FY 2022 Results

February 27th, 2023

www.mermaid-group.com

AGENDA

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- Business Report
- Financial Review
- Business Outlook

BUSINESS REPORT

FY 2022 HIGHLIGHTS

- In FY2022, total income growth to USD 225.3 m. which remarkably increased by 97.28% comparing to FY2021. A substantial performance resulted by an improvement of all sectors including subsea IRM and diving works for both vessel(s) and non-vessel, cable laying and T&I and decommissioning.
- EBITDA was USD 21.0 m, a significant progress compared to last year at USD (0.3) m. due to recovered revenue and cost management and control. Share of profit of joint ventures and associate also begins to show sustained performance as expected.
- Net cash flow from operations was USD 28.4 m.
- At the end of December 2022, the order book stood at USD 321 m. The number included multiple project awards in both short-term and long-term throughout FY2025 for the IRM projects and Cable Laying projects mainly in the Middle East. Also it included the works awarded of T&I and Decommissioning projects in both South East Asia and North Sea region.
- Balance sheet position represents at 0.84x Current Ratio due to classification of lease liabilities and parent company loan based on accounting standard and low-risk level of 0.26x D/E Ratio.

Movement in Key Business Segment

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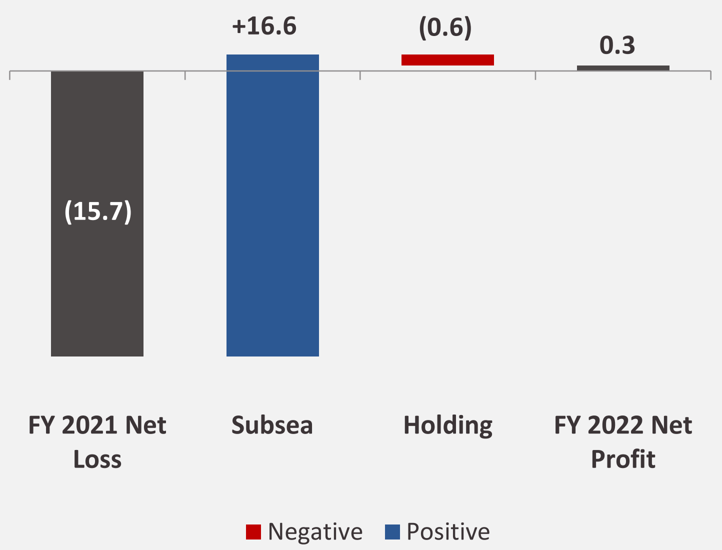
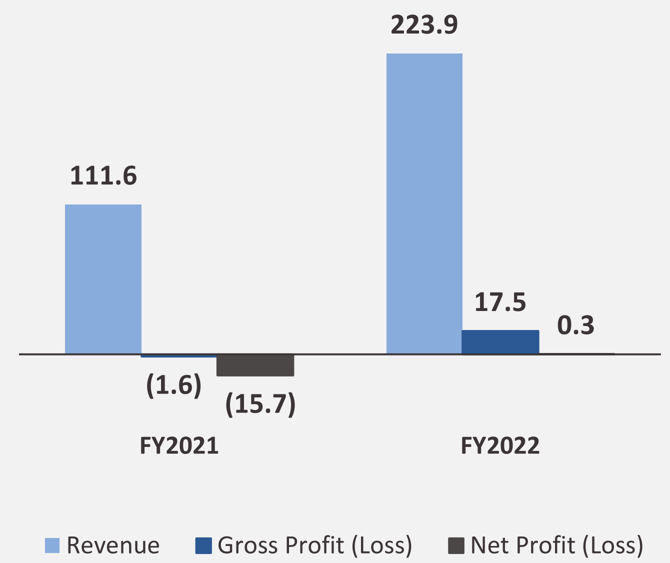
YoY Net Profit (Loss) Change

