






FY2021 RESULTS

28th February 2022

www.mermaid-group.com

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AGENDA

-  Business Report
-  Financial Review
-  Business Outlook

BUSINESS REPORT



FY 2021 HIGHLIGHTS

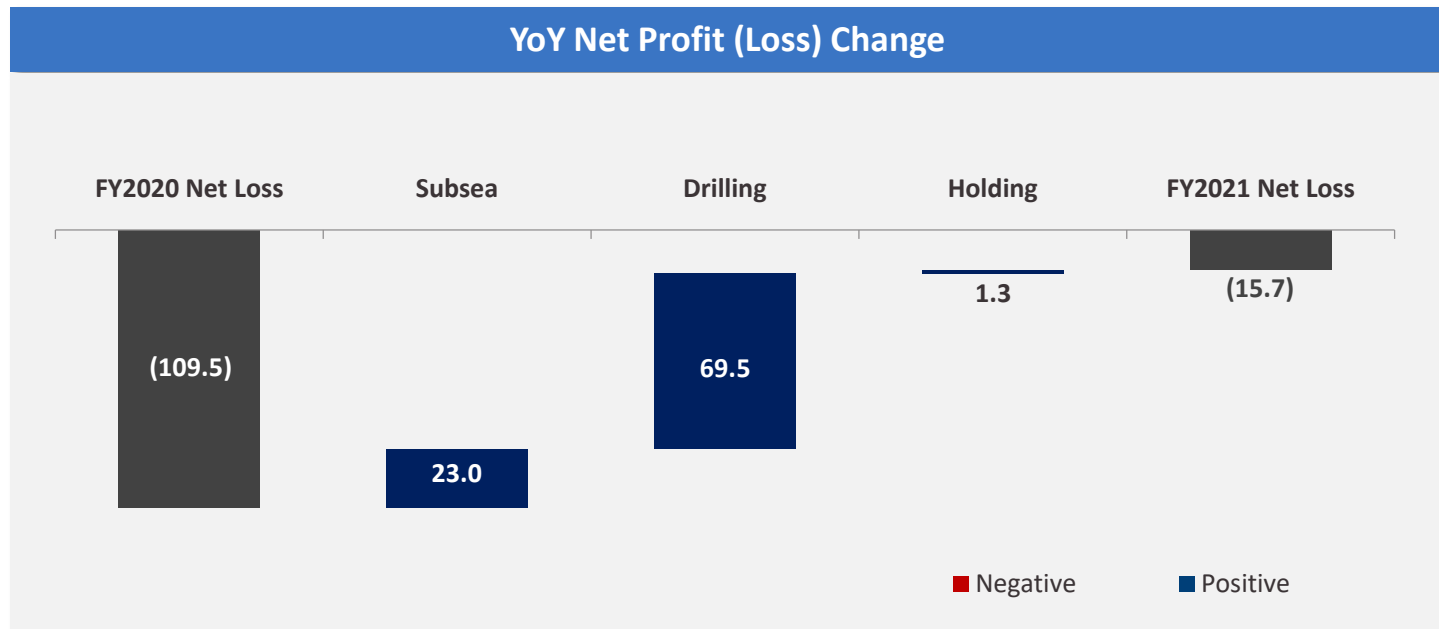


- Revenue increased for 33.2% YoY regarding to the performance of main active vessels serving IRM business along with recognized income of awarded cable lay projects and the growing performance of company's expansion in the field of T&I and Decommissioning.
- EBITDA has been recovered. During the year, there was an increase YoY from USD (11.8) m in FY2020 to USD (0.3) m in FY2021. The result has been reflecting our revenue generating capability and improved cost management which directly increased contribution margin.
- For FY2021, the net cash flow used in operations was USD 2.9 m as a result of an increase in receivables.
- At the end of 2022, the company order book was USD 292 m. This number mainly included significant awards for cable lay business in the Middle East and Transportation, Installation and Decommissioning projects in South East Asia pursuant to company's active growing strategies.
- Balance sheet position was low risk at 1.42x Current Ratio and 0.32x D/E Ratio.

