

The following is a Company Announcement issued by Endo Finance p.l.c., a company registered under the laws of Malta with company registration number C 89481 and having its registered office at 10, Timber Wharf, Marsa MRS 1443, Malta (hereinafter the “Company”), pursuant to the Listing Rules issued by the Listing Authority.

Quote

Publication of Financial Analysis Summary

The Company hereby announces that the updated Financial Analysis Summary dated today, 14th June 2021 is available for viewing below as an attachment to this announcement and at the Company’s registered office, and is also available for download from the Company’s website: <https://www.endofinance.com/>.

Unquote



Dr Luca Vella
Company Secretary

14th June 2021

Company Announcement: END27



FINANCIAL ANALYSIS SUMMARY

Endo Finance p.l.c.

14th June 2021



Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

The Directors
Endo Finance p.l.c.,
10, Timber Wharf,
Marsa, MRS 1443, Malta

14th June 2021

Dear Sirs,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Endo Finance p.l.c. (the “**Issuer**”), and International Fender Providers Ltd (C 69877), IFP International Fender Providers Ltd (HE 348221), Endo Properties Ltd (C 13033) collectively (the “**Guarantors**”) and related companies within the group as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ending 31 December 2018, 2019, and 2020 has been extracted from the audited financial statements of the Issuer and the Guarantors.

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


(c) Our commentary on the Issuer and Guarantors’ results and financial position has been based on the explanations provided by management.

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

(e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,



Nick Calamatta
Director

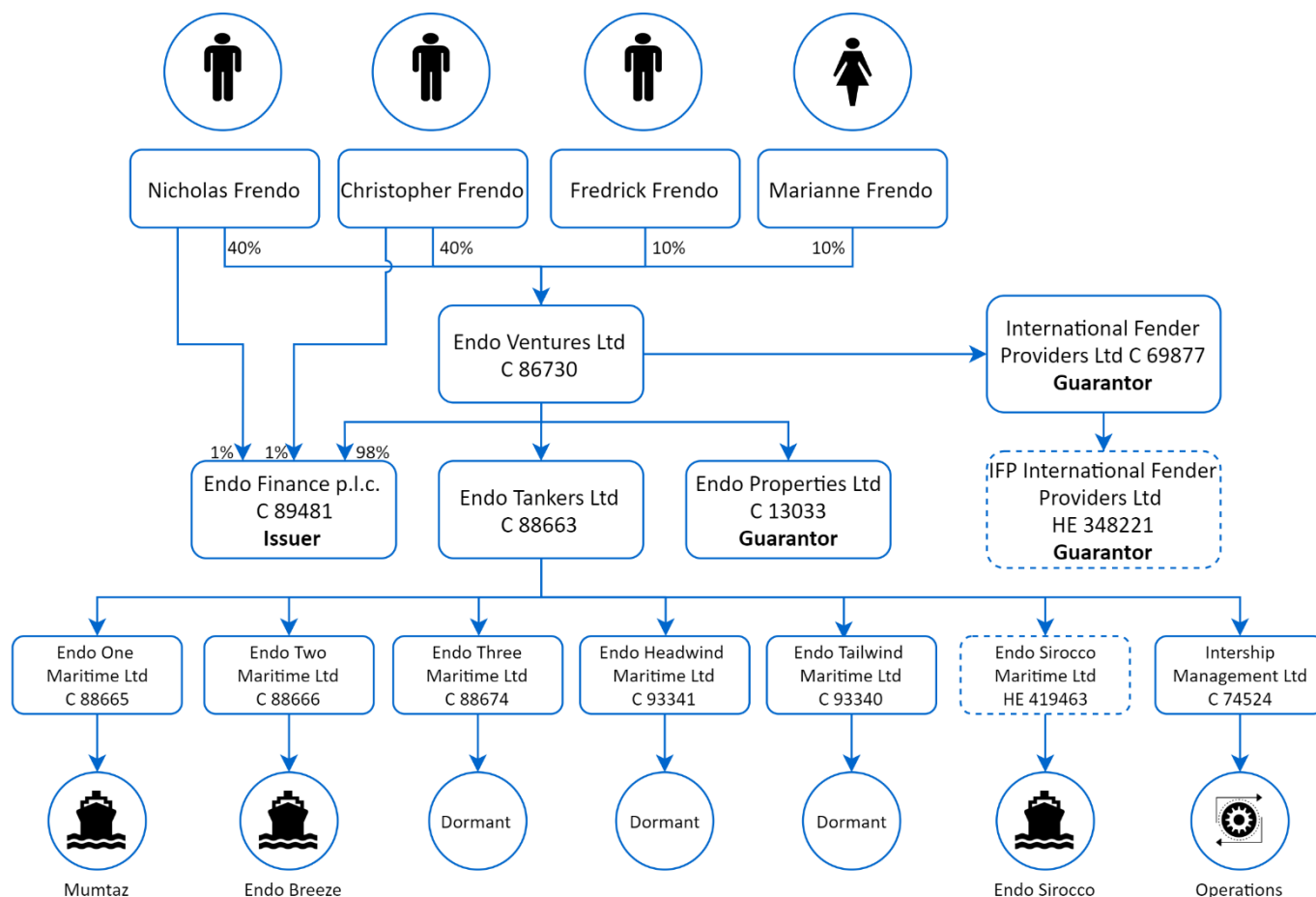
Table of Contents

Part 1 - Information about the Endo Group	3
1.1 Issuer, Guarantors and Endo Group's Subsidiaries Key Activities and Structure	3
1.2 Directors and Key Employees	5
1.3 Major Assets owned by the Endo Group	6
1.4 Operational Developments	8
Part 2 - Historical Performance and Forecasts	9
2.1 Issuer's Income Statement	9
2.2 Issuer's Statement of Financial Position	10
2.3 Issuer's Statement of Cash Flows	11
2.4 Guarantors' Income Statement	12
2.5 Guarantors' Statement of Financial Position	16
2.6 Guarantors' Statement of Cash Flows	19
2.7 Endo Group's Income Statement	21
2.8 Endo Group's Statement of Financial Position	24
2.9 Endo Group's Statement of Cash Flows	26
Part 3 - Key Market and Competitor Data	27
3.1 General Market Conditions	27
3.2 Time Charter Market	28
3.3 Comparative Analysis	29
Part 4 - Glossary and Definitions	31

Part 1 - Information about the Endo Group

1.1 Issuer, Guarantors and Endo Group's Subsidiaries Key Activities and Structure

The current Endo Group structure is as follows:



Ownership percentages are 100% unless otherwise indicated

— Company registered in Malta

- - - - Company registered in Cyprus

The “**Endo Group**” of companies consists of Endo Ventures Ltd being the “**Parent**” company of the Endo Group, the Issuer, the Guarantors, and Endo Tankers Ltd, which includes its subsidiaries Endo One Maritime Ltd, Endo Two Maritime Ltd, Endo Three Maritime Ltd, Endo Headwind Maritime Ltd, Endo Tailwind Maritime Ltd, Endo Sirocco Maritime Ltd and Intership Management Ltd. The objective of the Endo Group is to acquire, finance, manage and charter commercial vessels, in addition to providing ship-to-ship services.

Endo Ventures Ltd, company registration number C 86730, was set up on 11 June 2018 and acts as the parent company of the Endo Group. The Parent’s ultimate beneficial owners are: Mr. Christopher Frendo (40% ownership), Mr. Nicholas Frendo (40% ownership), Mr. Fredrick Frendo (10% ownership) and Ms. Marianne Frendo (10% ownership).

Endo Tankers Ltd (“**Endo Tankers**”), company registration number C 88663, was incorporated on 8 October 2018 and acts as a holding company of the “**Endo Tankers Sub-Group**”. The Endo Tankers Sub-Group is primarily involved in the acquisition, financing, management and chartering of commercial vessels. Endo One Maritime Ltd (“**Endo One**”), Endo Two Maritime Ltd (“**Endo Two**”), Endo Three Maritime Ltd (“**Endo Three**”), Endo Headwind Maritime Ltd, Endo Tailwind Maritime Ltd, Endo Sirocco Maritime Ltd and Intership Management Ltd are all wholly owned subsidiaries of Endo Tankers.

The Issuer, Endo Finance plc, company registration number C 89481, is a limited liability company registered in Malta on 20 November 2018. The Issuer is, except for one ordinary share, which is held by Christopher Frendo, and another ordinary share held by Nicholas Frendo, a wholly owned subsidiary of the Parent company of the Endo Group. The Issuer, which was set up

and established to act as a finance vehicle, has as at the date of this Analysis an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up.

The Guarantors consist of International Fender Providers Ltd, IFP International Fender Providers Ltd and Endo Properties Ltd. International Fender Providers Ltd (“**IFP Malta**”), a wholly owned subsidiary of the Parent, is a private limited liability company incorporated and registered in Malta on 2 April 2015, with company registration number C 69877. The authorised and issued share capital of IFP Malta is €16,000 divided into 16,000 ordinary shares having a nominal value of €1 each, all fully paid up. The principal activity of IFP Malta is a ship-to-ship service provider with ship-to-ship bases in Malta, Augusta and Cyprus. It assists with the transfer of any cargo between any sized ships with all ship-to-ship operations carried out as per Oil Companies International Marine Forum (OCIMF) guidelines. As part of its service, IFP Malta also offers the hire of Yokohama fenders and hoses used for the transfer of cargo from one ship to another.

IFP International Fender Providers Ltd (“**IFP Cyprus**”), a wholly owned subsidiary of IFP Malta, is a private limited liability company incorporated and registered in Cyprus on 26 October 2015, with company registration number HE 348221. IFP Cyprus has an authorised share capital of €2,000 divided into 2,000 ordinary shares of €1 each and an issued share capital of €1,000 divided into 1,000 ordinary shares having a nominal value of €1 each, all fully paid up. IFP Cyprus carries out the same principal activity as IFP Malta and was incorporated to take over the ship-to-ship operations in Cyprus.

Endo Properties Ltd (formerly P & C Ltd), a wholly owned subsidiary of the Parent, is a private limited liability company incorporated and registered in Malta on 28 August 1991, with company registration number C 13033. The authorised and issued share capital of Endo Properties Ltd (“**Endo Properties**”) is €774,690 divided into 774,690 Ordinary shares of €1 each, paid up and allotted as to (i) 11,647 Ordinary shares of €1 each, 20% paid up, and (ii) 763,043 Ordinary shares of €1 each, 100% paid up. With effect from 28 April 2020 the company’s name was changed from P & C Ltd to Endo Properties Ltd. The principal objective of Endo Properties is to purchase or otherwise acquire, under any title whatsoever, any immovable or otherwise deal in and hold for the purpose of development or resale and traffic in any freehold, leasehold or other property or any estate or interest whatsoever.

Endo One was set up to acquire a 599 DWT (deadweight tonnage) vessel, “**Mumtaz**”, an oil tanker used for the transportation of petroleum products and for the transfer and carriage of dry cargo on deck. Endo Two was incorporated in order to acquire a vessel, being a medium-range (“MR”) 45,000 to 50,000 DWT oil tanker, as set out in the prospectus. It took delivery of this marine vessel (“**Endo Breeze**”) on 22 May 2019. Endo Three was incorporated in order to acquire a vessel, being a coastal 5,000 to 8,000 DWT oil tanker to be used for the transportation of petroleum products and for bunkering operations. It took delivery of this maritime vessel (“**Endo Sirocco**”) on 9 September 2020.