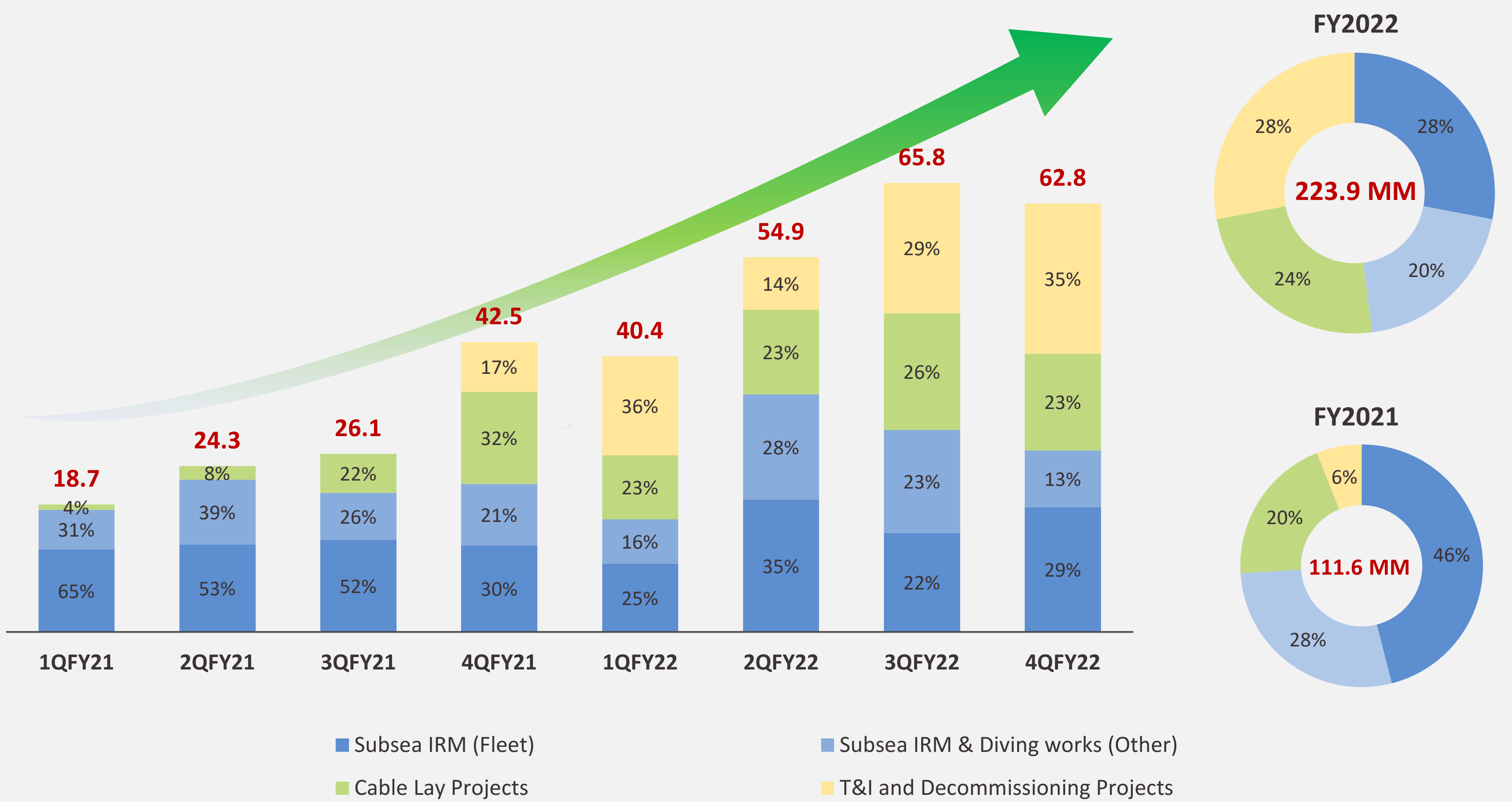


Revenue, Gross Profit and Net Profit



- Substantial improvement YoY due to commercial deal reaching higher revenue with constructive cost control. Performance of long term investment has begun to be realized
- Company’s owned active vessels has been highly utilized
- Holding sector also expressed the positivity in effective management