MOVEMENT IN KEY BUSINESS SEGMENT



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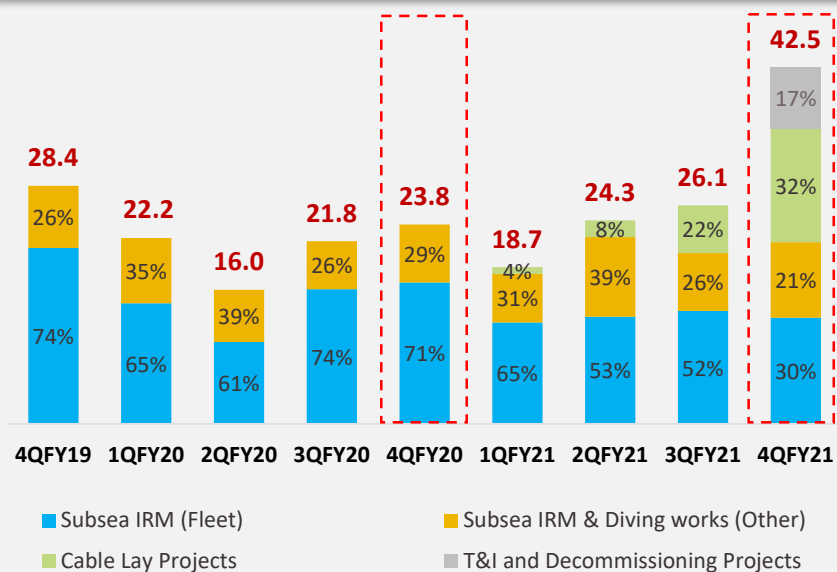
- A positive effect within subsea sector was essentially caused by recognized income and improved cost management leading to higher contribution margins
- “Mermaid Asiana” and “Mermaid Endurer” worked at almost full utilization for the company’s key clients in the Middle East
- Cable lay business took a negative impact to bottom line because of an increased cost as a result of Covid-19 pandemic

