

10 November 2022

To: The President of the Stock Exchange of Thailand
 Subject: Management Discussion and Analysis for 3Q/2022

Thoresen Thai Agencies Public Company Limited (“TTA”)

Consolidated Performance

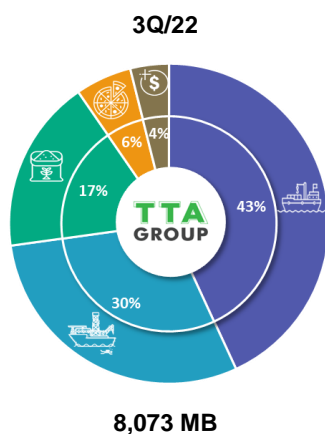


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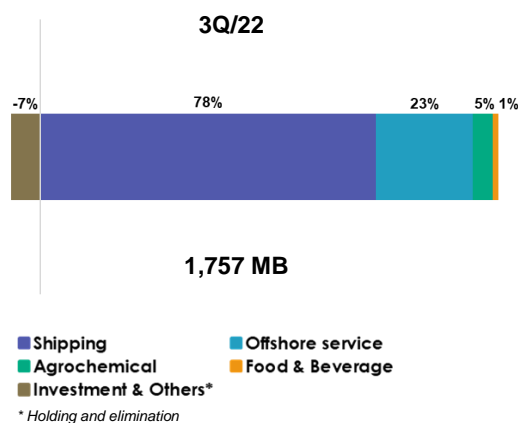
TTA continued to report high net profits of Baht 1,448.7 million in 3Q/22.

TTA reported solid revenues of Baht 8,072.7 million in 3Q/22, increased 36%YoY mainly driven by the significant growth in Offshore Service and remained stable QoQ. Shipping, Offshore Service, Agrochemical, Food & Beverage, and Investment segments contributed 43%, 30%, 17%, 6%, and 4% to the consolidated revenues, respectively. Gross profits amounted to Baht 2,389.9 million, decreased 3%YoY and 9%QoQ mainly due to the decreasing Shipping’s time charter equivalent (TCE) rate from an extraordinarily high rate in 2021. Consequently, the gross profit margin decreased YoY and QoQ from 42% in 3Q/21 and 32% in 2Q/22 to 30% in 3Q/22, while vessel operating expenses (OPEX) also decreased 2%YoY and 7%QoQ which remained below an industry average. On the other hand, SG&A increased 11%YoY, mainly from an increase in transportation expenses from the rising export volume of Agrochemical segment, but a decrease of 7%QoQ. There were net realized/unrealized losses from an investment of Baht 103.1 million, which mostly were unrealized losses from the decrease in the market value of the investment due to global economic conditions. Accordingly, EBITDA decreased by 9%YoY and 12%QoQ to Baht 1,757.1 million. In this quarter, Shipping segment’s TCE rate⁽¹⁾ decreased by 32%YoY and 25%QoQ from an average of US\$ 33,843 per day in 3Q/21 and US\$ 30,829 per day in 2Q/22 to US\$ 23,169 per day in 3Q/22. Offshore Service segment continued to be profitable with its remaining high order book at US\$ 329 million at quarter-end. Agrochemical segment’s fertilizer sales volume had recovered and affirmed the segment net profits. In summary, net profits to TTA amounted to Baht 1,448.7 million, decreasing 10%YoY but increasing 40%QoQ because of impairment loss on investments devaluation from a joint venture under the Investment segment in 2Q22.

Revenue Structure



EBITDA Structure



Revenues in 9M/22 reached Baht 22,198.8 million, up 53%YoY, mainly due to a rising Shipping TCE rate and service expansion in the Offshore Service segment. Shipping, Offshore Service, Agrochemical, Food & Beverage, and Investment segments contributed 50%, 25%, 14%, 7%, and 4% to the consolidated revenues. Gross profits increased 44%YoY to Baht 6,723.4 million, driven by improvements in most business segments, especially Shipping and Offshore Service. There were net realized/unrealized losses from investments amounted to Baht 294.3 million and net realized/unrealized gains from changes in the fair value of derivatives amounted to Baht 170.6 million. Besides, share profit from associates and joint ventures increased 221%YoY to Baht 175.1 million, mainly from a joint venture under the Offshore Service segment. Accordingly, EBITDA increased 47%YoY to Baht 5,057.5 million. TTA incurred an extraordinary net non-cash loss of Baht 638.3 million, mainly due to impairment losses on investments due to asset depreciation in the investment segment.

⁽¹⁾ Thoresen TCE Rate which comprises owned fleet TCE rate and gain (loss) from chartered-in vessels including net realized gain (loss) from the change in fair value of derivatives from the chartered-in business.

In summary, normalized net profit to TTA increased 65%YoY to Baht 4,101.5 million, and net profits to TTA increased 48%YoY to Baht 3,463.2 million in 9M/22.

Performance by Key Business Segments

Shipping segment delivered a solid net profit to TTA of Baht 1,214.1 million, with TCE rate outperforming the net Supramax market rate by 24%.