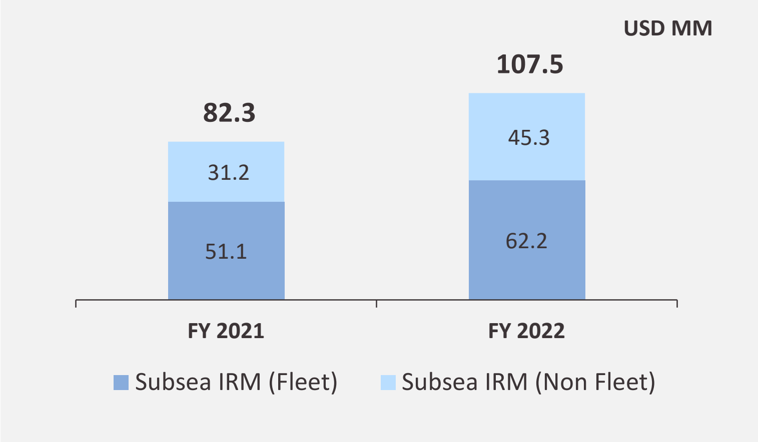
REVENUE BREAKDOWN



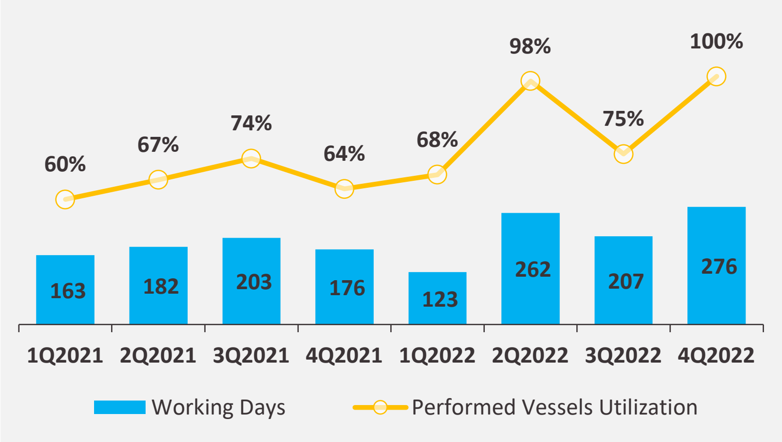
Higher revenue in all business sectors together with balance proportion demonstrating effective marketing strategies and business risk management

SUBSEA IRM SECTOR

Revenue from Total Subsea IRM



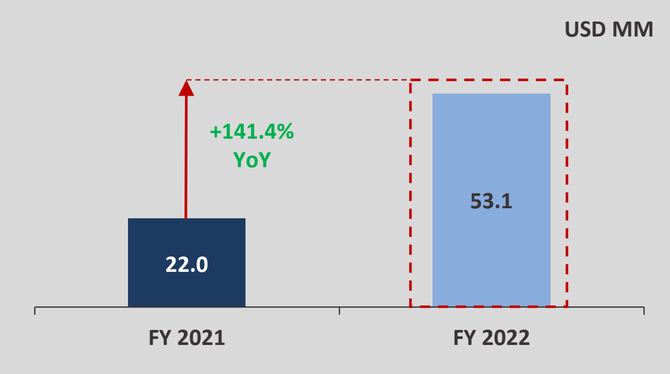
Utilization of Performing Subsea IRM Vessels



- In 2022, total revenue from IRM business (fleet) increase by USD 11.1 m YoY because of:
  - "Mermaid Sapphire" that worked for several projects in South East Asia at higher utilization rate
  - "Mermaid Asiana" and "Mermaid Endurer" that worked for major customers in the Middle east.
  - In spite of planned maintenance during first half of 2022, both "Mermaid Asiana" and "Mermaid Endurer" continued their works at high utilization rate throughout the rest of the year.
- The revenue from non-fleet subsea IRM totally increased YoY by USD 14.1m due to survey projects as well as inspection projects.
- "Mermaid Commander" and "Mermaid Challenger" remain cold-stacked, the company is looking for an option to sell or reactivate

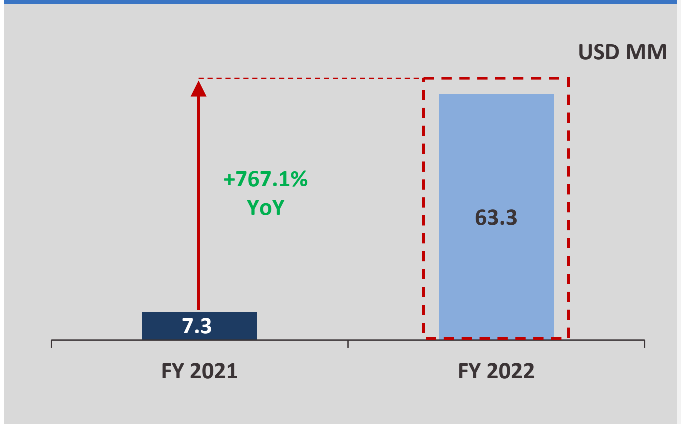
Cable Lay Sector and T&I and Decommissioning Sector

Revenue from Cable Lay Projects



- Revenue from cable lay sector increased +141.4% (2.4x) from USD 22.0m to USD 53.1m as a result of higher day rate and excellent utilization for projects in the Middle East.
- The vessel "Millennium 3" has been long-term chartered-in from M3JV and highly utilized for cable laying projects. During FY2022, Mermaid recognized USD 3.8m share profit from M3JV.