SUBSEA REVENUE AND UTILIZATION

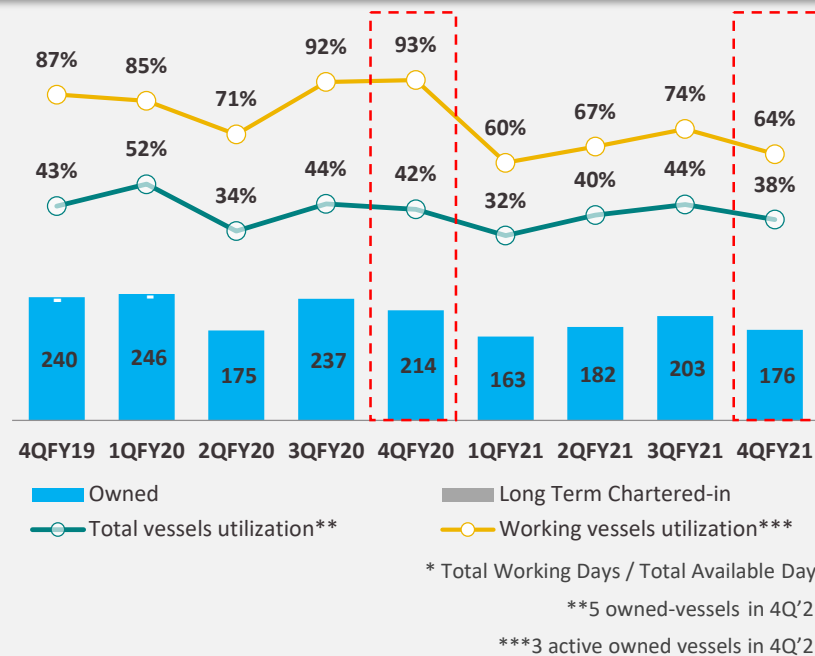


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Subsea Revenue



Vessel Working Days & Utilization*



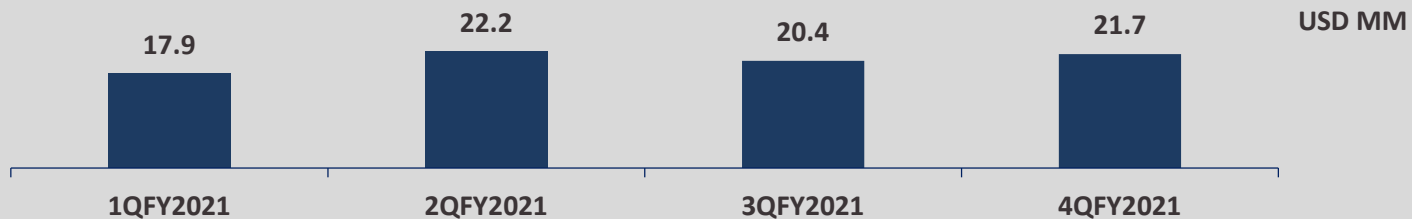
- Total Revenue significantly increased by USD 16.7m YoY and by USD 16.4m QoQ as a result of cable lay business and T&I and decommissioning business
- Revenue from cable lay business increased QoQ from USD 5.7m to USD 13.5m
- Revenue from T&I and decommissioning business start to be realized during the 4th quarter
- Within 4Q'2021, "Mermaid Asiana" and "Mermaid Endurer" were utilized for projects in the Middle East as a high standard while "Mermaid Sapphire" utilization rater dropped due to completed job and mobilization plan
- Mermaid recognized USD 1.2m share profit from Millennium 3 Ship Management And Operations DMCCO in FY2021

REVENUE

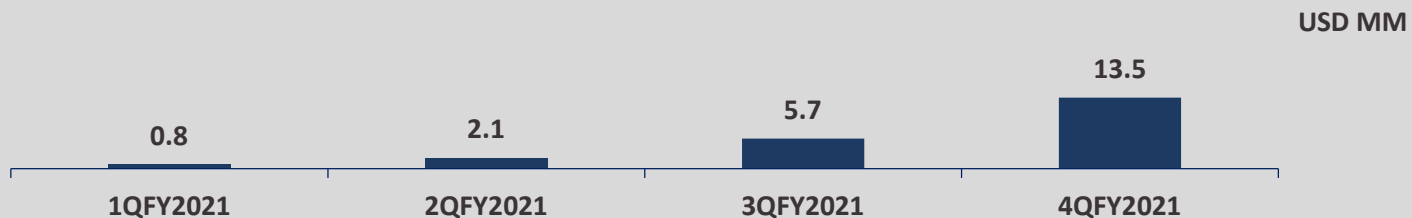


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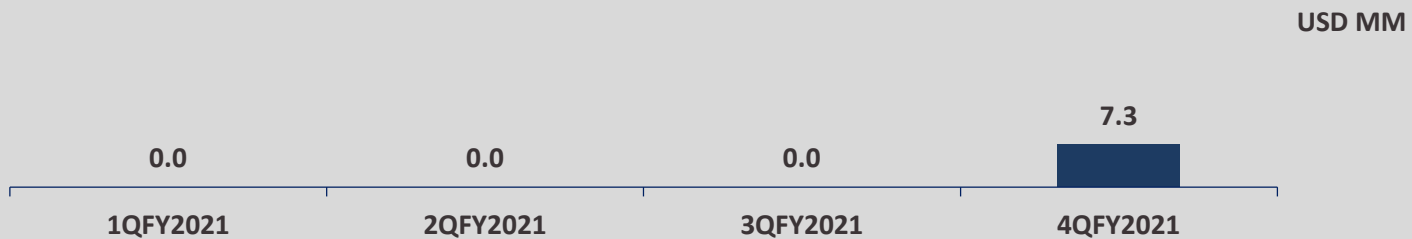
SUBSEA IRM



