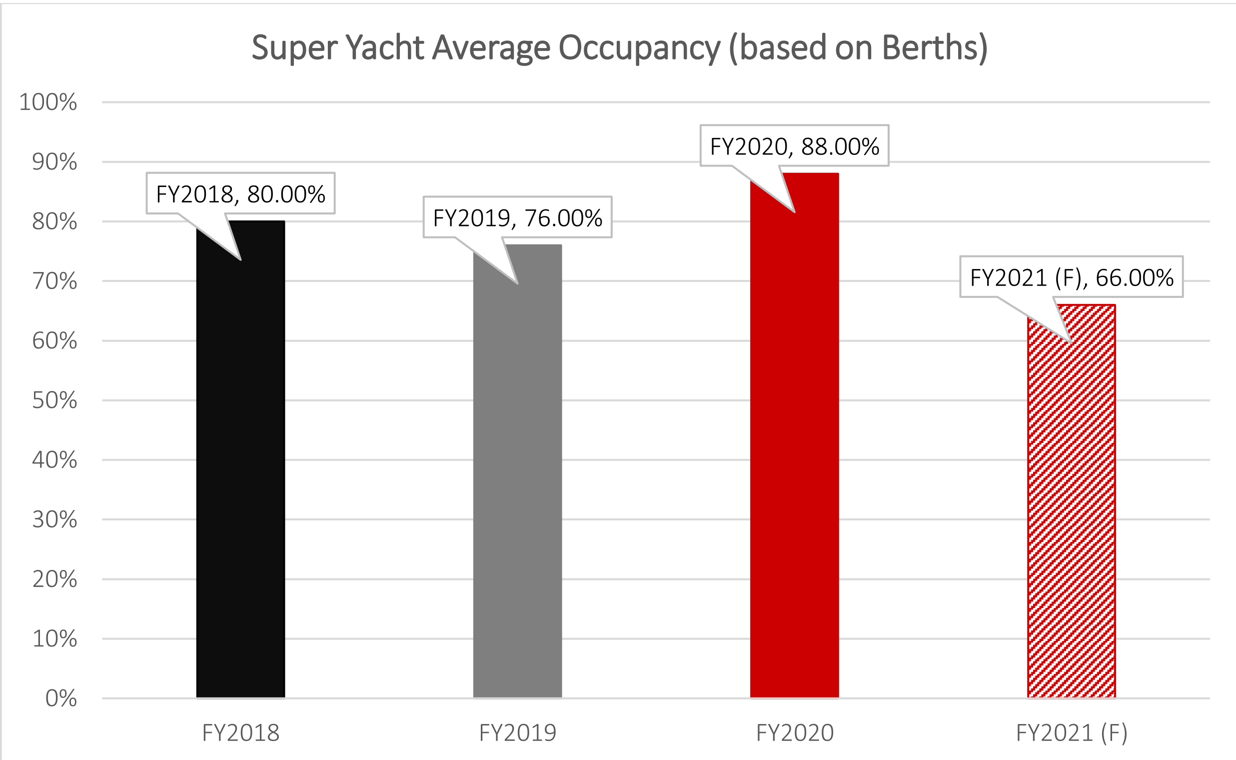
A. Berthing Income (Pontoons and Superyachts)

Berthing income eased just 0.9% during FY2020 to €3.12 million from €3.15 million in FY2019. The decrease was mainly attributable to low traffic of pontoon and superyacht visits as yachts were restricted from entering Maltese waters in view of the restrictions imposed by the Maltese government between March 2020 and June 2020. The impact was mostly offset by increases in pontoon and superyacht annual contracts as well as superyacht seasonal agreements which registered all-time highs.

Average occupancy achieved during FY2020 remained relatively stable for pontoons when compared to earlier periods, whilst that for superyachts increased, as can be seen from the charts below:



Pontoon berths stood at 233 berths during FY2020. Occupancy levels (based on berth nights) was in excess of 100% in each of the years between FY2018 and FY2020, representing berthing income generated by the Company during periods in which annual berth holders have vacated their berth.



The Company also derives berthing income from the rent of 28 superyacht berths, 14 of which had been previously transferred to third parties on long-term arrangements, typically between 25 years and 45 years. During periods where such third parties are not utilising the said berths, GHM reserves the right to operate the berth spaces, subject to a revenue-sharing arrangement wherein typically 60% of berthing income is payable to the third-party owner. GHM also charges the said third party berth space owners an additional annual service charge to cover general administration and common area expenses incurred throughout the course of the year.