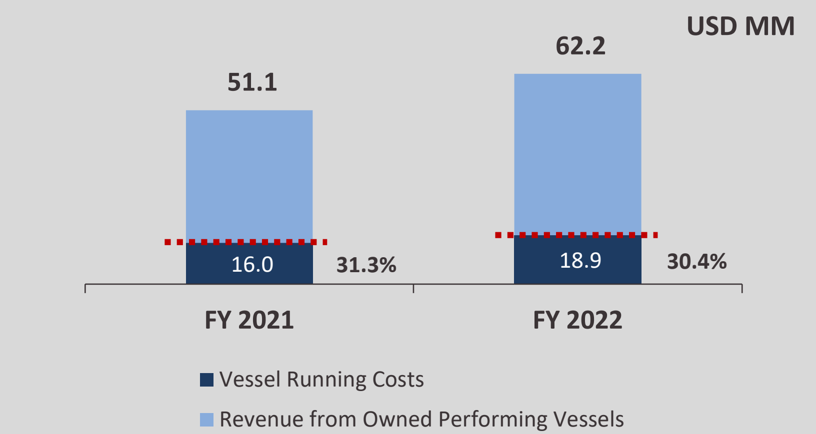
Revenue from T&I and Decommissioning Projects



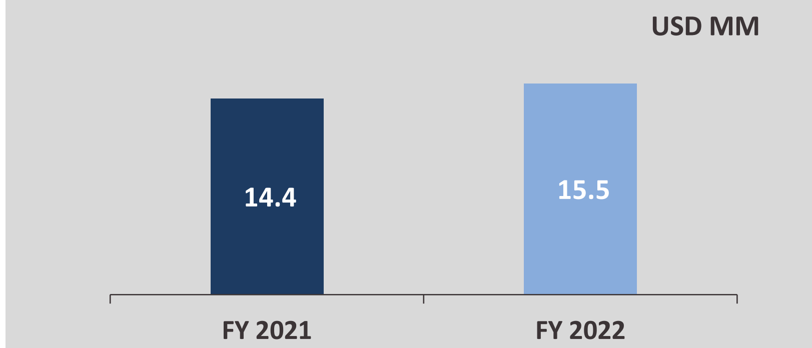
- Revenue from T&I and decommissioning business improved YoY by +767.1% (8.7x) from USD 7.3m to USD 63.3m as a result of projects working in FY2022 in both Asia Pacific & SEA region and North Sea region.
- The vessel "Van Gogh" has been long-term chartered-in for several T&I projects in South East Asia region.
- Our own vessel "Resiliant" has been awarded and performed during 2023 with an expectation of more works to be received.

COSTS & EXPENSES

Vessel Running Costs (Owned Performing Vessels)