Cable Lay Projects



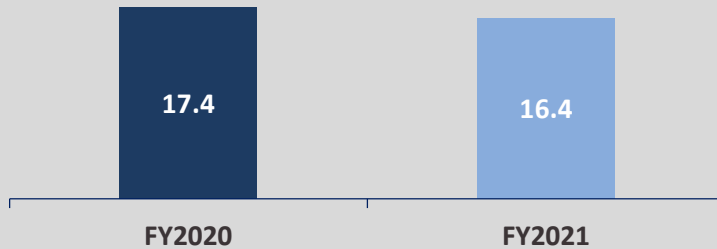
T&I and Decommissioning Projects



COSTS & EXPENSES

Vessel Running Cost (owned vessels)

USD MM

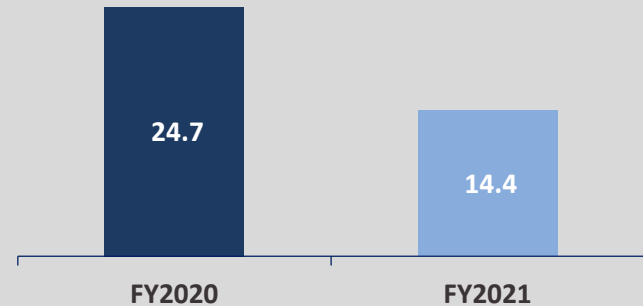


Owned Vessels

- VRC decreased YoY USD (-1.0m) mainly due to previous Covid-19 restriction cost in the past and a disposal of one owned vessel during FY2021

Selling and Administrative Expenses

USD MM



Selling, General and Administrative Expenses

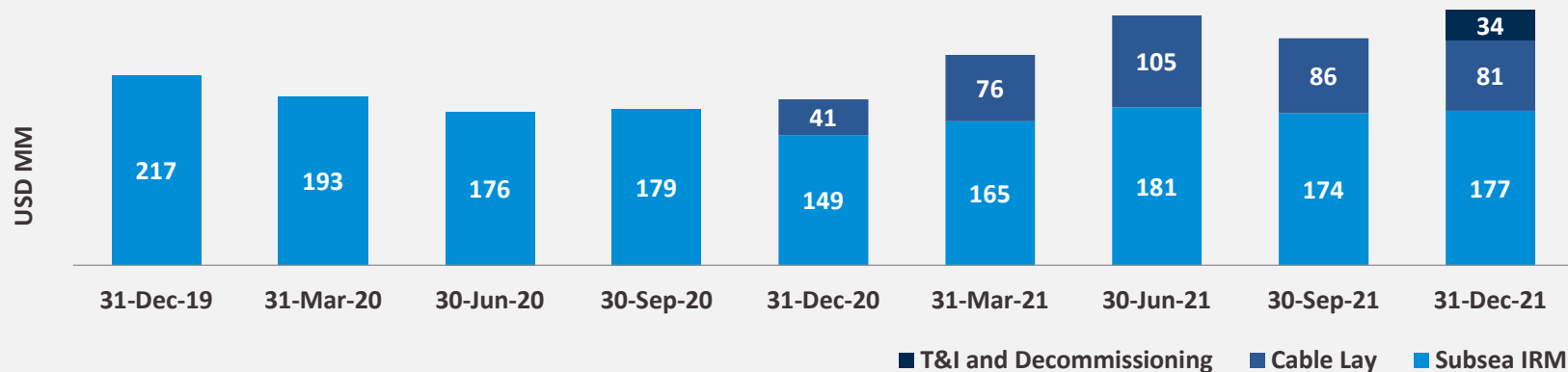
- SG&A expenses significantly decreased YoY as a result of provision for impairment recognized in FY2020 for USD 9.6m