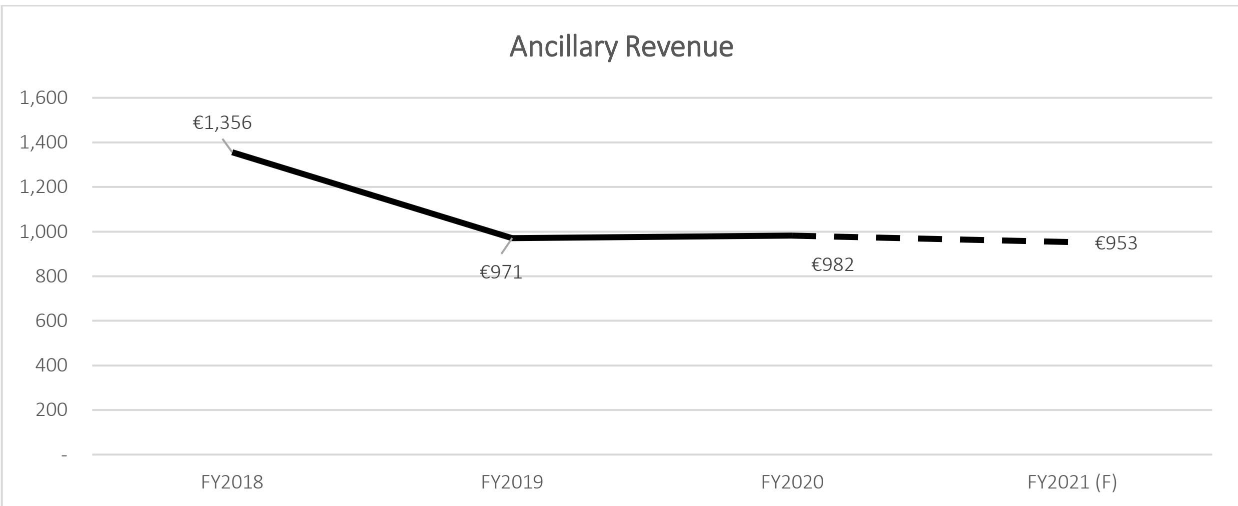
Berthing income is underpinned by a number of factors, ranging from subscription type (annual, seasonal, visitors), berth type (pontoon, superyacht) and vessel size. The sales mix over the historical period under review has shown that the majority of revenue by berth type has been that generated from the pontoons. In fact, pontoons comprised 57.4% of total berthing income during FY2020 (FY2019: 56.0%, FY2018: 50.8%).

Meanwhile, the distribution of income by subscription type is skewed towards annual berthing, which represented 57.7% of the Company's berthing income in FY2020 (FY2019: 52.7%, FY2018: 48.1%). During FY2020, pontoon and superyacht annual contracts generated an all-time high of €1.80 million in revenue (FY2019: €1.66 million, FY2018: €1.62 million). On the other hand, the berthing of superyachts is predominantly short-term in nature (visitor basis) and commands higher prices. Overall revenue from visitor contracts with customers during FY2020 amounted to €0.39 million, representing an almost 49% decrease when compared to FY2019, primarily due to the decreases in both superyacht and pontoon visitors as a result of the COVID-19 disruptions (FY2019: €0.76 million, FY2018: €1.09 million).

In FY2021, management is forecasting continued disruptions to business in view of the COVID-19 pandemic. As a result, the number of visiting vessels is expected to remain low compared to historic figures although this is expected to show a slight improvement in FY2021 when compared to the low number in FY2020.

B. Revenue from Ancillary Services

Nonetheless, despite the disruptions created by COVID-19, income from ancillary services was supported by the extended berthing of superyachts on seasonal contracts. In fact, GHM generated €0.98 million from ancillary revenues which represents a slight improvement over the €0.97 million recorded in FY2019. In FY2021, management are expecting a 3% decline in ancillary revenue since superyachts will be expected to spend more time in their home ports due to fear of further lockdowns.