Selling and Administrative Expenses



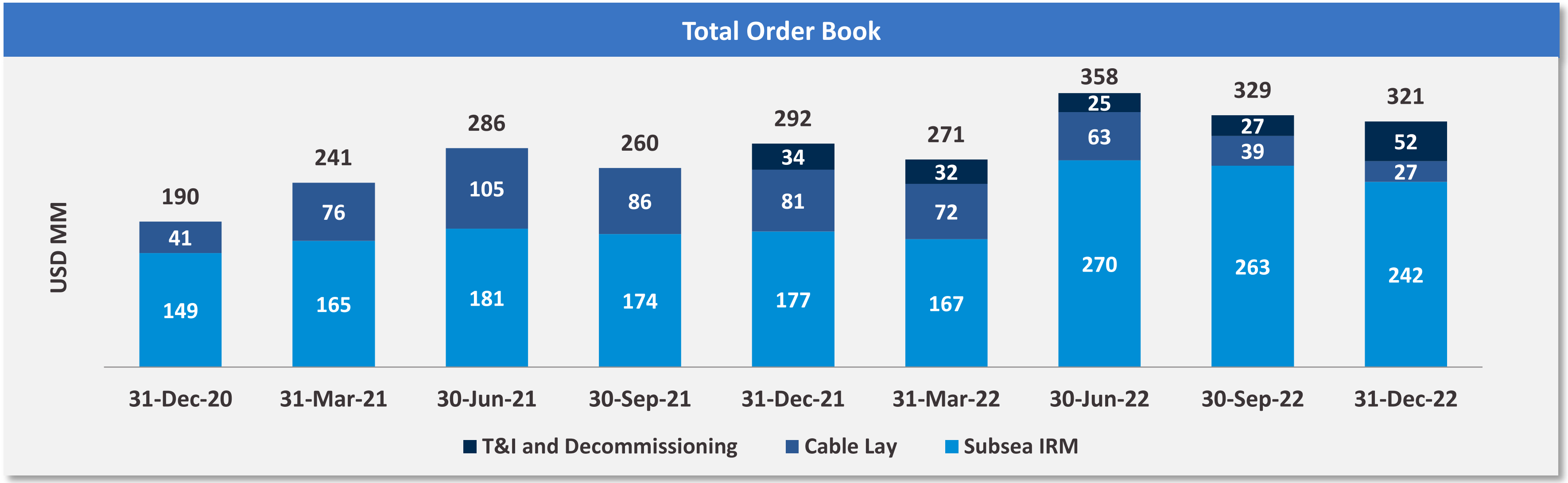
<u>Owned Performing Vessels</u>

- VRC of owned performing vessels increase YoY from USD 16.0m to USD 18.9m as a result of scheduled maintenance of both Mermaid Asiana and Mermaid Endurer that occurred during 1Q'2022.
- However, VRC of Mermaid Sapphire decreased by USD 1.6m.

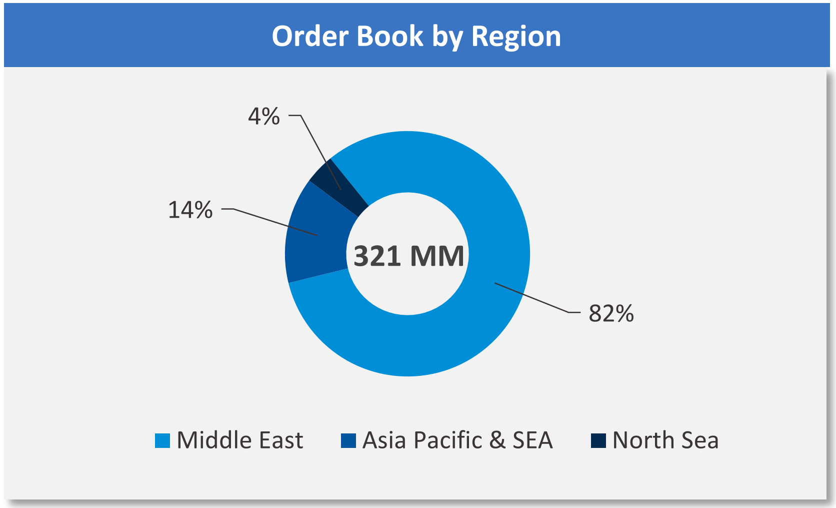
<u>Selling, General and Administrative Expenses</u>

- SG&A expenses increased YoY (USD 1.1m) mainly due to depreciation of right-of-use assets *(according to TFRS16: Finance Lease)*, consulting fee and legal fee.

