

15 August 2022

To: The President of the Stock Exchange of Thailand

Subject: Management Discussion and Analysis for 2Q/2022

Thoresen Thai Agencies Public Company Limited (“TTA”)

Consolidated Performance

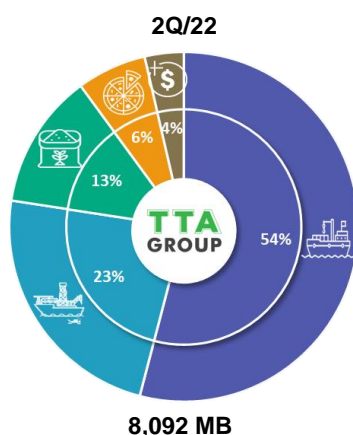


MEMBER OF MSCI
 MEMBER OF SET100
 MEMBER OF SETWB

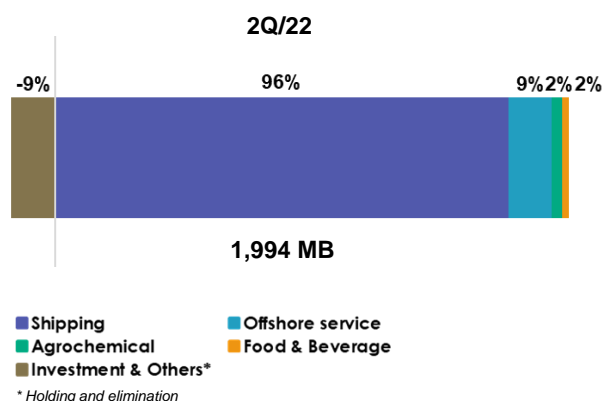
TTA reported historical high normalized net profits of Baht 1,672.4 million in more than a decade in 2Q/22.

TTA reported solid revenues of Baht 8,092.1 million in 2Q/22, increasing 58%YoY and 34%QoQ driven by the significant growth in core businesses, especially Shipping and Offshore Service segments. Shipping, Offshore Service, Agrochemical, Food & Beverage, and Investment segments contributed 54%, 23%, 13%, 6%, and 4% to the consolidated revenues, respectively. Accordingly, gross profits amounted to Baht 2,614.1 million, increasing 85%YoY and 52%QoQ. The gross profit margin also increased YoY and QoQ from 28% in 2Q/21 and 1Q/22 to 32% in 2Q/22, from a better margin of Shipping and Offshore Service segments, as Shipping’s time charter equivalent (TCE) rate significantly increased while vessel operating expenses (OPEX) maintained below an industry average and Offshore Service is now back on track since there has been smooth operation, which is supported by a healthy order book. On the other hand, SG&A also increased 28%YoY and 19%QoQ, mainly due to a proportional increase in revenues and the service expansion of the Offshore Service segment. There were net realized/unrealized losses from an investment of Baht 136.0 million, which mostly were unrealized losses from the decrease in the market value of the investment due to a number of economic factors. Besides, there were net realized/unrealized gains from the change in fair value of derivatives of Baht 80.5 million, mainly from bunker swaps as the market price of bunker fuel increased significantly in this period. Accordingly, EBITDA grew 97%YoY and 53%QoQ to Baht 1,993.9 million. In this quarter, Shipping segment’s TCE rate significantly rose 68%YoY and 23%QoQ from an average of US\$ 18,330 per day in 2Q/21 and US\$ 24,987 per day in 1Q/22 to US\$ 30,831 per day in 2Q/22. Offshore Service segment’s order book reached its new record high at US\$ 358 million at quarter-end. Agrochemical segment continued to be profitable from the recovery in export fertilizer sales volume. There were net extraordinary losses to TTA of Baht 637.8 million, mainly from impairment loss on investments due to asset devaluation from a joint venture under the Investment segment; nonetheless, this transaction was considered a non-cash loss. In summary, normalized net profits to TTA increased 156%YoY and 71%QoQ to Baht 1,672.4 million and net profits to TTA increased 95%YoY and 6%QoQ to Baht 1,034.7 million in 2Q/22.

Revenue Structure



EBITDA Structure



In 1H22, revenue increased 65%YoY to Baht 14,126.1 million, mainly due to an increasing Shipping TCE rate and service expansion of Offshore Service segment. Shipping, Offshore Service, Agrochemical, Food & Beverage, and Investment segments contributed 54%, 23%, 12%, 7%, and 4% to the consolidated revenues, respectively. Gross profits increased 97%YoY to Baht 4,333.5 million, from the improvement of all business segments, especially Shipping. In addition, there were net realized/unrealized losses from investments of Baht 191.3 million and net realized/unrealized gains from the change in fair value of derivatives of Baht 189.3 million. Moreover, share profit from associates and joint ventures increased 245%YoY to Baht 120.9 million, mainly from a joint venture under the Offshore Service segment. EBITDA accordingly increased 119%YoY to

Baht 3,300.4 million. There were net extraordinary non-cash losses to TTA of Baht 638.4 million, mainly from impairment loss on investments due to asset devaluation under the Investment segment. In summary, normalized net profit to TTA increased 210%YoY to Baht 2,652.9 million and net profits to TTA increased 180%YoY to Baht 2,014.5 million in 1H22.