ORDER BOOK

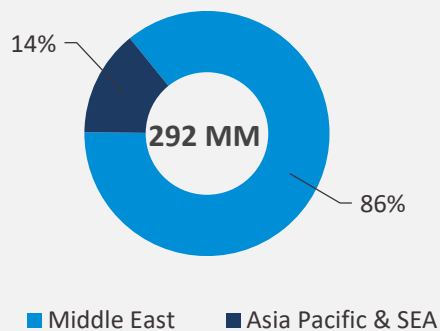


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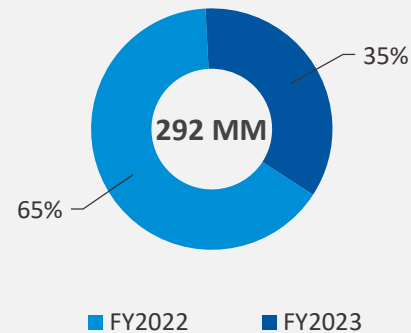
Total Order Book



Order Book by Region



Order Book by Year



FINANCIAL REVIEW



FY 2021 PROFIT & LOSS

(USD MM)	FY2021	FY2020	YoY Amount Change
Revenue			
Revenue from rendering of services	111.6	83.8	-27.8
Other income	2.6	0.4	+2.2
Total revenue	114.2	84.2	+30.0
Expenses			
Costs of rendering of services	113.2	95.4	+17.8
Administrative expenses	14.4	24.7	-10.3
Loss on disposal of investment in an associate	-	68.1	-68.1
Net loss on foreign exchange	0.4	-	+0.4
Finance costs	1.6	2.2	-0.6
Total expenses	129.6	190.4	-60.8
Share of profit (loss) of joint venture and associates	0.5	(0.9)	+1.4
Profit (loss) before income tax expense	(14.9)	(107.1)	+92.2
Tax expense	0.8	2.5	-1.7
Profit (loss) for the period	(15.7)	(109.6)	+93.9
Earnings (losses) per share (US Cents)	(1.1)	(7.8)	+6.7
Depreciation expenses and amortization expenses	14.8	14.5	+0.3
Non-recurring items <i>(embedded in admin expense and other income)</i>	(1.2)	9.6	-10.8
EBITDA⁽¹⁾	(0.3)	(11.8)	+11.5

Remark:

⁽¹⁾ Excluding share of profit (loss) of joint venture and associates and non-recurring items

STATEMENT OF CASH FLOWS

Cash Flows (USD MM)	For the year ended 31 Dec	
	2021	2020
Cash Flow From Operating Activities:		
Before changes in working capital	(4.6)	(10.4)
Changes in working capital	2.4	5.0
Others	(0.7)	(0.7)
Net cash from (used in) operating activities	(2.9)	(6.1)
Cash Flow From Investing Activities:		
Proceed from sale of current investments	18.8	4.3
Acquisition of current investments	(11.9)	(2.0)
Increase in long-term loan to related party	(1.1)	(0.5)
Proceed from sale of property, plant and equipment and intangible assets	2.2	-
Acquisition of property, plant and equipment and intangible assets	(8.6)	(10.6)
Acquisition of support vessel	(16.0)	-
Proceed from sale of interest in associate	-	31.0
Acquisition of interest in joint venture	(2.6)	-
Interest received	-	0.1
Net cash from (used in) investing activities	(19.2)	22.3
Cash Flow From Financing Activities:		
Proceeds from borrowings from financial institution	4.5	8.0
Repayment of borrowings from financial institution	(15.3)	(6.6)
Proceeds from borrowings from parent company	5.0	-
Payment of lease liabilities	(0.2)	(0.1)
Finance costs paid	(1.6)	(2.2)
Net cash from (used in) financing activities	(7.6)	(0.9)
Net increase (decrease) in cash and cash equivalents	(29.7)	15.3
Effect of exchange rates	(0.1)	-
Beginning balance as at 1 January	37.8	22.5
Cash Balance as at 31 December (excluding restricted cash*)	8.0	37.8