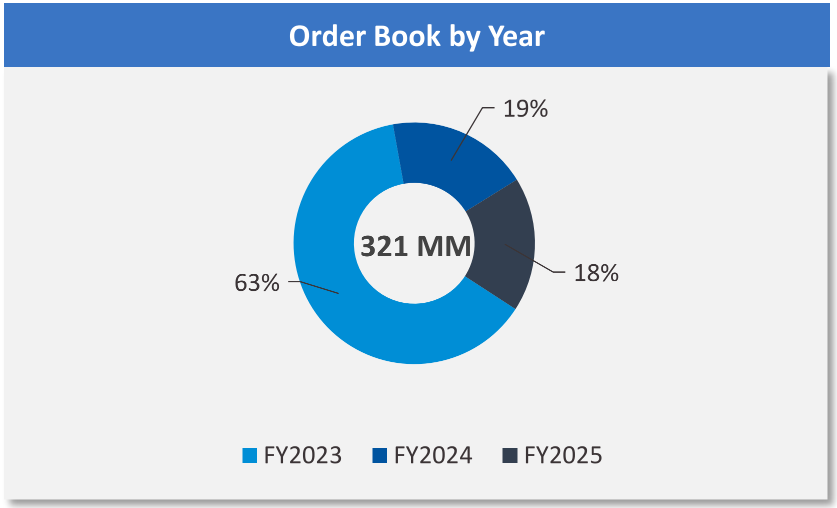
ORDER BOOK



Total Order Book
USD MM
190
41
149
241
76
165
286
105
181
260
86
174
292
34
81
177
271
32
72
167
358
25
63
270
329
27
39
263
321
52
27
242
31-Dec-20
31-Mar-21
30-Jun-21
30-Sep-21
31-Dec-21
31-Mar-22
30-Jun-22
30-Sep-22
31-Dec-22
T&I and Decommissioning
Cable Lay
Subsea IRM



Order Book by Region
4%
14%
321 MM
82%
Middle East
Asia Pacific & SEA
North Sea



Order Book by Year
19%
321 MM
18%
63%
FY2023
FY2024
FY2025

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FINANCIAL REVIEW

FY 2022 Profit & Loss

(USD MM)	FY 2022	FY 2021	YoY Amount Change
Income			
Revenue from rendering of services	223.9	111.6	+112.3
Interest income and other income	1.4	2.6	-1.2
Total income	**225.3**	**114.2**	**+111.1**
Expenses			
Costs of rendering of services	206.5	113.2	+93.3
Administrative expenses	15.5	14.4	+1.1
Net loss on foreign exchange	1.0	0.4	+0.6
Finance costs	3.3	1.6	+1.7
Total expenses	**226.3**	**129.6**	**+96.7**
Profit (loss) from operation	**(1.0)**	**(15.4)**	**+14.4**
Share of profit (loss) of joint ventures and associate	2.9	0.5	+2.4
Profit (loss) before income tax expense	**1.9**	**(14.9)**	**+16.8**
Tax expense	1.6	0.8	+0.8
Profit (loss) for the year	**0.3**	**(15.7)**	**+16.0**
Earnings (losses) per share (US Cents)	**0.0**	**(1.1)**	**+1.1**
Depreciation expenses and amortization expenses	18.7	14.8	+3.9
Non-recurring items *(embedded in admin expense and other income)*	-	(1.3)	+1.3
EBITDA[1]	**21.0**	**(0.3)**	**+21.3**

Remark:
[1] Excluding share of profit (loss) of joint ventures and associate and non-recurring items

STATEMENT OF CASH FLOWS

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Cash Flows (USD MM)	Year ended 31 December	
	2022	2021
Cash Flow From Operating Activities:		
Before changes in working capital	20.5	(4.6)
Changes in working capital	10.6	2.4
Others	(2.7)	(0.7)
Net cash from (used in) operating activities	**28.4**	**(2.9)**
Cash Flow From Investing Activities:		
Proceed from sale of current investments	2.9	18.8
Acquisition of current investments	-	(11.9)
Increase in short-term and long-term loan to related party	(1.3)	(1.1)
Proceeds from long-term loan to related party	1.1	-
Proceeds from sale of property, plant and equipment and intangible assets	2.1	2.3
Acquisition of property, plant and equipment and intangible assets	(14.9)	(24.7)
Acquisition of interest in joint ventures	-	(2.6)
Interest received	0.1	-
Net cash used in investing activities	**(10.0)**	**(19.2)**
Cash Flow From Financing Activities:		
Proceeds from borrowings from financial institution	-	4.5
Repayment of borrowings from financial institution	(14.3)	(15.3)
Proceeds from borrowing from parent company	4.0	5.0
Payment of lease liabilities	(5.4)	(0.2)
Interest paid	(2.2)	(1.6)
Net cash used in financing activities	**(17.9)**	**(7.6)**
Net increase (decrease) in cash and cash equivalents	**0.5**	**(29.7)**
Effect of exchange rates	(0.7)	(0.1)
Cash and cash equivalent at 1 January	8.0	37.8
Cash and cash equivalent as at 31 December (excluding restricted cash*)	**7.8**	**8.0**