Performance by Key Business Segments

Shipping segment delivered a solid net profit to TTA of Baht 1,763.1 million as TCE rate remained strong with a record decade-high owned fleet TCE.

Shipping segment recorded its new decade high freight revenues of Baht 4,376.5 million in 2Q/22, increased 63%YoY and 38%QoQ mainly due to the rising freight rate. Supramax freight rate averaged US\$ 28,901 per day in 2Q/22, increased 13%YoY and 15%QoQ. To analyze actual performance for dry bulkers, per-day performance such as time charter equivalent (TCE) rate is the global norm. In 2Q/22, Shipping segment's TCE rate rose 68%YoY and 23%QoQ to US\$ 30,831 per day on average, outperforming the net Supramax's market rate of US\$ 27,456 by 12%. TCE rate comprised owned fleet TCE rate of US\$ 29,955 per day and gains from the chartered-in vessels of US\$ 876 per day. Owned fleet TCE rate, reached a record high in more than a decade and grew 79%YoY and 17%QoQ with the highest TCE rate at US\$ 49,972 per day and full utilization rate at 100%. For chartered-in business, gains from chartered-in vessels turned positive and recovered all losses made in the last quarter, which was due to the sharp rise in market freight rate and bunker prices. Meanwhile, vessel operating expenses (OPEX) maintained QoQ and slightly decreased 3%YoY due to lower expenses related to crew change to US\$ 4,048 per day, 11% lower than industry OPEX⁽¹⁾ of US\$ 4,553 per day. With the high TCE rate and consistently low OPEX, per-day gross profit margin significantly increased YoY and QoQ from 74% in 2Q/21 and 81% in 1Q/22 to 85% in 2Q/22. As a result, gross profits grew 119%YoY and 35%QoQ to Baht 1,917.2 million. There were net realized/unrealized gains from the change in fair value of derivatives of Baht 80.5 million. Consequently, Shipping segment's EBITDA increased 133%YoY and 32%QoQ to Baht 1,916.1 million. In summary, Shipping segment delivered the net profits to TTA of Baht 1,763.1 million, which grew 163%YoY and 36%QoQ in 2Q/22. At quarter-end, Shipping segment owned 24 vessels (22 Supramaxes and 2 Ultramax) with an average size of 55,913 DWT and an average age of 14.2 years.

In 1H/22, Shipping segment's freight revenues were reported at Baht 7,541.4 million, which increased 71%YoY mainly due to the rising freight rate and increasing operating days of the owned fleet. Shipping's TCE rate was US\$ 27,977 per day on average, comprising owned fleet TCE rate of US\$ 27,880 per day and gains from the chartered-in vessels of US\$ 97 per day. Owned fleet TCE rate significantly grew 89%YoY with 100% utilization. On the other hand, chartered-in business performance decreased due to the steep spike in bunker prices; however, it was compensated by the gain from Bunker Swap Agreement. Meanwhile, vessel operating expenses (OPEX) decreased 2%YoY to US\$ 4,049 per day, 11% lower than industry OPEX⁽¹⁾ of US\$ 4,553 per day. As the TCE rate strongly increased while the OPEX remained low, the gross profits increased 156%YoY to Baht 3,341.2 million. Besides, there were net realized/unrealized gains from the change in fair value of derivatives of Baht 189.3 million. Accordingly, Shipping segment's EBITDA improved 186%YoY to Baht 3,366.1 million. Consequently, Shipping segment delivered net profits to TTA of Baht 3,060.1 million, which increased 249%YoY in 1H22.

Offshore Service segment was back on track with a turnaround profit on the back of the strong order book at US\$ 358 million in 2Q/22.

Offshore Service segment was back on track with revenues in 2Q/22 recorded at Baht 1,888.8 million, which significantly increased 148%YoY mainly from the expansion of services to the cable laying, decommissioning and Transportation & Installation (T&I) businesses, and increased 41%QoQ mainly from subsea-IRM⁽²⁾ projects. As a result, revenues from cable laying business and decommissioning and T&I business rose dramatically and accounted for 37% of Offshore Service segment's revenues. Meanwhile, the performing subsea-IRM vessel utilization rate also increased from 67% in 2Q/21 and 46% in 1Q/22 to 96% in 2Q/22 due to subsea-IRM vessels had returned to their working sites and resumed operation since the beginning of 2Q/22 after planned maintenance of 2 vessels during the previous quarter. Gross profits turned positive and amounted to Baht 289.1 million, which improved 136%YoY and 472%QoQ, mainly due to better margin of the cable laying projects and higher utilization rate of subsea-IRM vessels. Consequently, the gross

Note:

⁽¹⁾ Latest Industry OPEX for Supramax at US\$ 4,553 per day, issued in November 2021. (compiled by BDO, formally known as Moore Stephens)

⁽²⁾ IRM = Inspection, Repair, and Maintenance

profit margin increased from -6% in 1Q/22 to 15% in 2Q/22 but slightly decrease from 16% in 2Q/21. In addition, there were share profits of Baht 27.8 million from a joint venture under Offshore Service segment. Meanwhile, SG&A increased 29%YoY and 12%QoQ in line with the expansion of services to the cable laying business, and decommissioning and T&I business. Consequently, Offshore Service segment's EBITDA significantly improved YoY and QoQ to Baht 187.0 million. In summary, the Offshore Service segment reported net profit for the period for the first time since 4Q/17 of Baht 84.5 million and net profit to TTA of Baht 45.5 million in 2Q/22 from the better operating performance as aforementioned. The order book reached a record high at US\$ 358 million in 2Q/22, mainly due to the 3-year contract extension from the same reputable client in the Middle East for offshore services.