*Restricted Cash = USD 8.2m

STATEMENT OF FINANCIAL POSITION



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Balance Sheet (USD MM)	31 Dec 2021	31 Dec 2020	Change
Cash & Cash Equivalents and Current Investment	10.9	47.5	-77.1%
Trade and Other Accounts Receivable	75.7	35.3	+114.4%
Other Current Assets	0.3	0.3	0.0%
Total Current Assets	86.9	83.1	+4.6%
Restricted Deposit at Banks	8.2	9.2	-10.9%
Investment in Associates & Joint Venture	26.9	24.0	+12.1%
Property, Plant and Equipment	132.8	143.2	-7.3%
Other Non-Current Assets	3.8	1.0	+280.0%
Total Non- Current Assets	171.7	177.4	-3.2%
Total Assets	258.6	260.5	-0.7%
Trade and Other Accounts Payable	42.8	22.4	+91.1%
Current Portion of Borrowings from Related Parties	3.0	-	+100.0%
Current Portion of Long-term Borrowings	14.2	13.5	+5.2%
Other Current Liabilities	1.0	0.8	+25.0%
Total Current Liabilities	61.0	36.7	+66.2%
Long-Term Borrowings from Related Parties	2.0	-	+100.0%
Long-Term Borrowings from Financial Institution	32.5	43.9	-26.0%
Other Non-Current Liabilities	2.5	2.6	-3.8%
Total Non-Current Liabilities	37.0	46.5	-20.4%
Total Liabilities	98.0	83.2	+17.8%
Total Equity	160.6	177.3	-9.4%

(USD MM)	31 Dec 2021	31 Dec 2020
Interest Bearing Debt		
Asset-backed Financing	46.7	57.4
Unsecured Loan	5.0	-
Finance lease	0.2	0.4
Total Debt	51.9	57.8
Cash, Deposits and Bank Balances	(19.1)	(56.7)
Total Debt, Net of Cash	32.8	1.1
Shareholders' Equity	160.6	177.3
Net Gearing	20.4%	0.6%

Financial Ratio:

- Current Ratio = 1.42x
- Liabilities to Equity Ratio = 0.61x
- Net Debt to Equity Ratio = 0.32x
- Net Gearing = 20.4%

DEBT MATURITY PROFILE

Interest-Bearing Debt Maturity

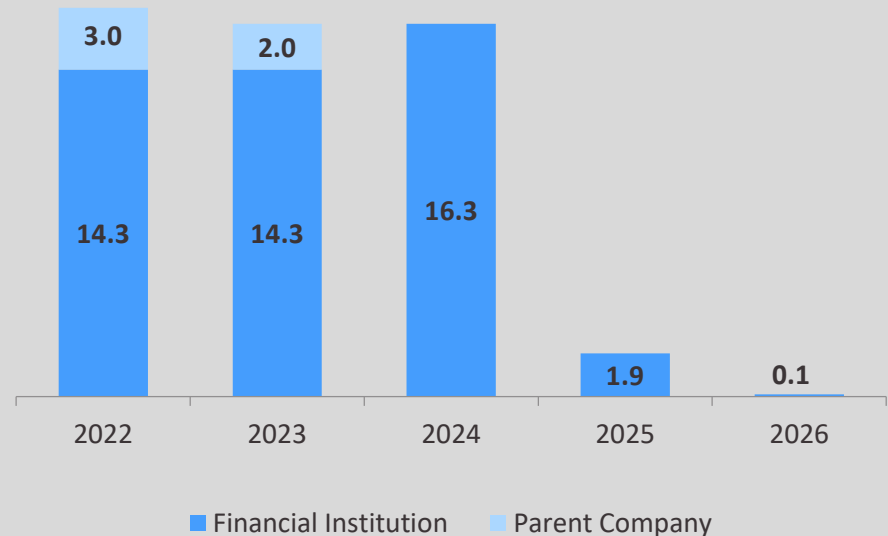
USD 51.9 M

(31 December 2021)

- As at 31st December 2021, there is **USD 51.9 million** of long-term loan (consisting of USD 46.9 million from financial institution and USD 5.0 million from parent company).
- In September 2021, Mermaid entered into a new loan facility agreement with a financial institution to support company's working capital. The loan facility is approximately USD 3.0 million. Mermaid also received USD 5.0 million loan from parent company in December 2021.
- Next repayment will be at the end of 1st quarter, 2022 (USD 3.6m to the financial institution).
- Short-term liquidity risk is low.