Values in €'000

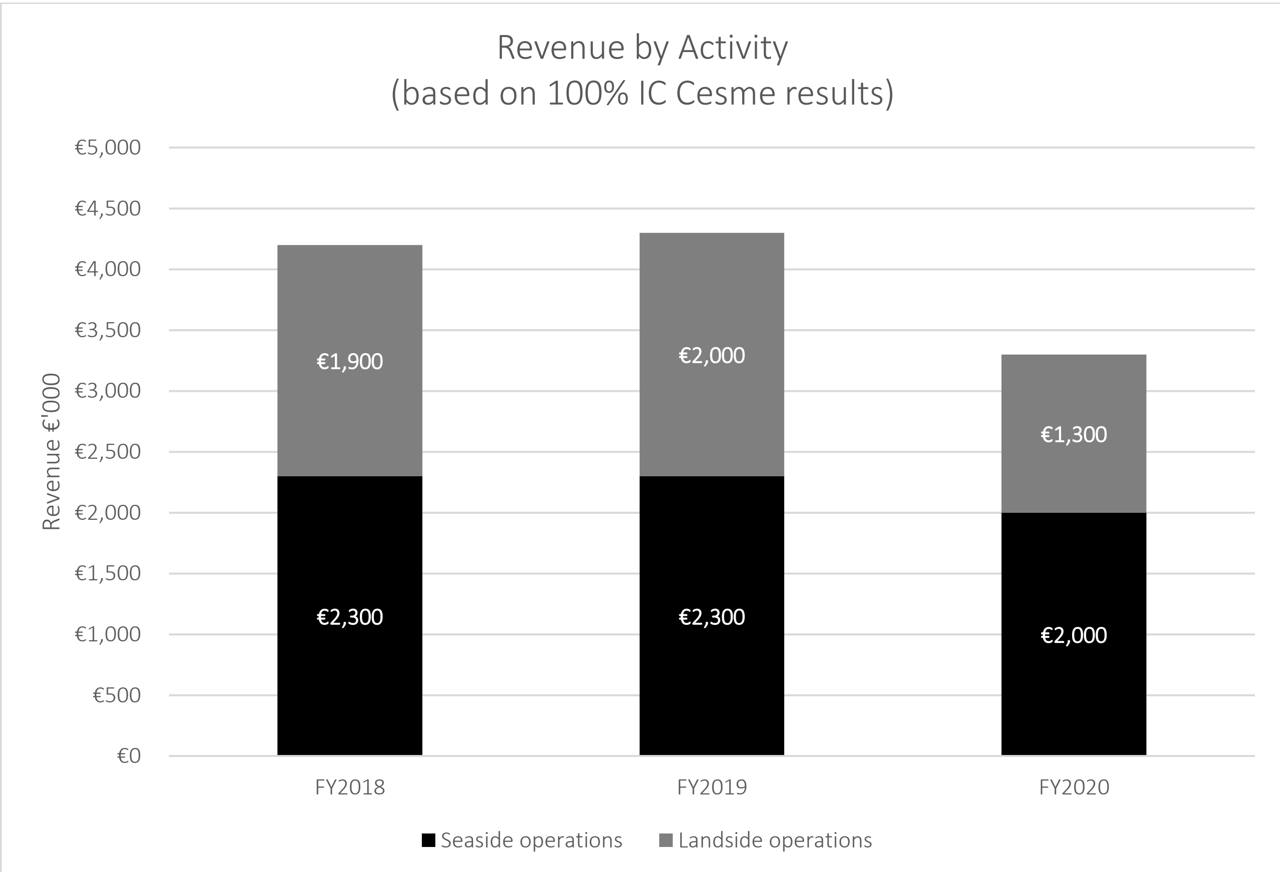
7.2 IC CESME OPERATIONS

REVIEW FY2020

IC Cesme, the Turkish marina operations in which GHM holds a 45% stake, generates its revenue from the provision of seaside operations (including berthing, the provision of utilities and related services such as technical assistance and boatyard facilities), and from landside operations (which include the rental of commercial units) which during FY2020 comprised 60.6% and 39.4% of total revenue, respectively.

IC Cesme recorded a 23.2% drop in revenue during FY2020 to €3.3 million from €4.3 million in FY2019 largely reflecting the decline in revenue (in Turkish Lira) from landside operations which were severely disrupted by COVID-19 as well as the further sharp depreciation in the Turkish Lira.

Landside revenues were negatively impacted by extended periods of COVID-19 related restrictions. Management noted that the largest impact was derived from tenants leasing outlets on a fixed-rent basis as these were granted an average discount of 42% between March and December 2020 which translates into TRY1.3 million loss in rental income. Moreover, the marina also reported lower income from turnover based tenants as well as other ancillary income including utilities, parking and advertisement. Meanwhile, the retail properties remained almost fully occupied during the year.



On the seaside operations, during FY2020, management has continued its efforts to work with local boat owners to retain as many berth holders as possible whilst also attracting new boats. In fact, revenues from seaside operations improved by 11% in FY2020 before the foreign currency exchange impact. Although a high turnover of clients at IC Cesme has persisted over recent years, the Company reported that, during FY2020, whilst 101 boats left the Turkish marina (primarily due to changing location or sale of the boat), the marina attracted 155 new boats, with over 40% being returning customers or customers converting from seasonal contracts. As at the end of FY2020, IC Cesme had 408 boats on annual contracts (FY2019: 351 boats), with a further 29 boats contracted on a seasonal basis (FY2019: 42).

Political and economic uncertainties within the region persisted throughout the year with these factors contributing to a further 36.3% reduction in the value of the Turkish Lira against the Euro which changed from 6.68 as the end of 2019 to 9.11 as at the close of 2020.

During the same period, operating expenses at the Turkish operation were €0.2 million lower largely reflecting the foreign currency exchange impact on certain local costs. Nonetheless, the large drop in income led to a 33.3% drop in EBITDA to €1.6 million (FY2019: €2.4 million).

7.3 CONSOLIDATED INCOME STATEMENT

	Actual	Actual[5]	Actual	Forecast
for the year ended 31 December	2018	2019	2020	2021
	€'000	*€'000*	*€'000*	*€'000*
Revenue	4,725	4,116	4,098	3,835
Operating Costs	(3,147)	(2,438)	(2,047)	(2,316)
EBITDA	**1,578**	**1,678**	**2,051**	**1,519**
Depreciation and amortisation	(211)	(387)	(387)	(433)
Results from operating activities	**1,367**	**1,291**	**1,664**	**1,086**
Finance income	71	200	261	325
Finance costs	(709)	(1,096)	(1,119)	(1,095)
Net finance costs	(638)	(896)	(858)	(770)
Share of profit/(loss) of equity-accounted investees, net of tax	20	59	(862)	(710)
Profit/(loss) before tax	**749**	**454**	**(56)**	**(394)**
Tax expense	(330)	(243)	(334)	(195)
Profit/(loss) after tax	**419**	**211**	**(390)**	**(589)**

FY2020 REVIEW

Revenues in FY2020 were practically unchanged at €4.1 million compared to the level registered in FY2019. GHM experienced low traffic of pontoon and superyacht visits as yachts were limited from entering Maltese waters in view of the restrictions imposed by the Maltese government between March 2020 and June 2020. On the other hand, revenues from pontoon and superyacht annual contracts as well as superyacht seasonal agreements and ancillary services increased to offset the aforementioned decrease in income from visiting yachts.

Meanwhile, operating expenses declined by 16% to €2.05 million (FY2019: €2.44 million) largely reflecting the reduction in the wage bill from €0.66 million in FY2019 to €0.45 million in FY2020 on the back of a €0.18 million in government grant related to the COVID-19 wage support scheme. Moreover, GHM registered other cost savings as management curtailed expenditure in view of the challenges brought about by COVID-19.