In 1H/22, Offshore Service segment's revenues were recorded at Baht 3,224.4 million, which significantly increased 143%YoY, mainly due to the expansion of services to the cable laying, decommissioning and T&I businesses and an increase in subsea-IRM non-vessels. Additionally, due to a higher day rate and a higher performing subsea-IRM vessel utilization rate of 71% in 1H/22 compared to 64% in 1H/21, revenue from subsea-IRM increased 18%YoY. Gross profits increased 20%YoY to Baht 211.3 million, mainly from additional decommissioning and T&I projects, although the gross profit margin decreased from 13% in 1H/21 to 7% in 1H/22, due to an increase in project costs of cable laying projects and an incur cost of subsea-IRM for new project preparation. Consequently, Offshore Service segment's EBITDA turned positive and reported at Baht 26.0 million. In conclusion, the Offshore Service segment reported a net loss for the period of Baht 179.9 million and a net loss to TTA of Baht 106.4 million, improving 19%YoY in 1H/22.

Agrochemical segment 's export volume recovered and continued to be profitable despite lower demand from high raw material cost.

Agrochemical segment's revenues in 2Q/22 amounted to Baht 1,012.9 million, which increased 13%YoY and 40%QoQ, mainly due to the higher selling price of fertilizer, higher revenues from pesticides and area management services. The sales revenue from fertilizer increased 9%YoY due to an increase in selling price despite the lower fertilizer sales volume and increased 38%QoQ due to an increase in fertilizer sales volume. Total fertilizer sales volume recorded at 36.3 Ktons, decreased 36%YoY due to slowing domestic demand resulting from escalating fertilizer prices caused by the Russia-Ukraine conflict and other economic issues but increased 36%QoQ due to an increase in export volume. Domestic fertilizer sales volume accounted for 54% of total fertilizer sales volume, totaling 19.7 Ktons, which decreased 61%YoY and 16%QoQ from the aforementioned reasons. Meanwhile, fertilizer exports to the Philippines expanded since China imposed a ban on fertilizer export to secure its local supply. Therefore, export fertilizer sales volume increased 153%YoY and 401%QoQ to 16.6 Ktons. Nevertheless, the container freight rate remained an obstacle for exports to farther continents like Africa, which were our main customers. Regarding sales volume by product, single fertilizer sales volume decreased 76%YoY and 19%QoQ to 5.4 Ktons, while premium NPK fertilizer sales volume decreased 9%YoY but increased 54%QoQ to 30.9 Ktons as a result of the recovery of export volume. Furthermore, sales revenue of pesticides increased 53%YoY and 86%QoQ to Baht 84.9 million, mainly due to the successful promotion of substituted products to glyphosate. Service income from factory area management also increased 87%YoY and 4%QoQ to Baht 24.2 million because of higher customers' demand for the warehouse and services. Gross profits increased 9%YoY and 58%QoQ to Baht 138.7 million, in line with the increase in revenue. With a different sales mix and higher raw material prices caused by less supply from China and higher oil prices, Agrochemical segment has been able to adjust the fertilizer selling price to maintain the margin. Gross profit margin maintained YoY and increased QoQ from 12% in 1Q/22 to 14% in 2Q/22. Meanwhile, SG&A increased 34%YoY and 53%QoQ from transportation expenses in line with the rising fertilizer export volume. Agrochemical segment's EBITDA was Baht 42.9 million, decreased by 24%YoY but increased 69%QoQ. In summary, Agrochemical segment continued to be profitable with net profits of Baht 16.4 million and net profits to TTA of Baht 11.2 million in 2Q/22.

In 1H/22, Agrochemical segment's revenues amounted to Baht 1,738.2 million, which increased 22%YoY due to higher revenues from all products and services. Sales revenue from fertilizer grew 20%YoY from higher selling price despite lower sales volume. Total fertilizer sales volume in 1H/22 decreased by 30%YoY to 63.0 Ktons. Domestic fertilizer sales volume accounted for 68% of total fertilizer sales volume, totaling 43.1 Ktons, which decreased 47%YoY due to slowing domestic demand earlier mentioned. Meanwhile, export fertilizer sales volume significantly increased 147%YoY to 19.9 Ktons due to export volume

Thoresen Thai Agencies Public Company Limited

Management Discussion and Analysis for 2Q/2022

Ref No. COR: EL22017e/KCL

to the Philippines was expanded. Regarding sales volume by product, single fertilizer sales volume decreased 64%YoY and NPK fertilizer sales volume decreased 9%YoY, mainly due to slow domestic demand. In addition, sales revenue of pesticides increased 62%YoY to Baht 130.6 million. Service income from factory management also increased 125%YoY to Baht 47.5 million. With the significant growth in revenues, gross profits increased 10%YoY to Baht 226.7 million. However, the gross profit margin decreased from 15% in 1H/21 to 13% in 1H/22 due to higher raw material costs, although the selling price has been adjusted. SG&A to total revenue maintained. In conclusion, Agrochemical segment's EBITDA was Baht 68.2 million, which decreased by 22%YoY. Therefore, Agrochemical segment reported net profits of Baht 17.9 million and net profits to TTA of Baht 12.3 million in 1H/22.