*Restricted cash = $8.4m

STATEMENT OF FINANCIAL POSITION

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Balance Sheet (USD MM)	31 Dec 2022	31 Dec 2021	Change
Cash & Cash Equivalents and Current Investment	7.8	10.9	-28.4%
Trade and Other Accounts Receivable	63.9	75.7	-15.6%
Other Current Assets	2.2	0.3	+633.3%
Total Current Assets	**73.9**	**86.9**	**-15.0%**
Restricted Deposit at Banks	8.4	8.2	+2.4%
Investment in Associates & Joint Ventures	28.5	26.9	+5.9%
Property, Plant and Equipment and Intangible Assets	134.2	134.8	-0.4%
Right-of-Use Assets	29.3	0.2	+14550.0%
Other Non-Current Assets	17.2	1.6	+975.0%
Total Non- Current Assets	**217.6**	**171.7**	**+26.7%**
Total Assets	**291.5**	**258.6**	**+12.7%**
Trade and Other Accounts Payable	54.2	42.8	+26.6%
Short-term and Current Portion of Long-term Borrowing from Parent Company	9.0	3.0	+200.0%
Current Portion of Long-term Borrowings from Financial Institution	14.2	14.2	0.0%
Other Current Liabilities	10.9	1.0	+990.0%
Total Current Liabilities	**88.3**	**61.0**	**+44.8%**
Long-Term Borrowings from Parent Company	-	2.0	-100.0%
Long-Term Borrowings from Financial Institution	18.3	32.5	-43.7%
Other Non-Current Liabilities	24.0	2.5	+860.0%
Total Non-Current Liabilities	**42.3**	**37.0**	**+14.3%**
Total Liabilities	**130.6**	**98.0**	**+33.3%**
Total Equity	**160.9**	**160.6**	**+0.2%**

(USD MM)	31 Dec 2022	31 Dec 2021
Interest Bearing Debt		
Asset-backed Financing	32.5	46.7
Unsecured Loan	9.0	5.0
Total Interest Bearing Debt*	**41.5**	**51.7**
Cash and Restricted Deposit at Banks	(16.2)	(19.1)
Total Debt, Net of Cash	**25.3**	**32.6**
Shareholders' Equity	160.9	160.6
Net Gearing*	**15.7%**	**20.3%**

*Excluding lease liabilities

Financial Ratio	31 Dec 2022	31 Dec 2021
Current Ratio	0.84x	1.42x
Net Debt to Equity Ratio	0.44x	0.32x
Net Debt to Equity Ratio (excluded lease liabilities)	0.26x	0.32x
Liabilities to Equity	0.81x	0.61x
Liabilities to Equity (excluded lease liabilities)	0.63x	0.61x

DEBT MATURITY PROFILE

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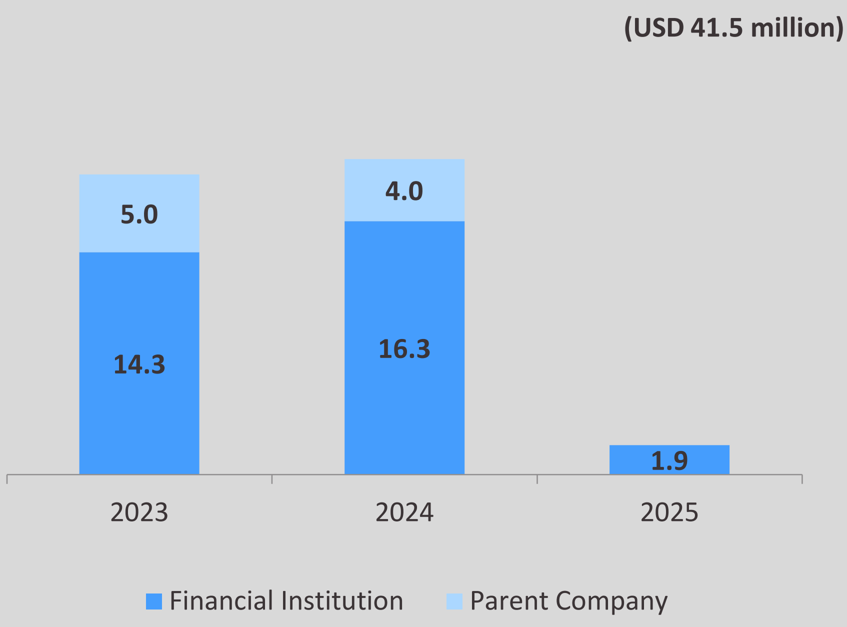
Interest-Bearing Debt Maturity

USD 41.5 M

(31 December 2022)

- As at 31st December 2022, there is **USD 41.5 million** of long-term loan (consisting of USD 32.5 million from financial institution and USD 9.0 million from parent company).
- Next repayment will be at the end of 1st quarter, 2023.
- Short-term liquidity risk due to repayment capability is low.