Following a recent Group corporate restructuring exercise, Endo Three has transferred ownership of Endo Sirocco to a newly incorporated Cypriot entity Endo Sirocco Maritime Ltd, which is wholly owned by Endo Tankers. Consequent to the aforementioned sale and transfer of the vessel, Endo Sirocco was deleted from the Malta flag on 14 April 2021 and registered under the Cyprus flag on the same date. This transaction has not impacted the security held by the bondholders, therefore, all collateral rights concerning this vessel previously owned by Endo Three have been reconstituted in full pursuant to the transfer of the vessel to Endo Sirocco Maritime Limited. Following the transfer of Endo Sirocco, the Group intends to liquidate Endo Three Maritime Ltd. Further information in relation to the vessels owned by the Endo Tankers Sub-Group is found in sub-section 1.3 below.

Intership Management Ltd is a ship management company which provides a complete and comprehensive set of ship management services (provision of crew, management, repairs and maintenance, navigation, operation and dry-docking of vessels) to Mumtaz and Endo Sirocco. The company is certified by Bureau Veritas and complies with the International Management Code for the Safe Operation of Ships and for Pollution Prevention. Additionally, the Endo Tankers Sub-Group owns two further companies, Endo Headwind Maritime Ltd and Endo Tailwind Maritime Ltd, which are currently both dormant and do not carry out any operating activities.

1.2 Directors and Key Employees

Board of Directors - Issuer

As at the date of this Analysis, the following persons constitute the board of directors of the Issuer:

Name	Office Designation
Christopher Frendo	Executive director
Nicholas Frendo	Executive director
Anthony Busuttil	Independent, non-executive director
Francis Gouder	Independent, non-executive director
Erica Scerri	Independent, non-executive director

The business address of all the directors of the Issuer is the registered office of the Issuer. Dr Luca Vella acts as the company secretary.

Board of Directors – Guarantors

As at the date of this Analysis, the following persons constitute the board of directors of the Guarantors:

IFP Malta		Endo Properties	
Name	Office Designation	Name	Office Designation
Christopher Frendo	Executive director, company secretary	Christopher Frendo	Executive director
Nicholas Frendo	Executive director	Nicholas Frendo	Executive director, company secretary

The business address of all of the directors of these Guarantor is the registered office of the Issuer.

IFP Cyprus:

Name	Office Designation
Christopher Frendo	Executive director
Nicholas Frendo	Executive director
Georgia Philippou	Non-executive director, company secretary
Constantina Panayidou	Non-executive director

The business address of all of the directors of this Guarantor is Florinis, 7, Greg Tower, 2nd Floor, 1065, Nicosia, Cyprus.

The Issuer is currently managed by a board of five directors who are responsible for the overall direction and management of the Issuer. The board currently consists of two executive directors, who are entrusted with the Issuer's day-to-day management, and three non-executive directors, all of whom are also independent of the Issuer, whose main functions are to monitor the operations of the executive directors and their performance, as well as to review any proposals tabled by the executive directors. This practice goes in accordance with the generally accepted principles of sound corporate governance, where at least one of the directors shall be a person independent of a group of companies. No directors have been removed since the Issuer's inception. The Issuer's employees remained unchanged from FY19 and amounted to 2 employees during FY20. The Issuer also makes use of other resources available within the Endo Group.

Each Guarantor has its own board of directors that is entrusted with the responsibility of the direction and management of the respective Guarantor entity within the strategic parameters established by the respective Board. All three Guarantors are governed by the same two executive directors, with the exception of IFP Cyprus, where in addition to the aforementioned two executive directors, the board also consists of another two non-executive directors.

The Group is managed by the same two executive directors governing both the Issuers and Guarantors. During 2020, the Group employed on average 11 persons (FY19: 7), 6 of which were in operations and 5 in administration.

1.3 Major Assets owned by the Endo Group

The Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Endo Group, and, as such, its assets are intended to consist primarily of loans issued to the Endo Tankers Sub-Group's companies.

Endo One - Mumtaz

In March 2016, a related group ("**Palm Group**"), which is controlled by the same beneficial owners of the Endo Group, acquired its first vessel Mumtaz. The vessel, built in 2002 in Puesta de Quilla in Dubai and having a total length of 44.84 meters, is a 599 DWT oil tanker used for the transportation of petroleum products and for the transfer and carriage of dry cargo on deck, both in the Maltese territorial waters and international waters. Mumtaz, bearing IMO (International Maritime Organisation) number 9268514, is currently being leased under a bareboat charter¹ agreement to a subsidiary of Palm Group. Mumtaz was registered with the Registrar of Ships in Malta on 9 March 2016.

Following its incorporation, Endo One acquired Mumtaz from Palm Group on 1 November 2018, for the price of €1.8m, being an amount equivalent to the value of the vessel. This amount due to Palm Group was novated upwards within the Endo Group, where the liability of €1.8m was capitalised and exchanged for shares to the ultimate beneficiary owners of the Endo Group, which effectively increased the issued share capital of the Group's Parent company.

The bareboat charter agreement to which Mumtaz is subject as from 1 November 2018 is entered into with International Fuel Suppliers Ltd ("**IFS**"), an entity forming part of the Palm Group, and in virtue of which agreement IFS has agreed to charter the vessel Mumtaz for a period extending to 31 December 2028. IFS has engaged Intership Management Ltd to manage Mumtaz and, further to such engagement, the latter company provides the crew, manages, maintains, navigates, operates, insures, fuels, repairs and dry-docks the vessel. Against this service, Intership Management Ltd charges a ship management fee to IFS. All direct costs in relation to this vessel are borne by IFS, given that Mumtaz is chartered under a bareboat charter agreement.

Dry-docking refers to the process when a vessel is taken to the service yard and brought to dry land so that submerged portions of the hull can be cleaned and inspected. This work is both preventative as well as a regulatory requirement within the industry. Oil tankers are scheduled for full dry-docking once every five years, with intermediate dry-docking taking place every two years.

Endo Two – Endo Breeze

As expected, the Endo Tankers Sub-Group, through Endo Two and pursuant to the successful completion of the appropriate structural and condition inspections into the vessel, acquired the MR vessel Endo Breeze, a 44,999 DWT product/chemical tanker being 176 metres in length. The MR vessel, Endo Breeze was built in Croatia and delivered in 2003, and is today registered under the Malta Maritime Flag with hull (IMO) number 9239977 with a gross tonnage of 26,914. Endo Breeze was acquired by Endo Two from the 2019 bond issue.

Specifically, Endo Two took delivery of the marine vessel Endo Breeze on 22 May 2019 and ownership of Endo Breeze vests in Endo Two with effect from said date. Additionally, on the same day a first priority mortgage on Endo Breeze was registered with the Merchant Shipping Directorate within Transport Malta in favour of the Custodian for the benefit of bondholders.

With effect from 20 May 2019, Endo Two entered into a time charter agreement with a third party for the chartering of Endo Breeze for a period of 3 years, during which term the vessel will be 100% utilised. Endo Breeze is managed by Columbia Shipmanagement Ltd, which has over 40 years' experience in the ship management and maritime services industry.

Endo Three - Endo Sirocco

As per timelines issued in the prospectus, the third vessel being Endo Sirocco, was to be acquired and delivered by the end of Q2 2019, however said acquisition was delayed as negotiations with a potential seller fell through at a late stage for reasons

¹ A bareboat charter is an arrangement for the hiring of a vessel whereby the charterer obtains possession and full control of the vessel along with the right to trade it as it chooses for a specified period as well as the legal and financial responsibility for it, and no administration or technical maintenance is included as part of the agreement. The charterer typically pays for all operating expenses, including fuel, crew, port expenses and Protection & Indemnity and Hull & Machinery insurance.

beyond the Group's control. Moreover, the acquisition of this vessel was further delayed due to COVID-19 related travel restrictions and quarantine rules, as both the replacement crew and qualified third-party surveyors were prohibited from boarding the vessel. Nonetheless, pursuant to the successful completion of the appropriate structural and condition inspections into the vessel, Endo Sirocco was acquired on 9 September 2020.

The coastal vessel Endo Sirocco, with hull (IMO) number 9118161, was built in 1997. It is a 4,967 DWT product/chemical tanker with a total length of 91m and a gross tonnage of 3,368. This vessel was acquired by Endo Three from the 2019 bond issue. The Group has recently transferred the ownership of this vessel to Endo Sirocco Maritime Ltd and subsequently, registered Endo Sirocco under the Cypriot flag.

The time charter agreement to which Endo Sirocco is subject as from 15 October 2020 is entered into with International Fuel Suppliers Ltd, an entity forming part of the Palm Group, and in virtue of which agreement Endo Three (and subsequently Endo Sirocco Maritime Ltd as from 14 April 2021) has agreed to charter the vessel Endo Sirocco for a period extending to 15 October 2030. Endo Three (and subsequently Endo Sirocco Maritime Ltd as from 14 April 2021) has engaged Intership Management Ltd to manage Endo Sirocco and, further to such engagement, the latter company provides the crew, manages, maintains, navigates, operates, insures, fuels, repairs and dry-docks the vessel. Against this service, Intership Management Ltd charges a ship management fee to Endo Three (and subsequently to Endo Sirocco Maritime Ltd as from 14 April 2021). All direct costs in relation to this vessel are borne by Endo Three (and subsequently Endo Sirocco Maritime Ltd as from 14 April 2021), given that Endo Sirocco is chartered under a time charter agreement.

IFP Malta & IFP Cyprus

As part of its operations as a ship-to-ship service provider, IFP Malta and IFP Cyprus require fenders and hoses for the transfer of cargo from one ship to another. Fenders offer protection to the ships by absorbing energy as the vessels berth alongside each other and hoses are used to transfer cargo between ships. Currently, IFP Malta owns 4 sets of fenders and hoses, and IFP Cyprus owns 2 sets. Each set mainly consist of 4 or 5 primary fenders, 2 secondary fenders and 4 hoses.

Endo Properties

Endo Properties owns an investment property which is situated at 9, 10, Timber Wharf in Marsa. The premises comprise a large street level warehouse with a floor area of *circa* 500m² and three floors of office space and receded floor. As per the latest financial statements, this property is valued at €7.2m. Endo Properties generates its revenue through the rental of its property in Marsa to third parties as well as to a related company within Palm Group. Apart from the rental income, Endo Properties Ltd also charges management fees to this related group.

Additionally, Endo Properties owns other properties which amount to €3.0m. These properties were transferred by the ultimate beneficial owners of the Group in November 2019 and consist of; (i) an apartment situated at Sir George Borg Street, Sliema, (ii) an apartment situated at The Strand, Sliema, (iii) an apartment situated at Tower Road, Sliema, (iv) an apartment situated in Birzebbuga, and (v) an apartment situated in Ta' Xbiex. This transaction did not result in any cash outflows for Endo Properties as the liability was capitalised and exchanged for shares to the ultimate beneficiary owners of the Endo Group.