Key Financial Data⁽¹⁾

in million Baht	2Q/21	1Q/22	2Q/22	YoY	QoQ	6M21	6M22	YoY	2Q/21	1Q/22	2Q/22	6M21	6M22	
Total Revenues	5,125.8	6,034.0	8,092.1	58%	34%	8,573.0	14,126.1	65%	100%	100%	100%	100%	100%	Revenue Structure
Shipping	2,689.5	3,164.9	4,376.5	63%	38%	4,414.6	7,541.4	71%	52%	52%	54%	51%	54%	
Offshore service	760.9	1,335.6	1,888.8	148%	41%	1,326.7	3,224.4	143%	15%	22%	23%	15%	23%	
Agrochemical	896.7	725.2	1,012.9	13%	40%	1,418.9	1,738.2	22%	17%	12%	13%	17%	12%	
Food & Beverage	541.1	515.9	522.2	-3%	1%	987.3	1,038.1	5%	11%	9%	6%	12%	7%	
Investment	237.6	292.4	291.6	23%	-0.3%	425.5	584.0	37%	5%	5%	4%	5%	4%	
Gross Profits/(Losses)⁽²⁾	1,413.1	1,719.4	2,614.1	85%	52%	2,197.6	4,333.5	97%	28%	28%	32%	26%	31%	Gross Profit Margin
Shipping	875.6	1,424.0	1,917.2	119%	35%	1,307.2	3,341.2	156%	33%	45%	44%	30%	44%	
Offshore service	122.6	(77.8)	289.1	136%	472%	176.0	211.3	20%	16%	-6%	15%	13%	7%	
Agrochemical	127.7	88.0	138.7	9%	58%	207.0	226.7	10%	14%	12%	14%	15%	13%	
Food & Beverage	220.8	204.1	199.6	-10%	-2%	383.7	403.7	5%	41%	40%	38%	39%	39%	
Investment & Others*	66.3	81.1	69.4	5%	-14%	123.7	150.4	22%	28%	28%	24%	29%	26%	
EBITDA⁽³⁾	1,013.0	1,306.5	1,993.9	97%	53%	1,507.2	3,300.4	119%	20%	22%	25%	18%	23%	EBITDA Margin
Shipping	823.0	1,449.9	1,916.1	133%	32%	1,177.2	3,366.1	186%	31%	46%	44%	27%	45%	
Offshore service	13.3	(161.0)	187.0	1,311%	216%	(27.5)	26.0	195%	2%	-12%	10%	-2%	1%	
Agrochemical	56.2	25.3	42.9	-24%	69%	87.0	68.2	-22%	6%	3%	4%	6%	4%	
Food & Beverage	64.4	40.9	29.9	-54%	-27%	87.6	70.7	-19%	12%	8%	6%	9%	7%	
Investment & Others*	56.1	(48.6)	(182.0)	-425%	-274%	183.0	(230.6)	-226%	24%	-17%	-62%	43%	-39%	
Net Profits/(Losses) to TTA	530.3	979.8	1,034.7	95%	6%	719.4	2,014.5	180%	10%	16%	13%	8%	14%	Net Profit (to TTA) Margin
Shipping	671.6	1,297.0	1,763.1	163%	36%	876.8	3,060.1	249%	25%	41%	40%	20%	41%	
Offshore service	(58.6)	(151.9)	45.5	178%	130%	(131.3)	(106.4)	19%	-8%	-11%	2%	-10%	-3%	
Agrochemical	21.3	1.1	11.2	-47%	960%	31.6	12.3	-61%	2%	0.1%	1%	2%	1%	
Food & Beverage	5.4	(10.8)	(16.1)	-400%	-49%	(20.5)	(27.0)	-32%	1%	-2%	-3%	-2%	-3%	
Investment & Others*	(109.3)	(155.5)	(769.0)	-603%	-394%	(37.3)	(924.5)	-2,381%	-46%	-53%	-264%	-9%	-158%	
Normalized Net Profits/(Losses) to TTA⁽⁴⁾	652.8	980.5	1,672.4	156%	71%	857.0	2,652.9	210%	13%	16%	21%	10%	19%	Normalized Net Profit (to TTA) Margin
Shipping	671.6	1,297.0	1,763.1	163%	36%	876.9	3,060.1	249%	25%	41%	40%	20%	41%	
Offshore service	(58.6)	(153.4)	45.5	178%	130%	(142.1)	(107.9)	24%	-8%	-11%	2%	-11%	-3%	
Agrochemical	21.2	1.1	11.1	-48%	954%	31.6	12.2	-61%	2%	0.1%	1%	2%	1%	
Food & Beverage	5.9	(10.5)	(16.1)	-371%	-53%	(17.1)	(26.6)	-55%	1%	-2%	-3%	-2%	-3%	
Investment & Others*	12.6	(153.7)	(131.2)	-1,142%	15%	107.8	(284.8)	-364%	5%	-53%	-45%	25%	-49%	
Number of Shares and Paid-up Shares (million Shares)	1,822.5	1,822.5	1,822.5			1,822.5	1,822.5							
Basic earnings per share (in Baht)	0.29	0.54	0.57	95%	6%	0.39	1.11	180%						