As a result, earnings before interest tax, depreciation and amortisation (EBITDA) improved by 22.2% from €1.68 million in FY2019 to €2.05 million in FY2020. After deducting an unchanged depreciation and amortisation charge of €0.39 million, the results from operating activities of GHM for FY2020 amounted to €1.66 million representing an almost 29% improvement over the €1.29 million registered in FY2019.

[5] *Figures for the financial year ended 31 December 2019 are restated as explained in Note 5.3 of the 2020 Annual Report of Grand Harbour Marina.*

Net finance costs decreased by 4.2% from €0.90 million in FY2019 to €0.86 million in FY2020 largely reflecting a higher level of finance income emanating from investments in debt securities (most of which were acquired throughout FY2019) as well as the increase in loans to related parties (loans were granted in the latter part of FY2020).

On the other hand, in FY2020 the Company incurred a share of loss (net of tax) from its 45% equity investment in IC Cesme amounting to €0.86 million in contrast to the share of profit amounting to €0.06 million recorded in FY2019. The Turkish marina reported improved revenues from seaside operations which were however offset by the declines in revenue from landside operations which were severely disrupted by the onset of the COVID-19 pandemic. The contraction in revenues led to a reduction in operating profit for FY2020 at the Turkish marina which was further exacerbated with the 36.3% depreciation in the Turkish Lira against the euro.

As a result, the share of loss from IC Cesme offset the profit earned from the marina in Malta, leading to an overall pre-tax loss of €0.06 million in contrast to the €0.45 million in pre-tax profit registered in FY2019.

Notwithstanding the Group's pre-tax loss, GHM still incurred a tax charge of €0.33 million (FY2019: €0.24 million). The recognition of a tax charge largely arises from interest costs related to borrowed funds which were earmarked for the Company's investment plans which are delayed due to matters outside GHM's control, as well as the fact that the share of loss from the investment in IC Cesme cannot be deducted for the tax base calculation.

Net loss for FY2020 amounted to €0.39 million, compared to the €0.21 million net profit reported in FY2019. The weaker bottom line reflects the loss incurred at IC Cesme on the back of disrupted business activity due to COVID-19 and the further weakening of the Turkish Lira.

Forecasts FY2021

Looking ahead, management expects FY2021 to continue being adversely impacted by COVID-19, although some improvements in certain segments of its business are also being projected. In fact, revenues for FY2021 are expected to decline by 6.4% to €3.84 million largely reflecting a decline in pontoon annual income on the back of a complementary month granted to all vessels on an annual contract as well as anticipated lower income from seasonal superyacht berths as their crews prefer to stay at their respective home port due to fear of other lockdowns. These are only expected to be partially offset by a slightly improved level of income from visiting superyachts which was severely impacted by COVID-19 in FY2020.

On the other hand, operating expenses are expected to increase by 13.1% to €2.32 million given that GHM is anticipating no further wage subsidies from the Government of Malta and other costs may increase in line with some higher level of activity at the marina in Malta.

As a result, EBITDA is projected to contract by 25.9% from €2.05 million in FY2020 to €1.52 million in FY2021.

Meanwhile, net finance costs are expected to decline by a further 10.3% to €0.77 million reflecting a higher incidence of finance income on the back of a full-year's interest on the additional loans granted to related parties in the third quarter of 2020.

Regarding IC Cesme, management is also expected to continue to face increased challenges given the uncertain international environment caused by a number of factors and more recently the COVID-19 pandemic, which has brought several restrictions to normal business operations. Nevertheless, the Board of Directors indicated their commitment to continue to explore opportunities for growth and the continued backing of its major shareholder, Camper & Nicholsons Marina Investments Ltd, and the joint venture partners in Turkey, Ibrahim Cecen Investment Holding AS, should enable IC Cesme to strengthen its operating base.

Meanwhile, from a results perspective, IC Cesme Marina's performance is expected to gradually return closer to pre-Covid19 levels with local yachting in Turkey becoming more popular as an exclusive alternative to holiday travel, even more so in the light of Covid-19 movement restrictions. Whereas Turkey has just recently been put under a three-week full lockdown to curb a surge of infections it is currently not being anticipated that the landside figures will be as compromised as they were in 2020. On the other hand, if the Turkish Lira will continue to depreciate against the Euro as it has during the first five months of 2021, it will inevitably adversely impact the bottom line at year-end when the full year figures are translated into Euro. To this effect, the forecasted consolidated income statement has been prudently prepared based on the assumption of a further deterioration in Turkish Lira against the Euro from an average rate of 8.01 in 2020 to a forecasted average rate of 10.13 in 2021. In fact, management are prudently assuming a negative contribution of €0.71 million from its investment in IC Cesme which is marginally smaller than the share of loss of €0.86 million registered in FY2020.

Overall, during FY2021, GHM is projecting a net loss of €0.59 million (FY2020: net loss of €0.39 million) once again largely reflecting the negative contribution from IC Cesme.