Summary of the vessels owned or to be acquired by the Endo Tankers Sub-Group:

Company	Endo One	Endo Two	Endo Sirocco Maritime
Vessel Name	Mumtaz	Endo Breeze	Endo Sirocco
Vessel Size Class	Bunker	Medium- Range	Coastal
Dead Weight Tonnage	599	44,999	4,967
Length (meters)	44.84	176	91
Age in years (up to 2020)	18	17	23
Additional Useful Life (from 2021)	20	9	15
Certified by approved Classification Society ²	Yes	Yes	Yes
Classification Society	Bureau Veritas SA	DNV GL	Bureau Veritas SA

² Classification societies are non-governmental organisations, which maintain technical standards for the construction and operation of marine vessels, in addition to surveying and classifying ships to ensure continuous compliance with such standards.

The Group, through an independent ship broker with over 40 years' experience in the tanker shipping industry, obtained an assessment of the useful life of the vessel classes owned or to be acquired by the Endo Tankers Sub-Group. The independent ship broker estimated the useful lifetime of the vessels as follows; Endo Sirocco at 35-40 years, Mumtaz at 40-45 years and Endo Breeze at 25-30 years. During 2020, the Group also reassessed the useful life of Mumtaz and it is now estimate to have an additional useful life of 20 years.

Additionally, the Group's useful life of its vessels averaging to 25 years is based on industry practice. As per the latest available financial statements of the largest listed crude tanker companies, the estimated useful life for crude oil tankers is 25 years. Amongst others, the list includes: Teekay Tankers Ltd, Frontline Ltd, Nordic American Tankers Ltd and SFL Corporation Ltd.

1.4 Operational Developments

The Endo Tankers Sub-Group was incorporated to engage in the business of acquiring, financing, managing and chartering commercial vessels, in addition to, strengthening the operations of Palm Group, being the bunkering and transportation of petroleum products. Endo Two successfully acquired Endo Breeze on 22 May 2019 and Endo Three successfully acquired Endo Sirocco on 9 September 2020, which was subsequently transferred to Endo Sirocco Maritime Ltd on 14 April 2021. Endo Breeze is currently leased on a time charter agreement with a third party for a period of three years. While, Endo Sirocco is currently leased on a time charter agreement with an entity forming part of Palm Group for a period of 10 years.

Assessment of the COVID-19 pandemic

Endo Group has been closely monitoring the developments resulting from the outbreak of the COVID-19 pandemic and the effect on the global economy, with specific reference to the shipping industry. According to research and feedback from major industry players and ship brokers, the tanker shipping market has been one of the few industries that was positively affected by the COVID-19 pandemic and the drastic fall in oil price during 2020³.

Despite the current situation, the Group still managed to improve on its actual revenue over last year and also exceeded previous expectations. Consequently, current events are so far not expected to have any material impact on the performance and financial position of the Group in the future. However, management confirmed that any effects that this pandemic is having on the economy and the shipping industry, are constantly being monitored.

The Group have continued its operations normally during this pandemic and it has taken all measures possible in order to protect its staff in line with health authorities' guidelines and will continue to do so for a smooth transition during this period of global and local economic uncertainty.

Endo Breeze, which is owned and time chartered by Endo Two, is currently under a fixed time charter of 3 years (up to May 2022) with Team Tankers International Ltd. This company was previously listed on the Oslo Stock Exchange and as at 30 June 2020, it owned vessels having a book value of \$0.4 billion⁴. Therefore, this vessel, which represents a significant portion of the Endo Tankers Sub-Group's operating assets and revenue, is leased to a reputable company, having a strong financial position which enables it to honour its obligations with the Endo Tankers Sub-Group. The other two vessels Mumtaz and Endo Sirocco, are time chartered to entities forming part of Palm Group and these have continued to operate without any material adverse effects as a consequence of the outbreak. It is expected that by the time the various time charter agreements expire, the current situation would have improved.

The measures issued by the Maltese authorities since the outbreak in March 2020, particularly the travel bans, provided an exemption in relation to cargo ships and tankers carrying essential fuels. Hence, ship-to-ship operations carried out by IFP Malta and IFP Cyprus have not being negatively affected by the pandemic.

In view of the developments pertaining to COVID-19, management has prepared cash flow forecasts to assess the impact that the pandemic has, and might have on the profitability and liquidity of the Group. Based on the performance achieved in FY20 and the current expectations, management do not believe that the pandemic has or might have an effect on its profitability and liquidity.

³ Intermodal Research and Valuations – Weekly market report – Week 14, Tuesday 7 April 2020

⁴ <https://ml-eu.globenewswire.com/Resource/Download/daff1784-6040-46f7-90cf-197e5f20f641>

As at year-end 2020, the Group had a net cash reserve of €1.1m with management's forecasts for FY21 projecting positive cash flows for the Group throughout, with a forecasted net cash reserve of *circa* €2.8m by 31 December 2021. Therefore, the projections indicate that sufficient cash will be generated throughout this financial year and that the Group should be in a position to meet all of its financial commitments, including the obligations towards bondholders.

The Group's forecasts for FY21 capture the actual trading results for the 3-month period (1 January to 31 March 2021) and the financial projections for the remaining 9-month period (1 April to 31 December 2021). The assumptions utilised in arriving at FY21 forecasts are described below in part 2 of this Analysis.

Part 2 - Historical Performance and Forecasts

The Issuer was incorporated on 20 November 2018 and, accordingly, its first year capture the period from 20 November 2018 to 31 December 2019. Its historical and projected financial information is set out below. The Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of loans issued to the Endo Tankers Sub-Group's companies.

For the purpose of this document, the focus is on a review of the performance of the Guarantors and the Endo Group. The Guarantors' historical financial information for the period ended 31 December 2018 to 31 December 2020 and their respective projections are set out in sections 2.4 to 2.6. The Group's financial performance review is set out in section 2.7 to 2.9. The forecast data for the current financial year 2021 has been provided by management.

2.1 Issuer's Income Statement

Income Statement	20/11/2018 31/12/2019A	01/01/2020 31/12/2020A	31/12/2021F
	€000s	€000s	€000s
Finance income	584	745	800
Finance costs	(464)	(612)	(608)
Net Finance income	120	133	192
Administrative expenses	(82)	(90)	(97)
Profit before tax	38	43	95
Income tax	(29)	(31)	(54)
Profit for the year	9	12	41

Ratio Analysis	20/11/2018 31/12/2019A	01/01/2020 31/12/2020A	31/12/2021F
Gross Margin (Net finance income / Finance income)	20.5%	17.9%	24.0%
Net Margin (Profit for the year / Finance income)	1.5%	1.6%	5.1%

The Issuer has generated €0.7m in finance income for the period ended 31 December 2020 (FY19: €0.6m). During this period, the Issuer incurred €0.6m in finance costs and €0.1m in administrative expenses, which resulted in the Issuer to almost break-even after considering income tax (FY19: €9k profit).

The Issuer's finance income was partially lower than previously forecasted and this was due to a reduction in the intra-group interest rate from 6.5% in FY19 to 6% in FY20. Both administrative expenses and finance costs were in line with expectations. As a result of the aforementioned reduction in finance income, the Issuer incurred less than expected tax expense and generated a marginally lower profit for the year.

Projected revenue expected to be generated during FY21 represents the interest earned on the loan granted to the Endo Tankers Sub-Group out of the €13.5m bonds issued in Mar 2019. The Issuer is expected to remain profitable during FY21, with profitability increasing marginally to €41k from €12k in FY20. This profitability represents the marginally higher interest rate charged by the Issuer to the Endo Group subsidiaries, when compared to the coupon rate that the Issuer incurs with regards to the bonds.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position	31/12/2019A	31/12/2020A	31/12/2021F
	€000s	€000s	€000s
Assets			
Non-current assets			
Financial assets	11,954	13,324	13,324
Intangible assets	3	5	7
	11,957	13,329	13,331
Current assets			
Trade and other receivables	630	699	760
Cash and cash equivalents	1,395	1	57
	2,025	700	817
Total assets	13,982	14,029	14,148
Equity and liabilities			
Capital and reserves			
Share capital	250	250	250
Retained earnings	9	22	62
Total equity	259	272	312
Non-current liabilities			
Debt securities in issue	13,230	13,260	13,290
	13,230	13,260	13,290
Current liabilities			
Trade payables	464	464	492
Current tax payable	29	33	54
	493	497	546
Total liabilities	13,723	13,757	13,836
Total equity & Liabilities	13,982	14,029	14,148

The Issuer's assets in FY20, mainly consisted of loans advanced to its fellow subsidiaries, whereas the major liability comprised of the €13.5m bonds. Loans granted to related parties during FY20 amount to €13.3m (FY19: €12.0m) split as follows: €0.25m to Endo Ventures Ltd (FY19: €0.25m), and €13.1m (FY19: €11.7m) to Endo Tankers Ltd. Current liabilities mainly consisted of trade payables, being the accrual for interest due on the outstanding bond issue as at 31 December 2020.

The Issuer's assets in FY20 were in line with previous expectations. Trade and other receivables were higher than expected as this now also captures the annual interest receivable on Endo Sirocco, which was not captured in FY19 as its acquisition was delayed for reasons beyond the Group's control as further explained in section 1.3. Cash reserves were lower than previously expected as a result of the aforementioned increase in trade and other receivables. Both the Issuer's Equity and Liabilities were in line with previous forecasts.

In view of the limited trading activity of the Issuer, the financial position in FY21 is not expected to differ materially when compared to FY20. Total assets are expected to increase to €14.1m (FY20: €14.0m) mainly as a result of a forecasted increase in cash reserves and trade receivables. Total liabilities are expected to also remain fairly stable, with the movement in the debt securities representing the amortisation charge on the bond issue costs.

2.3 Issuer's Statement of Cash Flows

Cash Flows Statement	20/11/2018 31/12/2019A	01/01/2020 31/12/2020A	31/12/2021F
	€000s	€000s	€000s
Cash flows from operating activities			
Cash flows from operations	(974)	(128)	(100)
Interest paid	(8)	(612)	(608)
Interest received*	-	-	-
Taxation paid	-	(27)	(33)
Net cash generated from/(used in) operating activities	(982)	(767)	(741)
Cash flows from investing activities			
Acquisition of intangible assets	(3)	(2)	(3)
Intercompany receivables*	-	-	-
Interest received on loans to related parties	584	745	800
Movement in loans to related parties	(11,954)	(1,370)	-
Net cash used in investing activities	(11,373)	(627)	797
Cash flows from financing activities			
Proceeds from the issue of debt securities	13,500	-	-
Proceeds from equity	250	-	-
Net cash generated from financing activities	13,750	-	-
Net movement in cash and cash equivalents	1,395	(1,394)	56
Cash and cash equivalents at the beginning of year	-	1,395	1
Cash and cash equivalents at the end of year	1,395	1	57

* FY19 figures as presented in last year's FAS have been reclassified in line with the FY20 audited financials.