Note:

* Holding and elimination

⁽¹⁾ As consolidated on TTA's P&L

⁽²⁾ Including amortization of vessel drydocking but excluding depreciation and other amortization

⁽³⁾ Earnings before interest, tax, depreciation, and amortization (excluding extraordinary items)

⁽⁴⁾ Normalized net profits/(losses) = net profits/(losses) - non-recurring items

Thoresen Thai Agencies Public Company Limited

Management Discussion and Analysis for 2Q/2022

Ref No. COR: EL22017e/KCL

Key Operational Data

	Units	2Q/21	1Q/22	2Q/22	%YoY	%QoQ	6M/21	6M/22	%YoY
Exchange rate (1USD : THB)	Baht	31.36	33.05	34.40	10%	4%	30.81	33.72	9%
Shipping Segment:									
BDI Index	Point	2,793	2,041	2,530	-9%	24%	2,257	2,279	1%
BSI Index	Point	2,322	2,287	2,627	13%	15%	1,910	2,453	28%
Net Supramax TC rate ⁽¹⁾	USD/Day	24,261	23,898	27,456	13%	15%	19,963	25,634	28%
Calendar days for owned fleet ⁽²⁾	Days	2,184	2,160	2,184	0%	1%	4,324	4,344	0%
Available service days for owned fleet ⁽³⁾	Days	2,057	2,121	2,133	4%	1%	4,170	4,255	2%
Operating days for owned fleet ⁽⁴⁾	Days	2,057	2,121	2,133	4%	1%	4,170	4,255	2%
Owned fleet utilization ⁽⁵⁾	%	100%	100%	100%	0%	0%	100%	100%	0%
Voyage days for chartered-in fleet	Days	1,614	712	953	-41%	34%	2,888	1,664	-42%
TC (%)	%	51%	44%	33%			53%	38%	
VC/COA (%)	%	49%	56%	67%			47%	62%	
Average DWT	Dwt	55,913	55,913	55,913	0%	0%	55,913	55,913	0%
Number of owned vessels at the ending period	Vessels	24	24	24	0%	0%	24	24	0%
Average number of vessels ⁽⁶⁾	Vessel	40.3	31.5	33.9	-16%	8%	39.0	32.7	-16%
Average age of owned fleet	Years	13.2	14.0	14.2			13.2	14.2	
Per Day Data ⁽⁷⁾:									
Highest TCE rate of owned fleet	USD/day	43,436	43,798	49,972	15%	14%	43,436	49,972	15%
Thoresen TCE rate ⁽⁸⁾	USD/day	18,330	24,987	30,831	68%	23%	14,872	27,977	88%
TCE rate of owned fleet	USD/day	16,713	25,705	29,955	79%	17%	14,736	27,880	89%
Gain/(loss) from chartered-in vessels	USD/day	1,617	(718)	876	-46%	222%	136	97	-29%
Vessel operating expenses (owner's expenses)	USD/day	4,168	4,048	4,048	-3%	0%	4,127	4,049	-2%
Cash costs	USD/day	5,836	5,889	5,912	1%	0%	5,716	5,901	3%
Total costs	USD/day	8,173	8,068	8,144	0%	1%	8,038	8,107	1%
Per-day gross profit margin ⁽⁹⁾	%	74%	81%	85%			68%	83%	
Per-day EBITDA margin	%	68%	76%	81%			62%	79%	
Per-day Net operating profit margin	%	55%	68%	74%			46%	71%	
Offshore Service Segment:									
Utilization rate (performing subsea-IRM vessels)	%	67%	46%	96%			64%	71%	
Utilization rate (performing cable laying vessels) ⁽¹⁰⁾	%	-	100%	82%			-	91%	
Order book	mUSD	286	271	358	25%	32%	286	358	25%
Agrochemical Segment:									
Total fertilizer sales volume	KTons	56.4	26.7	36.3	-36%	36%	89.8	63.0	-30%
Fertilizer sales volume by geography									
- Domestic (in Vietnam)	KTons	49.9	23.4	19.7	-61%	-16%	81.7	43.1	-47%
- Export	KTons	6.6	3.3	16.6	153%	401%	8.1	19.9	147%
Fertilizer sales volume by product									
- NPK fertilizer	KTons	33.7	20.0	30.9	-9%	54%	56.1	50.8	-9%
- Single fertilizer	KTons	22.7	6.7	5.4	-76%	-19%	33.7	12.2	-64%
Food & Beverage Segment:									
No. of outlets of Pizza Hut	Outlets	172	176	184	7%	5%	172	184	7%
No. of outlets of Taco Bell	Outlets	10	11	12	20%	9%	10	12	20%

Note:

⁽¹⁾ Gross Market (Supramax) TC rate net of commission. Based on BSI-52 index up through 4Q/18 and BSI-58 index from 1Q/19 onwards.