Yearly Repayment Strategy



Business Outlook

BUSINESS OUTLOOK

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1

The October Short Term Energy Outlook (STEO) issued by the EIA notes the crude oil spot price forecast averages USD 85 per barrel in the first half of 2023 and USD 82/b the second half of 2023. Potential petroleum supply disruptions and slower-than-expected crude oil production growth could lead to higher oil prices, while the possibility of slower-than-forecast economic growth may contribute to lower prices, the current forecast for 2024 is USD 78/b.

2

EIA expects global liquid fuels consumption to increase by 1.1 million barrels per day (b/d) in 2023 and by 1.8 million b/d in 2024, driven primarily by growth in China and other non-OECD countries. The outcomes of demand forecast remain uncertain as China shifts away from its zero-COVID-19 policy and global economic conditions evolve. However, EIA still forecasts Russia's oil production to fall in the coming months, as the EU's ban on seaborne petroleum products from Russia that began February 5 will cause refineries in Russia to reduce crude oil inputs, which will disrupt crude oil production. These factors may result in comparatively stable oil prices throughout 2023 and 2024.

3

Inflationary pressures have prompted many Central Banks to take a more hawkish stance on raising policy rates with some of the major Central Banks (especially FED) having moved swiftly to address the situation, resulting in increased rates, and Quantitate Tightening. If inflationary pressures remain persistent, more rate hikes/ elongated hiked rates may be the response from central banks. We will monitor inflationary pressure and responses closely in order to position ourselves appropriately.

BUSINESS OUTLOOK

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4

The impact of coronavirus has waned and become supplanted by Russia's invasion of Ukraine with concomitant declines to consumer and business confidence. However, oil prices rose during January in part because of the expectation of increasing oil demand as a result of relaxing COVID-19 restrictions and increasing mobility in China. Perceptions of a less severe recession and some improving macroeconomic conditions also likely contributed to rising crude oil prices over the past month.

5

The market uptick has seen our owned, jointly-owned and chartered-in fleet securing the targeted utilization figures. The intermediate outlook remains very positive, as construction engagements actively mobilize after the relative inaction of the past two years. The massive investment plans of Middle Eastern Countries (Saudi, Qatar, UAE etc.) our biggest markets remains firm, with significant increases expected in the intermediate-term. Furthermore, in the West African market Majors have massive budget allocations, the proof of which is now evidenced by the considerable vacuum in tonnage. Whilst Mozambique remains firm part of our vision, there is still considerable uncertainty in this geography. In the meantime, Oil prices remain steady on the back of sustained demand.

6

In line with our planning, ambitions around P&A for the intermediate term are heightened. In this regard Group-wide synergies have been afforded extra impetus as the North Sea Segment has now had Governmental intervention to force closures. Likewise, the Chevron field in Thailand, and multiple marginal fields in Africa are now also coming in to focus for abandonment in the short term. Mermaid will continue to invest in people, plant and equipment in order to position ourselves to be part of these endeavors.

Business Outlook

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7

The decision around creating a business unit for the North Sea continues to elicit a solid response. The Group has engaged well known and experienced staff in that region and looks to build on their past success. Some medium sized projects are already awarded, and the momentum is moving with the team. This North Sea market has huge decommissioning and diving requirements, upon which we are capitalizing. Moreover, Mermaid is well placed in this geography to enter the renewables market in the intermediate term.

8

Africa continues to yield rewarding opportunities, and Mermaid now have multiple awards in that space. In addition to awards in Angola, Mermaid has also executed some saturation interventions off the African Eastern Seaboard. Several other potential opportunities are being explored. Mermaid has received very valuable feedback from customers, we expect more awards in African market soon.

9

In the meantime, the **Asiana** & the **Endurer** continue to operate in the Middle East, whilst the **Van Gogh** focuses in APAC, with potential of being deployed to the Middle East around mid of the year. The Sapphire is deployed at home (Thailand). We expect very high utilization throughout 2023-2025. Vessel mobility remains key in terms of achieving organic growth.

10

Mermaid is successfully reinstating our market share in Thailand and continues to build around our aspirations to be involved in the decommissioning and IRM markets both in Thailand and the adjoining waters. Returns in this region are currently lower than envisaged, however, the momentum has an upwards trajectory.

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A Company Moving Forward

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