In FY20, the Issuer used €0.8m in operating activities and this mainly reflects the interest paid on the bonds which amounted to €0.6m. Cash used in investing activities represent the interest received on the loans granted to the Endo Group companies out of the net proceeds of the €13.5m bonds. In line with the limited trading activity of the issuer it did not carry out any financing activities during both FY19 and FY20.

The Issuer's cash flow was in line with previous expectations, except for cash from operations which were lower than expected as a result of the increase in trade and other receivables as further explained in the balance sheet above.

In FY21, the Issuer is expected to generate a positive cash movement of €56k mainly representing the marginally higher interest rate charged by the Issuer to the Endo Group subsidiaries, when compared to the coupon rate that it incurs on its bonds.

2.4 Guarantors' Income Statement

Endo Properties Ltd

Endo Properties Ltd is one of the Guarantors and is engaged in investing and renting of property. Previously, the company's year-end was 31 July and has been changed to 31 December as from FY18. The audited historical performance for the years ending 31 December 2018, 2019, and 2020, in addition to the forecasts for FY21 as set out by management, are presented below.

Income Statement	01/08/2017 31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
	€	€	€	€
Revenue	232,546	191,622	395,671	158,015
Administrative expenses	(63,938)	(44,438)	(282,481)	(34,057)
EBITDA	168,608	147,184	113,190	123,958
Depreciation	(7,042)	(1,701)	(1,706)	(2,172)
EBIT	161,566	145,483	111,484	121,786
Movement in revaluation of investment property	4,341,277	2,236,957	-	-
Finance costs	(65,986)	(42,665)	(30,197)	(28,735)
Profit before tax	4,436,857	2,339,775	81,287	93,051
Taxation	(400,961)	(256,309)	(22,885)	(15,470)
Profit after tax	4,035,896	2,083,466	58,402	77,581

Ratio Analysis	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
EBITDA Margin (EBITDA / Revenue)	72.5%	76.8%	28.6%	78.4%
Operating (EBIT) Margin (EBIT / Revenue)	69.5%	75.9%	28.2%	77.1%
Net Margin (Profit for the year / Revenue)	1735.5%	1087.3%	14.8%	49.1%

The company generates revenue through the rental of its property in Marsa to third parties as well as to a related company, Palm Shipping Agency Ltd. Apart from the rental income, Endo Properties also charges management fees to another related company, Palm Enterprises Ltd. Both companies, Palm Shipping Agency Ltd and Palm Enterprises Ltd form part of the Palm Group. Endo Properties also rents out two of its apartments (mainly Martello Towers apartment in Sliema and apartment in Birzebbuga) to third parties.

The company generated a revenue of €0.4m during FY20 (FY19: €0.2m). The substantial increase in revenue during the year under review was due to the recognition of €285k in additional revenue as a result of a court judgment in relation to a buyer who defaulted on a promise of sale agreement. Endo properties also incurred a one-off management fee of €250k, which set off the abnormal revenue generated from the aforementioned promise of sale default. On a comparative basis, rental income and management fees during FY20 dropped to €0.1m from €0.2m in FY19 and this was as a result of the changes in tenants that occurred prior to the previously expected sale which did not materialise as the buyer failed to appear on the final deed of sale.

Excluding the one-off items of FY20, the EBITDA margin would have amounted to 70.7% (FY19: 76.8%). This drop in the EBITDA margin reflects the decrease in revenue as a result of the above-mentioned changes in tenants that occurred during 2020.

The one-off items recorded in FY20 were the main cause for the variances when compared with prior year's forecasts. Additionally, the company incurred higher than expected finance costs, but benefitted from lower tax charge as part of its rental income which is generated from third parties qualified for the 15% withholding tax option, while the forecasted tax charge was all based on the 35% final tax.

Revenue in FY21 is expected to drop back to normal levels and the company is forecasting a revenue of €0.2m. Accordingly, the EBITDA is also expected to normalise, with the EBITDA margin anticipated to reach 78.4% and therefore, exceed the level achieved in FY19 (76.8%).

International Fender Providers Ltd

IFP Malta is one of the Guarantors and is engaged in the service of transferring cargo between ship-to-ship operations, in addition to, hiring of fenders and hoses. The audited historical performance for the years ending 31 December 2018, 2019, and 2020, in addition to the forecasts for FY21 as set out by management, are presented below.

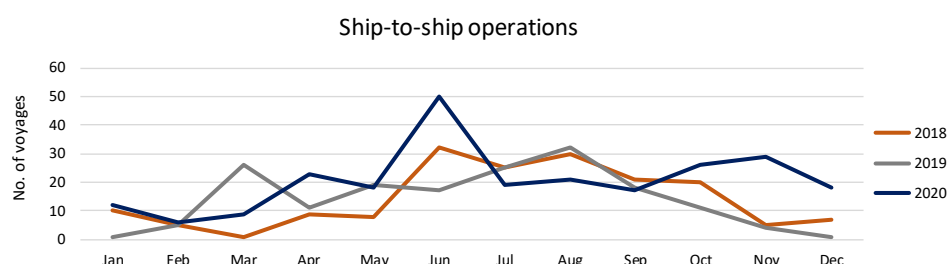
Income Statement	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
	€	€	€	€
Revenue	1,466,405	1,535,639	3,572,227	2,820,000
Cost of sales (exc. depreciation)	(1,013,096)	(1,091,401)	(2,984,985)	(2,298,300)
Gross profit	453,309	444,238	587,242	521,700
Other Income*	10,796	8,838	15,003	1,000
Administrative expenses	(126,277)	(119,769)	(236,789)	(147,499)
EBITDA*	337,828	333,307	365,456	375,201
Depreciation*	(196,624)	(167,985)	(118,114)	(81,783)
EBIT*	141,204	165,322	247,342	293,418
Finance income*	-	96,931	285,288	-
Finance costs*	(108,170)	(152,127)	(109,342)	(117,141)
Profit before tax	33,034	110,126	423,288	176,277
Taxation	(11,676)	(39,085)	(13,613)	(61,697)
Profit after tax	21,358	71,041	409,675	114,580

Ratio Analysis	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
Gross Profit Margin (Gross Profit / Revenue)	30.9%	28.9%	16.4%	18.5%
EBITDA Margin (EBITDA / Revenue)*	23.0%	21.7%	10.2%	13.3%
Operating (EBIT) Margin (EBIT / Revenue)*	9.6%	10.8%	6.9%	10.4%
Net Margin (Profit for the year / Revenue)	1.5%	4.6%	11.5%	4.1%

* FY19 figures as presented in last year's FAS have been reclassified in line with the FY20 audited financials. Accordingly, the respective ratios have been recomputed.

IFP Malta generates its revenue from the provision of fenders and hoses used for the transfer of cargo from one ship to another. It also provides mooring master services. For these services, the company enters into fixed fee contracts up to a stipulated number of hours, with a variable amount at a fixed fee thereafter. Management explained that the business of the company is affected by seasonality factors due to bad weather conditions during the months of January to February and October to December.

In FY20, revenue increased by 132.6% on a comparative basis, which was a result of an increase in the number of ship-to-ship operations which are also known as voyages, as illustrated further below. Management explained that the COVID-19 outbreak led to a boost in the tankers shipping market, which increased significantly the voyages carried during the year. In fact, total voyages in FY20 stood at 248 vs 170 in FY19. This in turn, translated into an improvement in both the gross profit and EBITDA generated during FY20. The table below illustrates the number of voyages from 2018 to 2020:



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2018	10	5	1	9	8	32	25	30	21	20	5	7	173
2019	1	5	26	11	19	17	25	32	18	11	4	1	170
2020	12	6	9	23	18	50	19	21	17	26	29	18	248

Management further explained that the surge in activity that occurred during FY20, was higher than previously expected, thus both revenue and costs of sales exceeded previous estimates. Additionally, the company incurred *circa* €0.1m in unrealised foreign exchange losses which were not anticipated. During FY20, IFP Mala received a dividend of almost €0.3m which was not forecasted in last year's projections and it also managed to lower its actual finance costs as a result of improved utilisation of the bank overdraft facility. Furthermore, IFP Malta benefitted from an unexpected tax credit issued by Malta Enterprise which the company applied for during FY20.

Projected revenue in FY21 is based on the voyages conducted by the company during FY20, although the surge experienced in 2020 due to COVID-19, is expected to start decreasing gradually as the current situation continues to normalise. Consequently, the gross profit is expected to fall below the FY20 level, but still exceed the gross profit achieved in FY19. Management also expects that foreign exchange movements will normalise during FY21 and accordingly, admin costs are expected to fall in line with previous levels. Forecasted depreciation in FY21 is expected to fall when compared to FY20 as some assets have been fully depreciated during FY20, therefore, moving forward, no further depreciation expenses will be incurred on these assets. Similarly, net profit in FY21 is expected to fall below that achieved in FY20, but still remain higher than FY19's net profit.

IFP International Fender Providers Ltd

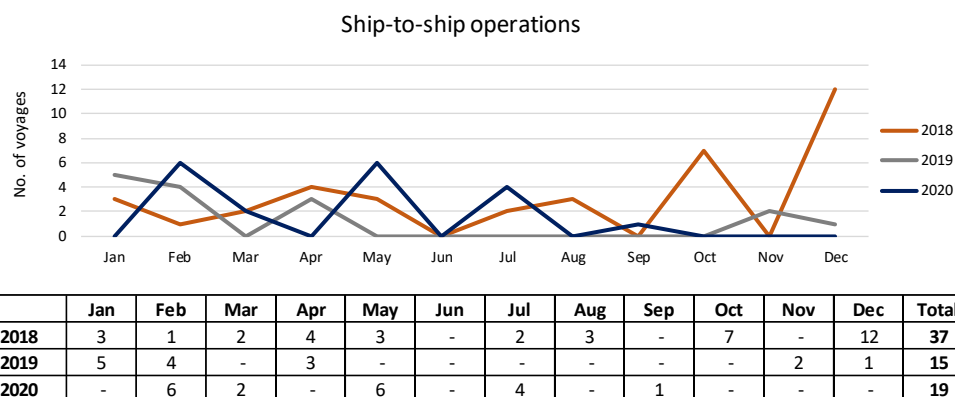
IFP Cyprus is one of the Guarantors and is engaged in the service of transferring cargo between ship-to-ship operations, in addition to, hiring of fenders and hoses which are all carried in Cyprus. Its activities are similar to that performed by IFP Malta. The audited historical performance for the years ending 31 December 2018, 2019, and 2020, in addition to the forecasts for FY21 as set out by management, are presented below.