⁽²⁾ Calendar days are the total calendar days TTA owned the vessels in our fleet for the relevant period, including off hire days associated with planned major repairs, dry dockings, or special or intermediate surveys.

⁽³⁾ Available service days are calendar days⁽²⁾ less planned off hire days associated with major repairs, dry dockings, or special or intermediate surveys.

⁽⁴⁾ Operating days are the available service days⁽³⁾ less unplanned off-hire days, which occurred during the service voyage.

⁽⁵⁾ Fleet utilization is the percentage of time that our vessels generated revenues and is determined by dividing operating days⁽⁴⁾ by available service days⁽³⁾ for the relevant period.

⁽⁶⁾ Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the total operating days for owned fleet plus voyage days for chartered in fleet during the period divided by the number of calendar days in the relevant period.

⁽⁷⁾ The per day basis is calculated based on available service days for owned fleet.

⁽⁸⁾ Thoresen TCE Rate comprises owned fleet TCE rate and gain (loss) from chartered-in vessels, excluding net realized/unrealized gain (loss) from the change in fair value of derivatives.

⁽⁹⁾ Per-Day Gross Profit Margin (%) = (Thoresen TCE Rate⁽⁸⁾ - Vessel Operating Expenses - Dry-Docking Expense) / Thoresen TCE Rate⁽⁸⁾

TCE Rate = Time-Charter Equivalent Rate BDI = The Baltic Exchange Dry Index
TC Rate = Time-Charter Rate BSI = The Baltic Exchange Supramax Index

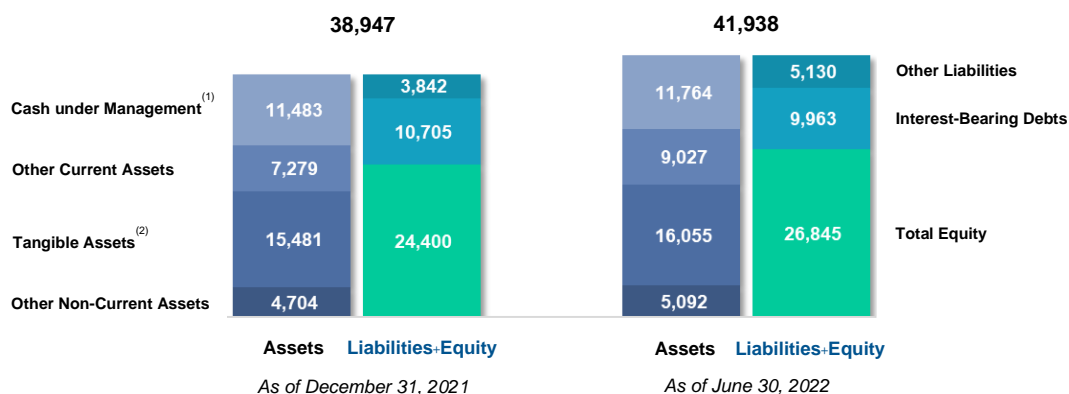
⁽¹⁰⁾ Offshore Service segment's a new joint venture with a 50% share acquired a cable laying vessel in 4Q/21.

Thoresen Thai Agencies Public Company Limited

Management Discussion and Analysis for 2Q/2022

Ref No. COR: EL22017e/KCL

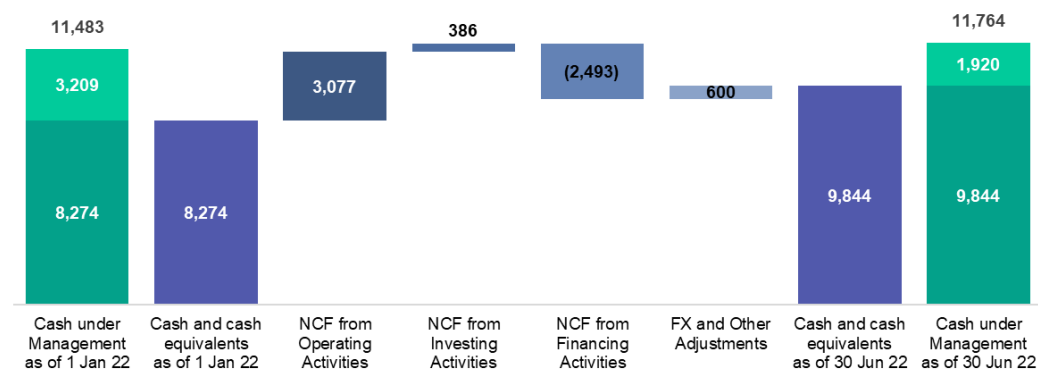
Financial Position



Financial position remained strong with cash under management of Baht 11.8 billion from solid operating profits and low IBD/E at 0.37 times.