Yearly Repayment Scheme

(USD 51.9 million)



BUSINESS OUTLOOK

BUSINESS OUTLOOK



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1

Despite downward revisions, our view on oil demand recovery remains largely unchanged. After posting growth of 5.1 million b/d in 2021, demand in 2022 will grow by 3.6 million b/d. Global oil supply will resume growth as disruptions ease, but risks are to the downside save for geopolitical tensions which will likely spike oil prices temporarily higher. Brent crude oil spot prices averaged \$71 per barrel in 2021. Brent spot prices have risen to more than \$95/b in February 2022. As per EIA, Brent prices will remain high, averaging \$75/b during 2022.

2

Globally, COVID risks remain based on renewed outbreaks caused by mutated variants. While it appears that the most recent wave has peaked, there is a noted uptick in some countries which remains a concern. Vaccinations are expected to allow for a “managed” situation rather than a “crisis”, thus allowing for a more normalized business environment in the intermediate term.

3

Global growth is expected to moderate from the 5.9 percent in 2021 to 4.4 percent in 2022 largely reflecting forecast markdowns in the two largest economies (USA & China). This recovery is expected to open various opportunities for Mermaid in Subsea and flexible lay space. We are strategically aligning the Group to benefit from these upcoming potentially massive business opportunities.

4

Elevated inflation is expected to persist for longer than envisioned in the October WEO report, with ongoing supply chain disruptions and high energy prices continuing in 2022. Assuming inflation expectations stay well anchored, inflation should gradually decrease as supply/demand imbalances wane in 2022 and monetary policy in major economies responds. The question remains as to the tolerance levels of major Central Banks (Fed, ECB, BOJ, BOE) to accept an uptick of inflationary pressure. We will monitor inflationary pressures closely to position ourselves in the best possible way to counter concerns about rising inflation.

BUSINESS OUTLOOK



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5

We are experiencing a definite uptick in activity, with an associated soaking up of excess tonnage in the market. We have moved appropriately to secure our tonnage requirements with the charter-in of the Van Gogh and Paladin. This, in addition to the increased utilisation of our existing fleet. The intermediate outlook remains positive, as construction engagements begin to mobilize after a year of relative inaction. Saudi's investment plan remains largely unshaken, they plan to invest circa USD 500 billion on the Eastern Seaboard in various projects up to 2027. Qatar has plans to invest USD 27 Billion in Oil & Gas Sector. Furthermore, in the West African market Majors have allocated budgets of additional USD 127 Billion towards Subsea Sector. Considerable politically related violence has perpetuated a transient upheaval in Northern Mozambique and it is unclear at this stage when that region will return to business as usual. In the meantime Oil prices remain steady on the back of increasing 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.

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 small projects are already indicated as awarded. This North Sea market has huge decommissioning and diving requirements, upon which we look to capitalize. Moreover, Mermaid is well placed in this geography to enter the renewables market in the intermediate term.

BUSINESS OUTLOOK

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 won some saturation interventions off the African Eastern Seaboard. In the coming months the Endurer will make passage South to service these contracts, and as ever, especially in that region, we will look for “Fly-By” opportunities for some windfall gains.

9

In the meantime, the **Asiana and Endurer** continue to operate in the Middle East and Africa, whilst the Van Gogh focuses in APAC. The Sapphire is deployed at home (Thailand). We expect very high utilization throughout 2022-2024. 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. Our shareholders are very pleased with the recent progress within the APAC region, and we will continue to focus positively in this space.

11

There are still some non-performing assets within the Group, which have not yielded required returns for some years. We continue to actively work towards the disposal of the same.



Q & A



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A Company Moving Forward

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www.mermaid-group.com