Income Statement	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
	€	€	€	€
Revenue	649,074	311,011	342,820	319,150
Cost of sales	(491,510)	(177,657)	(215,129)	(217,022)
Gross profit	157,564	133,354	127,691	102,128
Other Income	-	-	-	-
Administrative expenses (exc. depreciation)	(66,357)	(41,661)	(45,765)	(42,752)
EBITDA	91,207	91,693	81,926	59,376
Depreciation	(81,959)	(56,160)	(56,160)	(47,760)
EBIT	9,248	35,533	25,766	11,616
Net finance income/(costs)	(4,335)	5,092	(10,788)	-
Profit before tax	4,913	40,625	14,978	11,616
Taxation	(924)	(2,841)	(4,337)	(1,452)
Profit after tax	3,989	37,784	10,641	10,164
	-	-	-	-

Ratio Analysis	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
Gross Profit Margin (Gross Profit / Revenue)	24.3%	42.9%	37.2%	32.0%
EBITDA Margin (EBITDA / Revenue)	14.1%	29.5%	23.9%	18.6%
Operating (EBIT) Margin (EBIT / Revenue)	1.4%	11.4%	7.5%	3.6%
Net Margin (Profit for the year / Revenue)	0.6%	12.1%	3.1%	3.2%

Similar to IFP Malta, IFP Cyprus generates its revenue from the provision of Yokohama fenders and hoses used for the transfer of cargo from one ship to another in Augusta and Cyprus, whilst it also provides mooring master services. The company performed 15 voyages in FY19 and 19 voyages in FY20. Management explained that IFP Cyprus also was positively impacted by the COVID-19 outbreak, but not to the same extent as IFP Malta. Revenue during FY20, increased by 10.2% over FY19. Notwithstanding this, the company's costs increased at a higher rate than the revenue in FY20, which resulted in the EBITDA to fall by 10.7% on a comparative basis, with an EBITDA margin of 23.9% (FY19: 29.5%).

The table below illustrates the number of voyages from 2018 to 2020:



The company results for FY20 were mostly in line with previous projections, but IFP Cyprus experienced higher than expected activity as a result of the tankers shipping market boom, as explained above. In fact, both revenue and cost of sales were higher than that previously projected, with EBITDA exceeding previous budgets by 12.9%. Similar to IFP Malta, the company incurred unexpected foreign exchange losses and this contributed to the lower profit when compared with the forecasts published in last year's FAS.

Projected revenue in FY21 is based on the voyages conducted by the company during FY20, although the surge experienced in 2020 due to COVID-19, is expected to start decreasing gradually as the current situation continues to normalise. Consequently, revenue in FY21 is expected to fall when compared with FY20. However, operating expenses are expected to remain in line with FY20, resulting in the forecasted EBITDA margin to decrease to 18.6% from 23.9% in FY20. Notwithstanding this, foreign exchange movements are expected to normalise during FY21, with this contributing positively to the forecasted profit of FY21.

2.5 Guarantors' Statement of Financial Position

Given that the financial performance of the Guarantors is consolidated by the Parent company of the Group, Endo Ventures Ltd, the commentary on the Guarantors' statement of financial position together with the other Group companies has been discussed in section 2.8 of this Analysis.

Endo Properties Ltd

Statement of Financial Position	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
	€	€	€	€
Assets				
Non-current assets				
Investment property	7,200,000	10,200,000	10,200,000	10,200,000
Property, plant and equipment	165,550	163,849	162,143	162,329
	7,365,550	10,363,849	10,362,143	10,362,329
Current assets				
Trade and other receivables	233,566	186,726	42,427	50,036
Cash at bank and in hand	2,742	-	2,070	5,302
Current tax recoverable	-	-	9,045	-
	236,308	186,726	53,542	55,338
Total assets	7,601,858	10,550,575	10,415,685	10,417,667
Equity and liabilities				
Capital and reserves				
Called up issued share capital	2,329	2,329	765,372	765,372
Revaluation reserve	5,130,354	7,127,311	7,127,311	7,127,311
Retained earnings	305,601	392,110	450,512	528,092
Total equity	5,438,284	7,521,750	8,343,195	8,420,775
Non-current liabilities				
Long-term borrowings	892,948	785,970	563,075	473,247
Trade and other payables	360,000	-	440,001	440,001
Deferred taxation	637,264	875,708	881,071	881,071
	1,890,212	1,661,678	1,884,147	1,794,319
Current liabilities				
Short term borrowings	112,082	119,434	121,201	121,201
Trade and other payables	146,274	1,238,368	67,142	68,552
Current tax payable	15,006	9,345	-	12,820
	273,362	1,367,147	188,343	202,573
Total liabilities	2,163,574	3,028,825	2,072,490	1,996,892
Total equity and liabilities	7,601,858	10,550,575	10,415,685	10,417,667

International Fender Providers Ltd

Statement of Financial Position	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
	€	€	€	€
Assets				
Non-current assets				
Property, plant and equipment	500,573	325,165	240,189	214,253
Investment in subsidiary	1,000	1,000	1,000	1,000
Long-term receivables	2,754,793	3,739,327	3,047,623	3,047,623
Deferred tax asset	-	-	1,516	1,516
	3,256,366	4,065,492	3,290,328	3,264,392
Current assets				
Trade and other receivables	509,322	250,029	613,286	513,804
Current tax recoverable	25,670	78,255	17,321	-
Cash at bank and in hand	9,680	33,309	66	26,181
	544,672	361,593	630,673	539,985
Total assets	3,801,038	4,427,085	3,921,001	3,804,377
Equity and liabilities				
Capital and reserves				
Called up issued share capital	16,000	16,000	16,000	16,000
Retained earnings	530,108	601,149	910,824	1,025,404
Total equity	546,108	617,149	926,824	1,041,404
Non-current liabilities				
Long-term borrowings	412,146	1,385,754	699,687	587,360
Deferred taxation	30,803	35,486	-	-
	442,949	1,421,240	699,687	587,360
Current liabilities				
Trade and other payables	653,103	228,911	627,270	476,651
Short-term borrowings	2,158,878	2,159,785	1,667,220	1,671,663
Current tax payable	-	-	-	27,299
	2,811,981	2,388,696	2,294,490	2,175,613
Total liabilities	3,254,930	3,809,936	2,994,177	2,762,973
Total equity and liabilities	3,801,038	4,427,085	3,921,001	3,804,377

IFP International Fender Providers Ltd

Statement of Financial Position	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
	€	€	€	€
Assets				
Non-current assets				
Property, plant and equipment	314,658	258,498	202,338	154,579
Loans receivable	-	-	-	-
	314,658	258,498	202,338	154,579
Current assets				
Trade and other receivables	219,285	166,947	50,590	49,842
Loans receivable	-	174,748	-	-
Refundable taxes	600	-	-	-
Cash at bank and in hand	212,096	33,304	406	42,383
	431,981	374,999	50,996	92,225
Total assets	746,639	633,497	253,334	246,804
Equity and liabilities				
Capital and reserves				
Called up issued share capital	1,000	1,000	1,000	1,000
Retained earnings	379,896	417,680	143,032	153,196
Total equity	380,896	418,680	144,032	154,196
Current liabilities				
Trade and other payables	365,743	212,576	105,565	91,156
Current tax liabilities	-	2,241	3,737	1,452
	365,743	214,817	109,302	92,608
Total equity and liabilities	746,639	633,497	253,334	246,804

2.6 Guarantors' Statement of Cash Flows

Given that the financial performance of the Guarantors is consolidated by the Parent company of the Group, Endo Ventures Ltd, the commentary on the Guarantors' statement of cash flows together with the other Group companies has been discussed in section 2.9 of this Analysis.

Endo Properties Ltd

Statement of Cash Flows	01/08/2017 31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
	€	€	€	€
Cash flows from operations	877,955	163,075	(913,737)	117,759
Interest paid	(65,986)	(42,665)	(30,197)	(28,735)
Taxation refund	16,498	-	-	15,542
Taxation paid	-	(23,526)	(35,912)	(9,148)
Net cash flows generated from/(used in) operating activities	828,467	96,884	(979,846)	95,418
Cash flows from investing activities				
Acquisition of property, plant and equipment	(126,578)	-	-	(2,358)
Net cash flows used in investing activities	(126,578)	-	-	(2,358)
Cash flows from financing activities				
Movement in related party loans	(790,322)	13,026	1,060,854	-
Movement in ultimate beneficial owner	-	-	(30,273)	-
Movement in bank loan	94,520	(113,418)	(47,899)	(89,828)
Net cash flows (used in)/generated from financing activities	(695,802)	(100,392)	982,682	(89,828)
Movement in cash and cash equivalents	6,087	(3,508)	2,836	3,232
Cash and cash equivalents at start of year	(3,345)	2,742	(766)	2,070
Cash and cash equivalents at end of year	2,742	(766)	2,070	5,302

International Fender Providers Ltd

Statement of Cash Flows	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
	€	€	€	€
Cash flows from operations	(11,106)	62,787	141,456	324,063
Interest paid	(108,170)	(152,127)	(109,342)	(117,141)
Taxation paid/(refund)	(58,005)	(86,987)	10,319	(17,076)
Net cash flows generated from/(used in) operating activities	(177,281)	(176,327)	42,433	189,846
Cash flows from investing activities				
Acquisition of property, plant and equipment	(11,422)	(1,564)	(34,781)	(55,847)
Proceeds from disposal of property, plant and equipment	8,500	8,987	6,409	-
Movement in related parties loans	(347,366)	(984,534)	691,704	-
Interest received	-	96,931	-	-
Net cash flows (used in)/generated from investing activities	(350,288)	(880,180)	663,332	(55,847)
Cash flows from financing activities				
Movement in bank loan	-	955,904	(101,747)	(116,845)
Movement in related parties loans	412,146	168,738	(295,596)	-
Net cash flows (used in)/generated from financing activities	412,146	1,124,642	(397,343)	(116,845)
Movement in cash and cash equivalents	(115,423)	68,135	308,422	17,154
Effects of foreign exchange differences	-	63,669	154,336	-
Net change in cash and cash equivalents	(115,423)	131,804	462,758	17,154
Cash and cash equivalents at start of year	(2,033,775)	(2,149,198)	(2,017,394)	(1,554,636)
Cash and cash equivalents at end of year	(2,149,198)	(2,017,394)	(1,554,636)	(1,537,482)

IFP International Fender Providers Ltd

Statement of Cash Flows	31/12/2018A	31/12/2019A	31/12/2020A	31/12/2021F
	€	€	€	€
Cash flows from operations	171,870	(11,585)	(22,242)	45,715
Taxation paid	-	-	(2,841)	(3,738)
Net cash flows generated from/(used in) operating activities	171,870	(11,585)	(25,083)	41,977
Cash flows from investing activities				
Acquisition of property, plant and equipment	(26,430)	-	-	-
Loans granted	-	(174,748)	-	-
Net cash flows used in investing activities	(26,430)	(174,748)	-	-
Cash flows from financing activities				
Unrealised exchange gain / (loss)	(1,809)	7,541	(7,815)	-
Net cash flows (used in)/generated from financing activities	(1,809)	7,541	(7,815)	-
Movement in cash and cash equivalents	143,631	(178,792)	(32,898)	41,977
Cash and cash equivalents at start of year	68,465	212,096	33,304	406
Cash and cash equivalents at end of year	212,096	33,304	406	42,383