As of June 30, 2022, TTA had total assets of Baht 41,937.6 million, increased by Baht 2,990.5 million or 8% from the end of 2021, mainly due to an increase in cash and cash equivalents from operating profit of the first half of 2022, and an increase in right-of-use assets from a charter-in vessel for Offshore business. Cash under management, which combines cash, cash equivalents, and other current financial assets, remained high at Baht 11,764.2 million. Total liabilities were Baht 15,092.8 million, increased by Baht 546.0 million or 4% from the end of 2021, mainly due to a growth in trade payable in line with the increasing revenues and an increase in lease liabilities from a charter-in vessel earlier mentioned. Meanwhile, there was repayment of debentures amounted to Baht 1,500.0 million in January. Total equity increased by Baht 2,444.5 million or 10% from the end of 2021 to Baht 26,844.7 million, mainly from net profits in this period. However, TTA paid an annual dividend of Baht 0.22 per share or totalled Baht 400.9 million in May. In addition, the capital structure remained strong and was represented by the low interest-bearing debt to total equity (IBD/E)⁽³⁾ of 0.37 times at period-end. TTA maintains an appropriate level of capital structure, as well as builds and maintains good relationships with financial institutions to ensure adequate liquidity and funding for future operations and investments, as well as debt repayment.

Cash Flow



Positive net cash flow from operating activities of Baht 3,076.7 million in 6M/22.

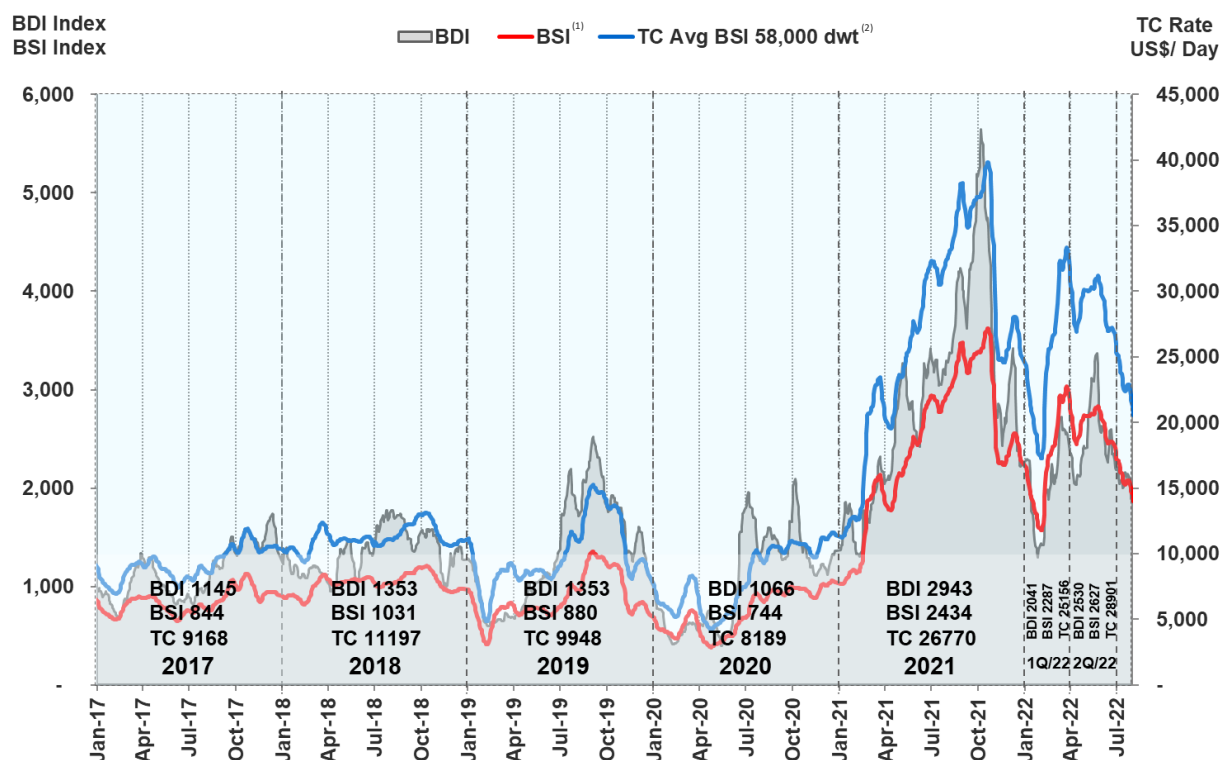
As of June 30, 2022, TTA had cash and cash equivalent of Baht 9,844.1 million, reflecting an increase of Baht 1,570.5 million from the beginning of the year. In 6M/22, net cash flow from operating activities amounted to Baht 3,076.7 million, mainly from the operating profits of Shipping segment. TTA's net cash from investing activities was Baht 386.4 million, mainly from sales of other current financial assets amounting to Baht 1,269.4 million while there were the acquisition of property, plant, and equipment and intangible assets of Baht 799.1 million. Meanwhile, net cash used in financing activities was Baht 2,493.0 million, largely from repayment of debentures at maturity in January 2022. Therefore, including gains from the foreign currency translation differences for foreign operations and the effect of exchange rates of Baht 600.5 million, the net increase in cash and cash equivalents amounted to Baht 1,570.5 million in 6M/22.