Earnings per Share

The Company's earnings per share ratios based on the three historical financial years and the expected results for FY2021 and shares in issue amounting to 20 million, work out as follows:

	FY2018 (A)	FY2019 (A)	FY2020 (A)	FY2021 (F)
EPS *(Net profit / Number of Shares in issue)*	€0.021	€0.011	€(0.020)	€(0.029)

7.4 Consolidated Cash Flow Statement

for the year ended 31 December	*Actual* 2018 *€'000*	*Actual* 2019 *€'000*	*Actual* 2020 *€'000*	*Forecast* 2021 *€'000*
Net cash from operating activities	1,356	1,266	593	237
Net cash used for investing activities	(700)	(5,210)	(2,775)	(506)
Net cash used for financing activities	-	(327)	(343)	(367)
Net movements in cash and cash equivalents	**656**	**(4,271)**	**(2,525)**	**(636)**
Cash and cash equivalents at beginning of the year	7,668	8,324	4,053	1,528
Cash and cash equivalents at end of year	**8,324**	**4,053**	**1,528**	**892**

FY2020 Review

By the end of FY2020, GHM's cash reserve fell by more than half to €1.53 million (FY2019: €4.05 million). The decline in cash balances was mainly due to the further loans granted to the parent company and other related entities amounting to €2.75 million and to a lesser extent the additional net purchases amounting to €0.34 million of local corporate debt securities within GHM's investing activities. Loans to the parent company valued at €6.17 million (net of expected credit losses) are unsecured, carry an interest rate which ranges between 0.05% and 4.50% and mature during 2021 or in 2022. Meanwhile, another loan of €0.5 million advanced to a related entity is unsecured, interest free and repayable on demand. The local corporate debt securities attract interest rates ranging from 3.25% to 6% and mature between 2023 and 2029.

Elsewhere, cash from operations decreased in FY2020, as a result of the increased level of trade receivables as debtors were taking longer to settle dues amid disruptions by COVID-19 as well as a higher amount of tax payments. Meanwhile, net cash used in financing activities remained relatively stable at €0.34 million largely comprising lease payments.

Forecasts FY2021

Cash inflows from operations are expected to decline by €0.36 million to €0.24 million in FY2021 on the back of the disruptions to regular business operations due to COVID-19 and the resulting lower revenues. Meanwhile, cash used for investing and financing activities is projected to amount to €0.51 million (mainly relating to acquisition of property, plant and equipment) and €0.37 million (mainly comprising lease payments) respectively. Overall, the total cash balance of the Company is expected to decrease in FY2021 to €0.89 million.

7.5 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December	*Actual* 2018 *€'000*	*Actual*[6] 2019 *€'000*	*Actual* 2020 *€'000*	*Forecast* 2021 *€'000*
ASSETS				
Property, plant and equipment	5,215	5,059	4,831	4,997
Deferred costs	491	482	482	482
Right of use asset	-	5,150	5,403	5,260
Net Investment lease receivable	-	410	3	1
Equity-accounted investee	2,580	2,343	1,302	688
Investments in debt securities	494	5,651	5,894	5,868
Loan to Parent Company	2,950	1,235	4,242	-
Total non-current assets	**11,730**	**20,330**	**22,157**	**17,296**
Loan to Parent Company	1,000	2,687	1,930	6,167
Trade and other receivables	1,197	1,091	1,834	1,824
Cash at bank and in hand	8,325	4,054	1,528	893
Total current assets	**10,522**	**7,832**	**5,292**	**8,884**
Total assets	**22,252**	**28,162**	**27,449**	**26,180**
LIABILITIES				
Lease Liability	-	6,090	6,020	6,033
Borrowings	14,643	14,677	14,713	14,751
Deferred tax liabilities	1,169	1,149	993	982
Total non-current liabilities	**15,812**	**21,916**	**21,726**	**21,766**
Lease Liability	-	65	153	153
Borrowings	1	1	-	1
Taxation Payable	-	263	491	297
Trade and other payables	2,193	1,527	1,406	1,125
Contract Liabilities	956	1,177	1,124	783
Total current liabilities	**3,150**	**3,033**	**3,174**	**2,359**
Total liabilities	**18,962**	**24,949**	**24,900**	**24,125**
EQUITY				
Share capital	2,400	2,400	2,400	2,400
Reserves	(222)	(93)	(319)	(91)
Retained earnings	1,112	906	468	(254)
Total equity	**3,290**	**3,213**	**2,549**	**2,055**
Total equity and liabilities	**22,252**	**28,162**	**27,449**	**26,180**

[6] *Figures for the financial year ended 31 December 2019 are restated as explained in Note 5.3 of the 2020 Annual Report of Grand Harbour Marina.*

FY2020 REVIEW

The Company's total asset base stood at €27.45 million by the end of FY2020 representing a 2.5% drop from the value as at the end of FY2019 of €28.16 million. The marginal contraction in total assets largely reflects the drop in the value of the Group's 45% shareholding in IC Cesme marina in Turkey following the loss incurred during FY2020. GHM's asset base is largely composed of €6.17 million worth of loans advanced to GHM's parent company, €5.89 million worth of investments in local corporate debt instruments listed on the Malta Stock Exchange, right-of-use assets worth €5.40 million as well as property, plant and equipment worth €4.83 million. During FY2019 and FY2020, GHM considerably increased its investments in local corporate debt instruments and advanced more loans to the parent company. As a result, cash and cash equivalents as at the end of FY2020 amounted to just €1.53 million (representing 5.6% of the total asset base) compared to €8.33 million (representing 37.9% of the total asset base) as at the end of FY2018.