2.7 Endo Group's Income Statement

Income Statement	31/12/2019A	31/12/2020A	31/12/2021F
	€000s	€000s	€000s
Revenue	5,545	9,820	10,954
Cost of sales (exc. depreciation)	(2,927)	(6,146)	(6,472)
Gross profit	2,618	3,674	4,482
Administrative expenses	(492)	(950)	(762)
Other operating income	108	428	1
EBITDA	2,234	3,152	3,721
Depreciation	(1,226)	(1,306)	(1,296)
EBIT	1,008	1,846	2,425
Movement in revaluation of investment property	2,237	-	-
Finance costs	(662)	(751)	(768)
Profit before tax	2,583	1,095	1,657
Taxation	(330)	(90)	(176)
Profit after tax	2,253	1,005	1,481

Revenue by each Subsidiary	2019A	2020A	2021F	% inc. 2021/20	2019A	2020A	2021F
	€000s	€000s	€000s		% of Total Revenue		
Endo One	295	342	304	-11.1%	5.3%	3.5%	2.8%
Endo Two	2,577	4,394	4,069	-7.4%	46.5%	44.7%	37.1%
Endo Three/Endo Sirocco	-	439	2,649	503.8%	0.0%	4.5%	24.2%
Intership Management Ltd	635	637	635	-0.3%	11.5%	6.5%	5.8%
Endo Properties	192	111	158	42.8%	3.5%	1.1%	1.4%
IFP Malta	1,536	3,555	2,820	-20.7%	27.7%	36.2%	25.7%
IFP Cyprus	311	343	319	-6.9%	5.6%	3.5%	2.9%
	5,545	9,820	10,954	11.5%	100%	100%	100%

Ratio Analysis - Profitability	31/12/2019A	31/12/2020A	31/12/2021F
Growth in Revenue (YoY Revenue Growth)	n/a	77.1%	11.5%
Gross Profit Margin (Gross Profit / Revenue)	47.2%	37.4%	40.9%
EBITDA Margin (EBITDA / Revenue)	40.3%	32.1%	34.0%
Operating (EBIT) Margin (EBIT / Revenue)	18.2%	18.8%	22.1%
Net Margin (Profit for the year / Revenue)	40.6%	10.2%	13.5%
Return on Common Equity (Net Income / Total Equity)	21.6%	9.1%	12.0%
Return on Assets (Net Income / Total Assets)	7.2%	3.2%	4.7%

In FY20, the revenue of Endo Group mainly consisted of revenue generated by Endo Two: 44.7% (FY19: 46.5%), IFP Malta: 36.2% (FY19: 27.7%) and Intership Management Ltd 6.5% (FY19: 11.5%). The revenue of the latter is generated from the ship management services it provides to a company within Palm Group, which leases the vessels Mumtaz and Endo Sirocco (the latter as from Oct 2020). Further detailed explanation on the Group's performance is found below and the variance analysis between the actual and projections for FY20 is discussed in detail in section 2.7.1.

As further explained in section 2.4, IFP Malta's contribution to the Group improved in FY20 following an increase in the number of ship-to-ship operations carried out during the year. IFP Malta is expected to maintain its current business, experiencing marginal year-on-year growth in revenue, except for the spike in operations registered during FY20 (as further explained in section 2.4) with a contribution of *circa* €2.8m in FY21.

Endo Breeze, which is owned by Endo Two, is chartered to a third party for a three-year charter agreement at a daily charge of \$13,950 (up to May 2022). In FY20, Endo Two generated €4.4m in revenue (FY19: 2.6m). It is important to point out that FY20 is the first year that captures the full-year performance of Endo Breeze, as FY19 only captured half-year performance. In FY21, it is forecasted that Endo Two's revenue will amount to €4.1m, as it is subject to intermediate dry-docking this year. This is further explained below.

The commencement of Endo Sirocco's time charter to a company within the related Palm Group was delayed from 15 October 2020 to 28 October 2020 due to refurbishment works on the vessel. The time charter stipulates a daily rate of \$8,709. During FY20, it generated a revenue of €0.4m. Endo One charters Mumtaz to the same company within the Palm Group, but at a daily rate of \$1,000. It contributed €0.3m to the Group's revenue in FY20 (FY19: €0.3m), and this is projected to remain constant over the life of the said vessel.

Revenue in FY21 is projected to increase by 11.5% or €1.1m, mainly due to the full year performance of Endo Sirocco in FY21, given that the vessel was acquired on 9 September 2020 and commenced operations as from 28 October 2020. More specifically, revenue generated by Endo Three/Endo Sirocco is expected to increase by €2.2m in FY21, but this will be partially set-off by the forecasted decrease in revenue of IFP Malta (€0.7m) and Endo Two (€0.3m).

Revenue is projected on two assumptions being: the time charter rates and the utilisation rates. As described in section 1.3, vessels are subject to a dry-docking process. A dry-docking takes place every 2.5 years, and is split between an intermediate dry-docking and a full dry-docking which both take place once every 5 years. The intermediate dry-docking process takes approximately 2 weeks and the full dry-docking takes around 4 weeks, which means that a particular vessel will be out of service for approximately 2 weeks and 4 weeks, respectively, in each case.

Mumtaz is chartered on a bareboat charter agreement with a company within the Palm Group. Therefore, utilisation rates are projected to be 100% for a ten-year period. In addition, the vessel shall be subject to full dry-docking in 2022 and intermediate dry-docking in 2020 and 2025, resulting in the utilisation rates to be reduced to 92% and 96%, respectively. The charter rate of Mumtaz is fixed at \$1,000 per day. Management explained that there is no open market in determining charter rates for Mumtaz considering the size of this vessel.

Endo Breeze is chartered on a three-year time charter agreement commencing from the date of acquisition till May 2022, at a fixed time chart rate of \$13,950 per day during this period. Therefore, utilisation rates are set at 100% for the first three years subject to intermediate dry-docking in 2021, where the utilisation rate will fall to 96%. Following the three-year period, the time charter rates are based on the average charter rates over the historical period 2010 to 2019 and the utilisation rates are based on industry practices. The vessels are chartered on an annual basis with a stipulated 90-day notice period prior to the termination of the time charter agreement. Management applied a prudent 45-day time lapse (i.e. 93% utilisation rate) which allows for negotiations between charterers has been taken into consideration, thus revenue will not be generated throughout this period. Endo Breeze will be subject to full dry-docking in 2023/2024 and intermediate dry-docking in 2026/2027.

Endo Sirocco is chartered on a ten-year time charter agreement commencing from 28 October 2020 till 15 October 2030 with a company within the Palm Group. Therefore, utilisation rates are set at 100% for a ten-year period, subject to full dry-docking in 2022 and 2027 and intermediate dry-docking in 2025. The time charter rate for Endo Sirocco is based on the average charter rates over the historical period 2010 to 2019, with a fixed rate of \$8,709 per day.

The Endo Group EBITDA margin in FY20 stood at 32.1% (FY19: 40.3%). This drop was mainly due to the surge in operations carried out by IFP Malta and IFP Cyprus during FY20. In FY21, the EBITDA margin is expected to improve to 34.0% and this reflects the full year operations of Endo Sirocco. In FY20, the Group registered a net margin of 10.2% (FY19: 40.6%). It is pertinent to point out that in FY19 there was a revaluation on the investment property owned by Endo Properties, which when excluded result in an adjusted net margin of 3.5%. As a result of the full-year operations of Endo Sirocco in 2021, net margin in FY21 is expected to improve to 13.5%.

The direct costs of the vessel operating companies primarily consist of crewing and training expenses, equipment costs, lubricating oil costs, repairs and maintenance as well as other general expenses comprising travel expenses of crew and superintendents, vessel communication, IT costs and flag registration. Direct costs also include the ship management fees charged by the external ship management company which is managing Endo Breeze. Direct costs of Endo Breeze have been projected based on estimates provided by the ship management company which is managing the vessel. Furthermore, the direct costs of IFP Malta and IFP Cyprus mainly consist of fendering expenses which include purchases of ancillary equipment required for the ship-to-ship operations as well as freight costs.

Administrative expenses mainly consist of insurances, licences and permits, accountancy fees, audit fees and other administrative costs. Depreciation is calculated on a straight-line method to allocate the cost of the assets to their residual values over their estimated useful life. The depreciation rates are: Property, plant and equipment – 10%; Fenders – 10%, Hoses – 25%, vessels 9/10% and Other Equipment – 10%.

Finance costs mainly consist of the interest cost which the Issuer incurs on the bonds in issue, where the coupon rate is set at 4.5%. Additionally, finance costs include interests incurred on bank loans facilities within the Endo Group, which as at FY20 stood at €1.5m (FY19: €1.6m), an overdraft facility of €1.6m (FY19: €2.1m). Interest coverage improved to 4.2x in FY20 from 3.4x in FY19 and this is expected to further improve to 4.8x in FY21.

2.7.1 Endo's Group Variance Analysis FY20

Income Statement	31/12/2020F	31/12/2020A	Variance Analysis
	€000s	€000s	€000s
Revenue	9,666	9,820	154
Cost of sales	(5,639)	(6,146)	(507)
Gross profit	4,027	3,674	(353)
Administrative expenses	(557)	(950)	(393)
Other operating income	-	428	428
EBITDA	3,470	3,152	(318)
Depreciation	(1,393)	(1,306)	87
EBIT	2,077	1,846	(231)
Finance costs	(767)	(751)	16
Profit before tax	1,310	1,095	(215)
Taxation	(165)	(90)	75
Profit after tax	1,145	1,005	(140)

As can be analysed, the Group's performance in FY20 was mainly in line with expectations. More specifically, revenue generated during FY20 exceeded forecasts by 1.6% or €0.2m and this was predominantly due to the increase in the number of operations carried out by IFP Malta which resulted in a positive variance of €0.6m. However, this was partially set-off by a negative variance of €0.4m in the revenue generated by Endo Three, as previously it was expected that Endo Sirocco would have commenced operations on 15 September 2020, but it instead commenced operations on 28 October 2020 and this was due to unforeseen delays in the acquisition of the vessel as well as works that needed to be carried out on the vessel prior to commencing its operations.

Cost of sales were higher than forecasts and this was mainly due to an increase in the costs of Endo Two in relation to unplanned repairs and maintenance works on Endo Breeze. Administrative expenses were also higher than previously anticipated and this was mainly due to two reasons: (i) as disclosed in section 2.4, Endo Properties incurred a one-off management fee of €250k and (ii) the Group was negatively impacted by movements in foreign exchange. Other operating income mainly consists of the €285k one-off revenue generated from the promise of sale default related to Endo Properties, as discussed in section 2.4. Both depreciation and finance costs were in line with forecasts.

Overall, the increase in costs that occurred during FY20 marginally outweighed the increase in revenue when compared with forecasts, which led to the Group ending the year with a profit before tax of €1.1m vs a forecasted profit of €1.3m. In view of this, the Group incurred a lower tax charge than projected and closed the year with a marginally lower than expected net profit of €1m.