Note:

- ⁽¹⁾ Cash, cash equivalents, and other current financial assets
⁽²⁾ Property, plant, equipment, and investment properties
⁽³⁾ Interest bearing debt to equity = Interest bearing debt/ Total shareholder's equity

Industry Outlook: Shipping

Dry Bulk Market Index



Baltic Supramax Index (BSI) averaged 2,627 points in 2Q/22, increased from an average of 2,322 points in 2Q/21 and 2,287 points in 1Q/22 mainly due to the shift in trade pattern driven dry bulk demand in ton-mile, following the Russia-Ukraine conflict, and upside supply disruption such as ongoing port congestion. TC rate of Supramax averaged US\$ 28,901 per day in 2Q/22. The outlook for the full-year 2022 appears to be moderately balanced, according to Clarksons Research, dry bulk trade growth is forecasted at 0.1% in tons or 1.4% in ton-miles, while congestion remains the major upside disruption in the short-term, and fleet expansion is projected at 2.4% in the deadweight ton (DWT). The Russia-Ukraine conflict has a range of impacts on dry bulk trade. The loss in volume of Ukraine's grain exports and the tight alternative supplies hurt the grain trade (-4%), while the import ban on coal from Russia by the EU, UK, and Japan impact the coal trade (-1%). However, the shift in trade patterns is currently expected to drive a modest 3% increase in the coal trade in ton-miles. Meanwhile, minor bulk trade (+1%) is subject to softer macroeconomic trends, and iron ore trade is forecasted to grow less than 1% as Chinese imports decline due to weakening steel demand. On the other hand, the order book for newbuilds stands at a record low of 7% of fleet capacity in 3 decades, partly reflecting uncertainty in new ship design in compliance with the new environmental regulations. With at least an additional 5% of the bulkcarrier fleet's capacity currently in port, port congestion continues to have a significant impact on this year's available capacity and the sector's market balance. Despite macroeconomic challenges and demand-side concerns related to the Russia-Ukraine conflict, the dry bulk market remains solid, with earnings far above historical averages. Looking further to 2023, dry bulk trade is projected to grow by 1.9% in ton-miles against the fleet expansion of 0.7%. However, future growth prospects are still uncertain due to risks associated with high food and energy prices, inflation rates, and central bank interest rate rises.

Source: Clarksons Research, June 2022

Note: Thoresen Shipping fleet is categorized as small vessels and can be benchmarked with BSI-58, although its fleet size is smaller than the benchmark of a standard 58K DWT bulk carrier.

Note:
⁽¹⁾ BSI referred to 52,000 dwt bulk carrier basis for the period before 3 April 2017 and 58,000 dwt bulk carrier basis for the period starting 3 April 2017.
⁽²⁾ TC Avg BSI is based on BSI-52 index up through 4Q/18 and BSI-58 index from 1Q/19 onwards, to be comparable with the fleet size of Shipping segment.

Significant Events/ Changes in 2Q/22

- None -

Sustainability

TTA gives priority to good corporate governance, transparency, and sustainable development as detailed below:

- Appointment of the Corporate Governance (CG) Committee to review the CG policy and to monitor compliance with the policy and practices.
- Appointment of the Sustainable Development Committee to ensure that sustainable development will be implemented throughout TTA.
- Grant of the opportunity to shareholders to propose the agenda and director candidates for AGM.
- The certified member of Thailand's Private Sector Collective Action Against Corruption (CAC).
- "Excellent" (5-star) in the Corporate Governance Report of Thai Listed Companies (CGR) in 2021 for the third consecutive year.

Key Social Projects/ Activities

Preparatory Maritime Program: Thoresen Shipping under Shipping segment supports the training of students of the Naval Training Center by dispatching personnel with expertise in maritime commerce to be a special speaker to build an accurate knowledge based on operational guidelines principles of conduct and operational safety policies on merchant ships for students of merchant ships who will undertake maritime training with international maritime submarines in 2021.

Key Environmental Projects/ Activities

Greenhouse Gas Emissions Plan: Shipping segment prepares a strategic plan and action plan to reduce the fleet's greenhouse gas emissions including using lower sulfur dioxide fuels and experiment with special reagents added to the fuel, using the system to control the use of lubricating oil (Alpha Lubricator) to reduce the consumption of fuel in the cylinder, maintaining equipment in proper condition to be able to operate at full efficiency, and considering the feasibility of using Green Passport Certification on ships. As a result of continued commitment and efforts to reduce greenhouse gas emissions, Thoresen Shipping has received a certificate of emissions enforcement in accordance with EU MRV (Monitoring, Reporting, and Verification) regulations, and a certificate of ship fuel consumption record while traveling to Europe, EU MRV and IMODCS, confirming the carbon dioxide emissions monitoring and reporting in accordance with international standards.

Key Economic Projects/ Activities

Participation in Thai CAC: TTA announced its participation in Thailand's Private Sector Collective Action against Corruption (CAC) on 8 November 2019 and was certified on 30 September 2021. In addition, TTA requests its business partners to cooperate in fighting against all forms of corruption and invites its partners to join the anti-corruption network.

For additional information:

Financial statements



[Please scan QR Code or Click here](#)

Corporate governance



[Please scan QR Code or Click here](#)

Yours faithfully,

Thoresen Thai Agencies Public Company Limited

Mr. Chalermchai Mahagitsiri
President & Chief Executive Officer

Mr. Katarat Suksawang
Executive Vice President & Group CFO