On the liabilities side, the structure of the Company's funding remained largely unchanged, consisting of €14.71 million of amortised bonds, which net of cash balances at the end of the year, resulted in net debt of €13.19 million (FY2019: €10.62 million). Moreover, GHM recognises €6.18 million worth of lease liabilities pertaining to upcoming lease payments on the right of use asset.

as at 31 December	*Actual* **2018** *€'000*	*Actual* **2019** *€'000*	*Actual* **2020** *€'000*	*Forecast* **2021** *€'000*
Borrowings (non-current)	14,643	14,677	14,713	14,751
Borrowings (current)	1	1	-	1
Total Borrowings	**14,644**	**14,678**	**14,713**	**14,752**
Cash at bank and in hand	8,325	4,054	1,528	893
Net Debt	**6,319**	**10,624**	**13,185**	**13,859**

Total equity decreased by 20.7% to €2.55 million reflecting the contraction in retained earnings and the exchange translation reserve. Retained earnings fell from €0.91 million as at the end of FY2019 to €0.47 million on the back of the loss incurred during the year. The exchange translation reserve slipped further into negative territory at minus €0.32 million as at the end of FY2020 compared to a negative €0.09 million as at the end of FY2019 in view of the further depreciation of the Turkish Lira described above.

FORECASTS FY2021

Currently, the Company does not envisage any material changes to its statement of financial position as at the end of FY2021. However, in view of the projected net outflow of cash, GHM is expecting the cash balance as at the end of FY2021 to decrease further to €0.89 million.

8. Ratios

Profitability Ratios

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

	Actual FY2018	*Actual* FY2019	*Actual* FY2020	*Forecast* FY2021
EBITDA margin *(EBITDA / Revenue)*	33.4%	40.8%	50.0%	39.6%
Operating Profit margin *(Operating Profit / Revenue)*	28.9%	31.4%	40.6%	28.3%
Net Profit margin *(Profit for the period / Revenue)*	8.9%	5.1%	N/A	N/A
Return on Equity *(Profit / Average Equity)*	13.6%	6.2%	N/A	N/A
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	2.4%	1.2%	N/A	N/A
Return on Assets *(Profit for the period / Average Assets)*	1.9%	0.8%	N/A	N/A

GHM's EBITDA margin for FY2020 improved to 50.0% compared to 40.8% in FY2019 largely reflecting the reduced operating cost base of GHM especially due to the wage subsidies received from the Government of Malta amounting to €0.18 million. Similarly, the operating profit margin climbed to 40.6% in FY2020 from 31.4% in FY2019. The other ratios listed in the above table weakened in view of the overall loss incurred by GHM during FY2020 as a result of the share of loss from IC Cesme.

Going forward, both the EBITDA margin and operating profit margin are expected to retreat to 39.6% and 28.3% respectively as GHM is forecasting a drop in revenue, an increase in certain costs including marketing expenses and is not projecting any wage subsidies from the Government of Malta in FY2021. In fact, these margins are more in line with those achieved in FY2019 and FY2018. Meanwhile, in view of the projected net loss for FY2021, GHM is expected to register a negative return for the year and therefore the other profitability ratios cannot be computed.

Liquidity Ratios

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

	Actual FY2018	*Actual* FY2019	*Actual* FY2020	*Forecast* FY2021
Current Ratio *(Current Assets / Current Liabilities)*	3.3x	2.6x	1.7x	3.8x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	2.6x	1.3x	0.5x	0.4x

In FY2020, the Company's current ratio, representing the amount of current assets available to settle short-term liabilities, declined to 1.7 times, after GHM's cash balance was depleted from €4.1 million to €1.5 million as a result of the additional €2.25 million of loans advanced to the parent company. In fact, the Company's cash ratio also declined in FY2020 to 0.5 times.

In FY2021, the current ratio is expected to increase from 1.7 times to 3.8 times as the €6.17 million in loans to the parent company will all be classified under current assets as they will be maturing within the year. On the other hand, the cash ratio is expected to deteriorate further as the cash balance is anticipated to be reduced further.

Solvency Ratios

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

	Actual FY2018	*Actual* FY2019	*Actual* FY2020	*Forecast* FY2021
Interest Coverage ratio *(EBITDA / Net finance costs)*	2.5x	1.9x	2.4x	2.0x
Gearing Ratio (1) *(Net debt / Total Equity)*	1.9x	3.3x	5.2x	6.7x
Gearing Ratio (2) *[Net debt / (Net debt plus Equity)]*	65.8%	76.8%	83.8%	87.1%
Net Debt to EBITDA *(Net Debt / EBITDA)*	4.0x	6.3x	6.4x	9.1x

During FY2020, the Company's gearing ratio (1) weakened to 5.2 times reflecting a higher level of net debt (which in turn is due to a lower cash balance as debt is unchanged) and a decline in the equity base (on the back of the loss incurred and the exchange translation loss in connection with the depreciation of the Turkish Lira). Likewise, the gearing ratio (2) increased to 83.8% as at the end of FY2020 (FY2019: 76.8%) whilst Net Debt to EBITDA remained largely stable. This signifies that, based on the EBITDA of FY2020, the Group will require 6.4 years of EBITDA to pay back its net debt. Nonetheless, it is important to highlight that GHM owns almost €6 million worth of investments and a further €6.1 million in short-dated loans to the parent company. If these items were included in the calculation of net debt, GHM's net debt would amount to just €1.12 million and hence the above leverage ratios would be significantly stronger.

Given the growth in EBITDA and marginal decline in net finance costs, GHM's interest coverage ratio improved to 2.4 times in FY2020.

Going forward, in view of the expected reduction in EBITDA, the interest coverage ratio in FY2021 is forecasted to weaken to 2 times. Moreover, net debt to EBITDA is also expected to deteriorate to 9.1 times as net debt is expected to increase (which in turn is due to a lower cash balance as debt is unchanged) whilst EBITDA is projected to contract in FY2021. Similarly, the gearing ratios (1) and (2) are anticipated to weaken in view of the further decline in GHM's equity base reflecting the anticipated net loss for FY2021.