2.8 Endo Group's Statement of Financial Position

Statement of Financial Position	31/12/2019A	31/12/2020A	31/12/2021F
	€000s	€000s	€000s
Assets			
Non-current assets			
Intangible assets	3	5	7
Investment property	4,800	4,800	4,800
Property, plant and equipment	18,375	18,879	18,266
Loans and receivables	3,658	3,048	3,048
	26,836	26,732	26,121
Current assets			
Trade and other receivables	1,481	1,431	1,712
Current tax recoverable	32	-	-
Cash and cash equivalents	3,103	2,639	4,343
	4,616	4,070	6,055
Total assets	31,452	30,802	32,176
Equity and liabilities			
Capital and reserves			
Share capital	1,820	2,583	2,583
Retained earnings	6,640	7,545	9,026
Exchange rate reserve	(6)	(559)	(542)
Revaluation reserve	1,997	1,997	1,997
Total equity	10,451	11,566	13,064
Non-current liabilities			
Debt securities in issue	13,230	13,260	13,290
Long-term borrowings	1,993	1,734	1,531
Deferred tax	902	864	864
	16,125	15,858	15,685
Current liabilities			
Borrowings	2,279	1,788	1,793
Trade and other payables	2,597	1,568	1,510
Current tax payable	-	22	124
	4,876	3,378	3,427
Total liabilities	21,001	19,236	19,112
Total equity and liabilities	31,452	30,802	32,176

Ratio Analysis	31/12/2019A	31/12/2020A	31/12/2021F
Financial Strength			
Gearing 1 (Net Debt / Net Debt and Total Equity)	57.9%	55.0%	48.4%
Gearing 2 (Total Liabilities / Total Assets)	66.8%	62.5%	59.4%
Gearing 3 (Net Debt / Total Equity)	137.8%	122.3%	93.9%
Net Debt / EBITDA	6.4x	4.5x	3.3x
Current Ratio (Current Assets / Current Liabilities)	0.9x	1.2x	1.8x
Interest Coverage 1 (EBITDA / Cash interest paid)	3.4x	4.2x	4.8x
Interest Coverage 2 (EBITDA / Finance costs)	3.4x	4.2x	4.8x

In FY20, total non-current assets amounted to €26.7m (FY19: €26.8m). These mainly consist of property, plant and equipment (PPE) and investment property. PPE reflects the value of the vessels owned by the Endo Group, in addition to the value of part of the Marsa warehouse as part of it is rented to related parties. Investment property represents the remaining properties owned by Endo Properties (only a portion of the Marsa warehouse is included due to accounting consolidation adjustments).

In FY20, total current assets amounted to €4.1m (FY19: €4.6m), which predominantly comprise of cash reserves and trade and other receivables.

During FY20, Endo's Group share capital increased to €2.6m from last year's share capital of €1.8m and this relates to the capitalisation of a loan for the acquisition of a number of properties from Palm Group, as discussed in detail in section 1.3 of this Analysis. The revaluation reserve reflects the revaluation adjustments on the Marsa warehouse which, as previously mentioned, is classified as part PPE and part investment property.

Total liabilities amounted to €19.2m in FY20 (FY19: €21.0m). These mainly consist of the €13.5m bonds, €3.5m in total borrowings and €1.6m trade and other payables.

The Group's financial position as at 31 December 2020 was mainly in line with previous forecasts. More specifically, during FY20 the Group received unplanned repayment of loans granted to related companies, which resulted in non-current asset to be lower than forecasted. Additionally, cash reserves were also lower than anticipated mainly due to the lower profits for FY20 when compared with forecasts, which generated less than expected cash in hand. As mentioned earlier, the Group was negatively impacted by unrealised foreign exchange movements during the year, which led to a negative variance of €0.5m in the exchange rate reserve. Lastly, the Group managed to lower its previously forecasted borrowings during FY20 and this was as a result of improved utilisation of IFP Malta's bank overdraft facility, as disclosed in section 2.4.

In FY21, the Group expects non-current assets to remain fairly stable except for, the annual depreciation charge on its PPE, whereas current assets are forecasted to increase by €2.0m, which mainly reflects an increase in the cash reserves based on the forecasted profit for FY21. Similarly, retained earnings are forecasted to increase by €1.5m based on the projected FY21 profit, as further discussed above. In FY21, total liabilities are also expected to remain largely flat, with the largest movement being a planned long-term borrowings repayment of €0.2m.

In FY20, the Endo Group's gearing (Net Debt / Net Debt and Total Equity) dropped to 55.0% from 57.9% in FY19, which reflects the positive performance achieved during the year under review. This leverage is projected to continue decreasing year on year as retained earnings accumulate, with a forecasted gearing of 48.4% in FY21.

2.9 Endo Group's Statement of Cash Flows

Cash Flows Statement	31/12/2019A	31/12/2020A	31/12/2021F
	€000s	€000s	€000s
Cash flows from operations	2,135	2,026	3,412
Income tax refund/(paid)	(122)	(74)	(74)
Interest received	100	-	-
Interest paid	(662)	(751)	(768)
Net cash flows generated from operating activities	1,451	1,201	2,570
Cash flows from investing activities			
Acquisition of property, plant and equipment	(11,355)	(1,811)	(682)
Acquisition of intangible assets	(4)	(2)	(3)
Movement in loans to related parties	(1,470)	610	-
Proceeds from disposal of property, plant and equipment	-	6	-
Net cash flows used in investing activities	(12,829)	(1,197)	(685)
Cash flows from financing activities			
Debt securities in issue	13,500	-	-
Movement in loans from related parties	(189)	105	-
Movement in bank loans	801	(150)	(207)
Dividends paid	-	(80)	-
Net cash flows generated from / (used in) financing activities	14,112	(125)	(207)
Movement in cash and cash equivalents	2,734	(121)	1,678
Cash and cash equivalents at start of year	(1,684)	1,051	1,084
Effects of exchange rate changes on cash and cash equivalents	1	154	17
Cash and cash equivalents at end of year	1,051	1,084	2,779

Ratio Analysis	31/12/2019A	31/12/2020A	31/12/2021F
Cash Flow			
Free Cash Flow (CFO prior to the payment of interest - Capex)*	(9,242)	141	2,656

* Previously this ratio included interest payments, however this was amended to reflect the CFO excluding interest payments.

During FY20, the Group's net cash flows from operating activities amounted to €1.2m (FY19: €1.5m). Cash used in investing activities mainly represent the acquisitions of the vessels by the Endo Tankers Sub-Group, where in FY19 it acquired Endo Breeze and in FY20 it acquired Endo Sirocco. Cash movements in financing activities reflect movements in borrowings in addition to, a dividend payment of €0.1m in FY20. FY19's cash flows from financing activities also illustrate the €13.5m 2019 bond proceeds.

Cash flow movements during FY20 were in line with previous forecasts, with the closing cash balance as at 31 December 2020 marginally exceeding expectations. The Group's cash from operations were *circa* €1m less than expected, mainly due to negative variance in the EBITDA generated during the year and adverse movements in working capital. This was off-set by a reduction of *circa* €0.9m in investing activities, of which €0.6m relates to the unplanned funds received on loans granted to related parties, as disclosed above and a €0.3m relates to an overstatement in the expected cost of acquisition of Endo Sirocco. During FY20, the Group also benefitted from a positive €154k movement in foreign exchange effects on its cash reserves.

The Endo Group is projecting a positive cash flow generated from operating activities of €2.6m in FY21, reflecting an improvement of 114.0% from FY20. The Group expects to incur €0.7m in capex during FY21, which mainly reflects planned improvements on Endo Breeze. In FY21, cash flows from financing activities are expected to be minimal, except for the repayment of €0.2m in bank loans, as discussed in section 2.8. Based on the considerations discussed above, the Group expects its cash reserves to improve during FY21, with a forecasted closing cash balance of €2.8m as at 31 December 2021.

Part 3 - Key Market and Competitor Data

3.1 General Market Conditions⁵

As at the date of this Analysis, Malta has the largest ship registry in Europe, and the sixth largest world-wide. As of November 2019, Malta had about 81m gross tonnage, with 2,637 vessels flying its flag. Notwithstanding this, only a handful of shipping companies are beneficially owned, financed, managed and commercially operated in and through Malta. The operational and commercial knowledge required to successfully manage tanker vessel fleets in Malta has increased and the Directors, in line with trends in other countries over recent years, have identified the bond market as the adequate tool for the financing of the purchasing of vessels.

The world merchant fleet as per Equasis report in 2019, consists of approximately 117,892 vessels, of which 11.9% consist of Oil and Chemical Tankers. More specifically, Oil and Chemical Tankers consist of 1,902 small tankers (under 500 gross tonnage), 7,322 medium tankers (gross tonnage between 500 and 25,000), 2,726 large tankers (gross tonnage between 25,000 and 60,000) and 2,025 very large tankers (under 60,000 gross tonnage). During 2019, net of scraping, the world tanker fleet increased by about 5%. However, analysts predict that over the next 5 to 10 years the net growth will be less, especially in the product tanker sector. This is due to increased scrapping, which is coupled with more moderate order books on product tankers. Against this, there is a projected fleet demand of 3% to 5%. With respect to product tankers, this is partly based on general economic growth but also on longer ton-per-mile voyages as trade patterns are changing.

The tanker market is traditionally cyclical, the most recent peak years being 2006 to 2008 and prior to that, the mid-1990's. Currently, the freight market is in a down cycle (albeit experiencing a mini-spike in 2015 and 2016), with low freight rates and depressed asset prices.

Current projections estimate a significant increase in the tanker freight market followed by increased asset prices. Hence, oil companies and larger trading houses are now also locking in tonnage to hedge their freight cost forward. This point in the cycle is traditionally the point at which a second-hand tonnage is purchased which becomes available as larger owners also take advantage of relatively low new-building costs to renew their fleets. These second-hand tankers have an additional 10 to 15 years of commercial trading. Additionally, "scrap-metal" prices are supporting about 50% of the asset value on a typical medium-sized 15-year-old tanker, reducing the asset price risk.

The freight and hence asset price fluctuations in the tanker market generally increase with tonnage size, where the largest vessels fluctuate the most, and prices in the small-tanker market fluctuate the least.

According to research and feedback from major industry players and ship brokers, the tanker shipping market has been one of the few industries that was positively affected by the COVID-19 pandemic and the drastic fall in oil price during 2020⁶. During a COVID-19 Webinar⁷, Adrian Tolson said that the oversupply of crude oil and other fuel products during the first half of 2020, led by Saudi Arabia and the other members of the Organization of Petroleum Exporting Countries, has been exacerbated by severely diminished demand brought on by the COVID-19 outbreak. This and a lack of onshore storage capacity to accommodate the excess oil products has caused tanker rates to rise astronomically. As a result, the tanker industry was well positioned to capitalise on the market conditions created by COVID-19. Tolson is a director at Blue Communications Ltd, which is a leading global business in communications consultancy.

⁵ The World Merchant Fleet in 2019 - Equasis

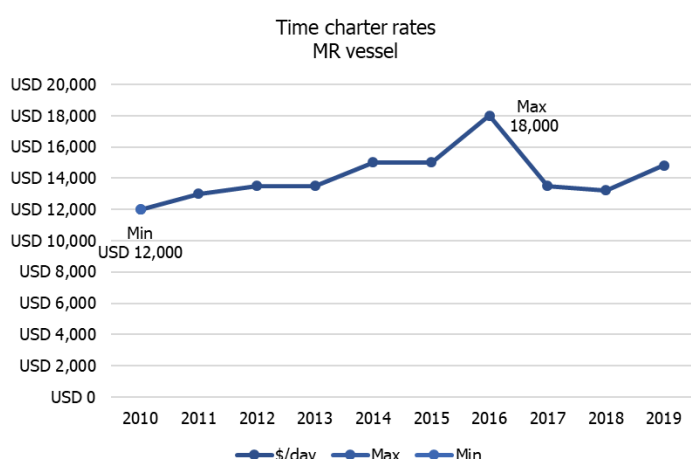
⁶ Intermodal Research and Valuations – Weekly market report – Week 14, Tuesday 7 April 2020

⁷ www.blue-comms.com – Blue Insight Webinar, 29 April, COVID-19 meets IMO2020

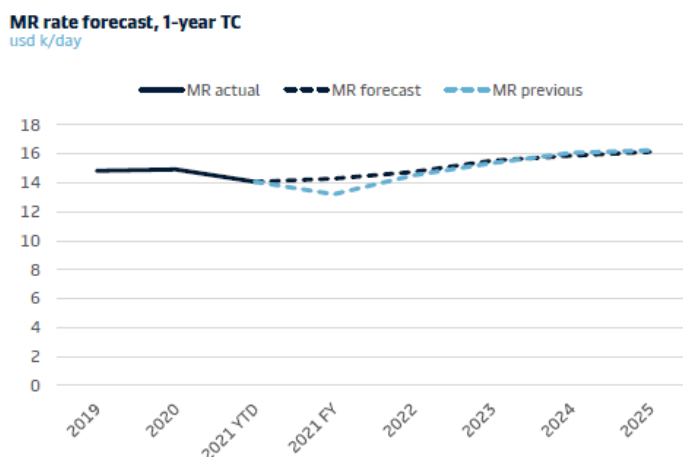
3.2 Time Charter Market

The time charter rates for the vessels owned by the Endo Tankers Sub-Group are based on the average charter rates over the historical period 2010 to 2019. Mumtaz is chartered on a bareboat charter agreement where the charter rate is fixed in the agreement with the company within the related Palm Group. In addition, there is no open market in determining charter rates for Mumtaz considering the size of this vessel.

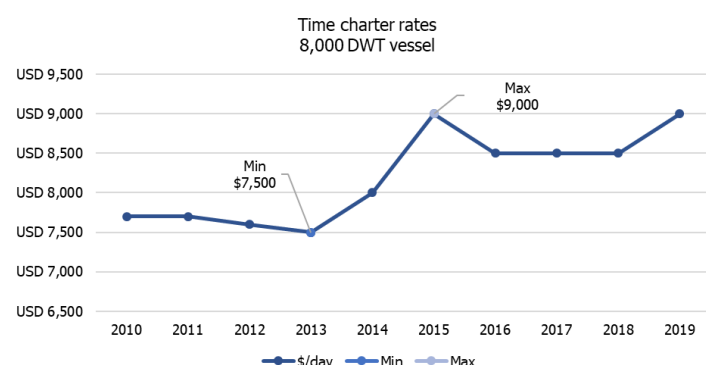
The figures below show the time charter rates recorded during the past ten years for the MR oil tanker Endo Breeze and Endo Sirocco.



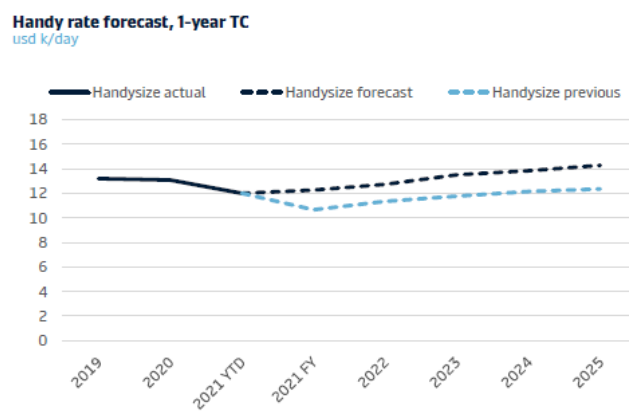
MR vessel (Endo Breeze) historical time charter rates (Source: Maersk Brokers)



MR vessel time charter rate forecast (Source: Maersk Brokers)



8,000 DWT (Endo Sirocco) historical time charter rates (Source: Maersk Brokers)



Handy time charter rate forecast (Source: Maersk Brokers)

Time charter rates have experienced a sharp decline following the 2009 crisis and subsequent decline in the oil price; following which they have steadily increased, although at a slow rate, except for a mini-spike in 2015. The maximum time charter rate per day for the MR vessel was of \$18,000, whereas the minimum was of \$12,000, in 2019 the rate exceeded the \$14,000 mark. In respect of Endo Sirocco, the maximum time charter rate per day was of \$9,000, whereas the minimum was of \$7,500, in 2019 the rate reached \$9,000.

MR rates are expected to develop along a similar trajectory as LR1 rates, where higher than expected 2021 year-to-date rates help lift Maersk's short-term expectations. Further out, Maersk expects a tightening of tonnage availability from widespread Engine Power Limitation (EPL) will be offset by lower overall oil demand. EPL is a semi-permanent, overridable limit on a ship's maximum power that could reduce fuel use and CO₂ emissions if it reduces the operational speeds of affected vessels.

Rates for handy-sized tankers benefit from the same short-term dynamics as other product tankers. Handy rates are, however, expected to develop more favourably than MR rates as the number of vessels on the water is expected to fall by almost 10%, when including the effects of Energy Efficiency Existing Ship Index (EEXI) regulations from 1 January 2023.

As per the international Council on Clean Transport, EPL is believed to be the easiest way for older ships to meet EEXI requirements because it requires minimal changes to the ship and does not change the underlying performance of the engine.

3.3 Comparative Analysis

The purpose of the table below compares the debt issuance of the group to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)	Last Closing Price *
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)	
6% Medserv plc Sec. & Grntd € Notes 2020-2023 S1 T1	20,000	5.99%	1.3x	121.8	4.3	96.5%	94.3%	18.2x	1.7x	-95.7%	-27.1%	12.6%	100.00
5.3% Mariner Finance plc Unsecured € 2024	35,000	3.54%	3.6x	100.4	50.3	49.9%	48.1%	5.8x	0.6x	6.6%	20.2%	-4.7%	105.01
4.5% Medserv plc Unsecured € 2026	21,982	5.78%	1.3x	121.8	4.3	96.5%	94.3%	18.2x	1.7x	-95.7%	-27.1%	12.6%	94.90
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	15,000	4.47%	2.9x	38.3	4.7	87.6%	81.4%	6.5x	0.7x	8.5%	2.6%	-14.3%	101.50
4.5% Grand Harbour Marina plc Unsecured € 2027	15,000	4.04%	3.0x	27.4	2.5	90.7%	88.4%	9.4x	1.7x	-13.5%	-9.5%	-0.4%	102.50
3.75% Virtu Finance plc Unsecured € 2027	25,000	3.06%	4.0x	200.0	86.6	56.7%	47.7%	5.9x	1.6x	5.4%	14.4%	-27.4%	104.00
4.5% Endo Finance plc € Unsecured Bonds 2029 *	13,500	4.65%	4.2x	30.8	11.6	62.5%	55.0%	4.5x	1.2x	9.1%	10.2%	77.1%	99.00
Average (excludes the performance of the Group) **		4.22%	3.0x	97.6	29.7	76.3%	72.0%	9.2x	1.3x	-17.8%	0.1%	-6.8%	

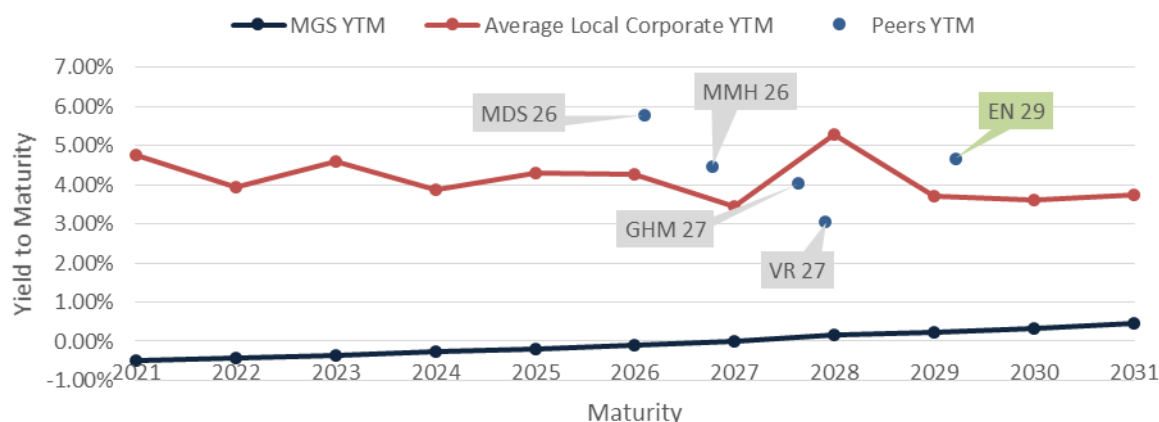
* Last closing price as at 11/06/2021

** Average was adjusted for issuers having more than one listed debt security

Source: Latest available audited consolidated financial statements

Although the above comparative analysis table specifically refers to the respective Issuers, it is important to clarify that financial figures and metrics pertaining to such issuers captures the consolidated operation of the respective Group. More specifically, the presented financial data relates to either the Holding Company, Guarantor or the Issuer depending on the respective group structure of each issuer.

Yield Curve Analysis



Source: Malta Stock Exchange, Central Bank of Malta, and Calamatta Cuschieri Workings

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted.

The graph plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of the Group's peers maturing during 2026 and 2029 (Peers YTM).

The Endo Group is principally involved in the shipping industry, more specifically the tanker industry. The corporates identified are all involved in the maritime industry (except for MedServ plc which is mainly involved in the oil and gas industry), however they are not directly involved in the tanker industry. Based on this, the best comparable to the Issuer's 2029 bond is Mariner Finance plc 2024, however there is still a significant difference between the operations of these two issuers and their respective maturity.

As at 11 June 2021, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 5-8 years was 439 basis points. The 4.5% Endo Finance plc 2029 bond is currently trading at a YTM of 4.65%, meaning a spread of 441 basis points over the equivalent MGS. This means that the Issuer's bond is trading at a marginal premium of 2 basis points in comparison to the average of identified peers.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Income (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by the average total assets (average assets of two years financial performance).
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	Free cash flow (FCF) represents the cash a Group/Company generates after accounting for cash outflows to support operations and maintain its capital assets. It is calculated by taking Cash Flow from Operating Activities (before the payment of interest) less the Capex of the same financial year.
Balance Sheet	
Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.

Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio measures how many times a Group/Company can cover its current interest payment with its available earnings.
Interest Coverage Level 1	Is calculated by dividing EBITDA by Cash Interest Paid.
Interest Coverage Level 2	Is calculated by dividing EBITDA by Finance Costs.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.
Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.