9. VARIANCE ANALYSIS

for the year ended 31 December	*Actual* 2020 *€'000*	*Forecast* 2020 *€'000*	*Variance* *%*
Revenue	4,098	3,803	7.8%
Operating costs	(2,047)	(2,188)	-6.4%
EBITDA	**2,051**	**1,615**	**27.0%**
Depreciation and amortization	(387)	(389)	-0.5%
Results from operating activities	**1,664**	**1,226**	**35.7%**
Finance income	261	253	3.2%
Finance costs	(1,119)	(1,093)	2.4%
Net finance costs	(858)	(840)	2.1%
Share of Profit of equity-accounted investees, net of tax	(862)	-	n/a
(Loss)/profit before tax	**(56)**	**386**	**-114.5%**
Tax expense	(334)	(238)	40.3%
(Loss)/profit after tax	**(390)**	**148**	**-363.5%**

The revenue generated by Grand Harbour Marina plc during FY2020 was 7.8% higher than the forecasts set out in the 2020 FAS dated 14 August 2020 as a result of stronger than anticipated performances in both pontoon and superyacht annuals and superyacht seasonals. On the other hand, operating expenses were 6.4% lower than projected given the wage subsidies received from the Government of Malta which were not accounted for in the 2020 forecasts. Consequently, actual EBITDA surpassed the corresponding forecasted figure by 27%.

The variances related to net finance costs and depreciation were immaterial.

The results account for a share of loss of €0.86 million from IC Cesme. In contrast, the FAS produced last year had indicated a nil contribution from this associate company as GHM was not in a position to forecast the results of this associate in Euro terms in view of the volatility of the exchange rate of the Turkish Lira.

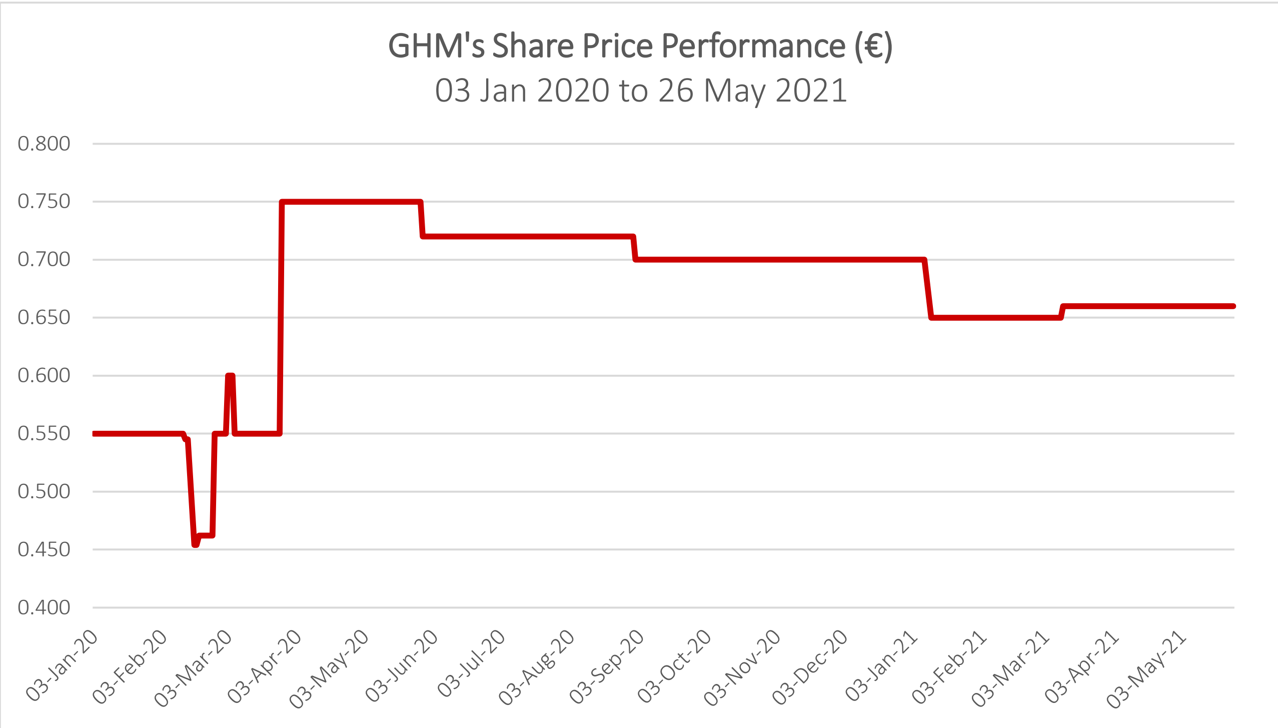
As a result, the Group posted a consolidated marginal pre-tax loss of €0.06 million as opposed to the forecasted consolidated pre-tax profit of €0.39 million. After accounting for a tax charge of €0.33 million (higher than the forecasted tax charge of €0.24 million as the pre-tax profit at the Grand Harbour marina in Malta exceeded expectations), the loss after tax for FY2020 amounted to €0.39 million which contrasts with the projected net profit of €0.15 million for the reasons described above.

Shares

GHM's shares have been listed on the Official List of the Malta Stock Exchange since the IPO in February 2007.

Issued Share Capital:	20,000,000 ordinary shares with a nominal value of €0.12 per share
ISIN:	MT0000320102
Highest Price in 2020:	€0.750
Lowest Price in 2020:	€0.400
Current Price*:	€0.660

*(*as at 26 May 2021)*



Source: Rizzo, Farrugia & Co (Stockbrokers) Ltd

Debt Securities

GHM's listed debt securities comprise:

Bond:	€15 million 4.50% Unsecured Bonds 2027
ISIN:	MT0000321225
Redemption Date:	23 August 2027 at par
Prospectus Dated:	26 June 2017

The table below compares the Company and its bond issue to other listed debt on the local market having similar maturities. The comparative set includes local groups whose assets, strategy and level of operations vary significantly from those of the Company and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives of bonds with similar maturity:

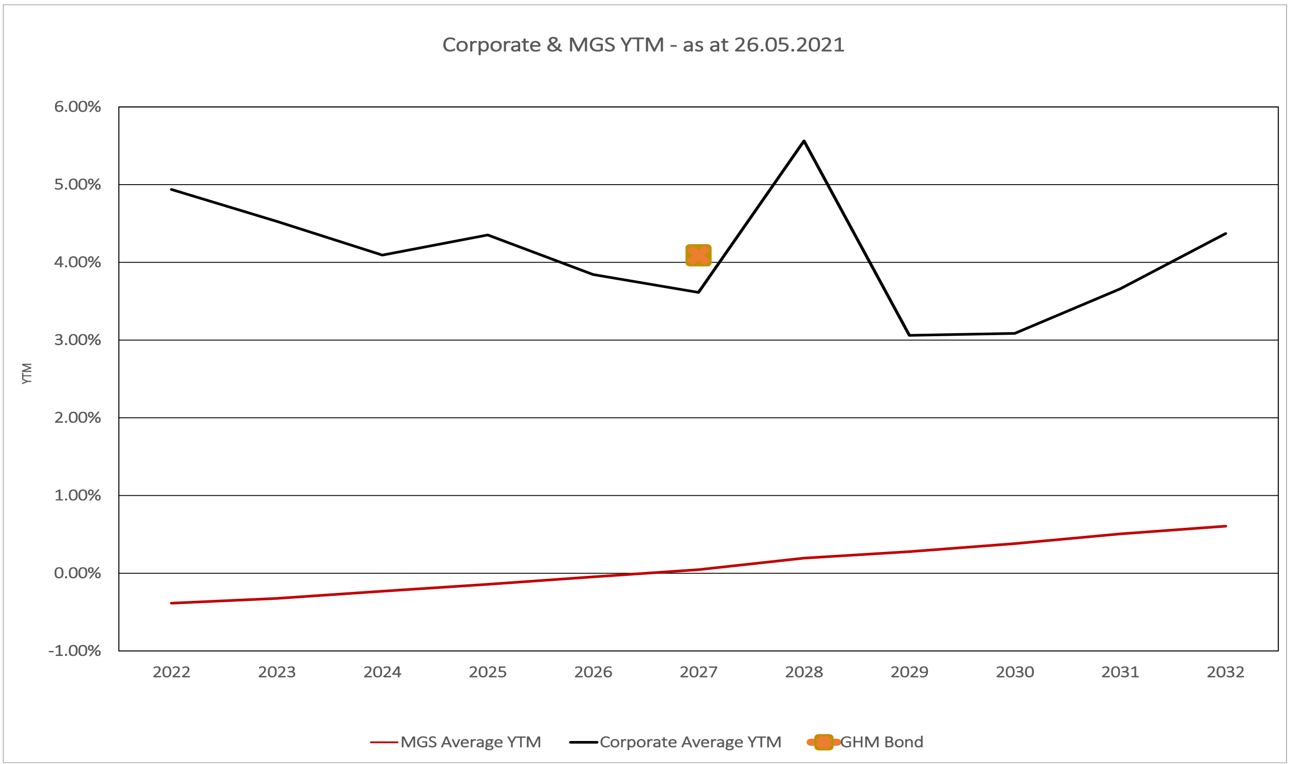
Bond Details	Outstanding Amount	Gearing Ratio*	Net Debt to EBITDA	Interest Cover**	YTM (as at 26.05.2021)
	(€)		*(times)*	*(times)*	
4.00% Eden Finance plc 2027	40,000,000	*31.0%*	n/a	n/a	*3.94%*
3.75% Tumas Investments plc 2027	25,000,000	*17.6%*	1.56	8.21	*3.38%*
3.5% Simonds Farsons Cisk plc 2027	20,000,000	*13.4%*	1.24	12.00	*2.29%*
3.75% Virtu Finance plc 2027	25,000,000	*45.1%*	5.27	4.52	*3.06%*
4.50% GHM plc 2027	**15,000,000**	***83.8%***	**6.43**	**1.83**	*4.09%*

Source: Malta Stock Exchange, audited accounts of listed companies and/or guarantors (as applicable), Rizzo, Farrugia & Co (Stockbrokers) Ltd

**Gearing Ratio is calculated as: net debt / (net debt + equity)*

***Interest Cover is calculated as EBITDA / net finance cost*

The chart below shows the average yield to maturity of the GHM Bond 2027 compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 26 May 2021.



At a coupon of 4.50% per annum, the GHM Bond 2027 currently yields 4.09%, which is approximately 405 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and at a premium of approximately 48 basis points over the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 26 May 2021).

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.
Depreciation and Amortisation	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Operating Profit	Earnings from the company's core business functions calculated as EBITDA less depreciation and amortisation.
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.
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

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	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	This is computed by dividing profit after tax by 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 and is calculated by dividing a company’s net debt by net debt plus shareholders’ equity.
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 is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

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