Shipping segment's freight revenues were reported at Baht 3,480.6 million in 3Q/22, maintained YoY because of the depreciation of the Thai Baht against the US Dollar and the increase in operating days of the owned fleet offsetting the lower freight rate, and decreased 20%QoQ mainly due to the decline in freight rate. Supramax freight rate averaged US\$ 19,728 per day in 3Q/22, decreasing 42%YoY and 32%QoQ. To analyze actual performance for dry bulkers, per-day performance such as the time charter equivalent (TCE) rate is the global norm. In 3Q/22, Shipping segment TCE rate⁽¹⁾ decreased 32%YoY and 25%QoQ to US\$ 23,169 per day on average; however, the TCE rate outperformed the net Supramax market rate of US\$ 18,741 by 24%. TCE rate comprised owned fleet TCE rate of US\$ 23,957 per day and losses from the chartered-in vessels (including realized gains/losses on bunker hedging) of US\$ 788 per day. Owned fleet TCE rate decreased by 19%YoY and 20%QoQ, in line with the decreasing Supramax TC rate due to market correction after extraordinarily high freight rate in 2021 and 1H/22, with the highest TCE rate at US\$ 46,144 per day and full utilization rate at 100%. Chartered-in vessels, on the other hand, most services for Contracts of Affreightment (COA), are usually booked in advance; the performance in this quarter was affected by the high market freight rate. Meanwhile, vessel operating expenses (OPEX) decreased by 2%YoY and 7%QoQ to US\$ 3,764 per day, mainly due to lower expenses related to crew change, 17% lower than industry OPEX⁽²⁾ of US\$ 4,553 per day. With the lower TCE rate and consistently low OPEX, the per-day gross profit margin decreased from 87% in 3Q/21 and 85% in 2Q/22 to 81% in 3Q/22. As a result, gross profits decreased by 27%YoY and 23%QoQ to Baht 1,472.3 million. There were net realized/unrealized losses from the change in fair value of derivatives of Baht 18.8 million. Therefore, Shipping segment's EBITDA decreased by 29%YoY and 28%QoQ to Baht 1,373.8 million. In summary, Shipping segment delivered net profits to TTA of Baht 1,214.1 million, decreasing 31%YoY and 31%QoQ in 3Q/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 14.5 years.

In 9M/22, Shipping segment's freight revenues were reported at Baht 11,022.0 million, which increased 39%YoY mainly due to higher freight rates, increasing operating days of the owned fleet, and the depreciation of the Thai Baht against the US Dollar. Shipping's TCE rate⁽¹⁾ was US\$ 26,629 per day on average, comprising an owned fleet TCE rate of US\$ 26,488 per day and gains from the chartered-in vessels (including realized gains/losses on bunker hedging) of US\$ 141 per day. Owned fleet TCE rate significantly grew 33%YoY with 100% utilization rate. On the other hand, chartered-in business performance decreased due to lower number of days for chartered-in vessel the fluctuation of freight rates and the steep spike in bunker prices. Meanwhile, vessel operating expenses (OPEX) decreased 2%YoY to US\$ 3,949 per day, 13% lower than industry OPEX of US\$ 4,553 per day. Due to the increase in TCE rate with the lower OPEX, the gross profits increased 45%YoY to Baht 4,813.5 million. In addition, there were net realized/unrealized gains from the change in the fair value of derivatives of Baht 170.6 million. Accordingly, Shipping segment's EBITDA increased 53%YoY to Baht 4,739.9 million. In summary, Shipping segment delivered net profits to TTA of Baht 4,274.2 million, which increased 62%YoY in 9M/22.

Offshore Service segment continued to be profitable with the strong order book at US\$ 329 million in 3Q/22.

Offshore Service segment's revenues in 3Q/22 were recorded at Baht 2,396.3 million, which significantly increased 179%YoY mainly from the expansion of services to the cable laying, decommissioning, and Transportation & Installation (T&I) businesses, and increased 27%QoQ mainly from decommissioning and T&I projects. Consequently, revenues from the cable laying business and decommissioning and T&I business increased significantly and accounted for 52% of Offshore Service segment's revenues. Meanwhile, the performing subsea-IRM⁽³⁾ vessel utilization rate also slightly increased YoY from 74% in 3Q/21 to 75% in 3Q/22 but decreased from 96% in 2Q/22 due to the planned maintenance of 2 subsea-IRM vessels before starting a new project of one vessel and before a long-term chartering to a joint venture under Offshore Service segment in 4Q/22 of another vessel. Gross profit margin strongly increased from 9% in 3Q/21 and 15% in

Note:

⁽¹⁾ Thoresen TCE Rate comprises owned fleet TCE rate and gain (loss) from chartered-in vessels including net realized gain (loss) from the change in fair value of derivatives from the chartered-in business.

⁽²⁾ The latest Industry OPEX for Supramax at US\$ 4,553 per day, was issued in November 2021. (compiled by BDO, formerly known as Moore Stephens)

⁽³⁾ IRM = Inspection, Repair, and Maintenance

2Q/22 to 20% in 3Q/22. Consequently, gross profits amounted to Baht 476.4 million, increased 534%YoY and 65%QoQ due to better margins of most services, mainly cable laying projects and decommissioning, and T&I projects. In addition, there were share profits of Baht 20.1 million from a joint venture under Offshore Service segment. Meanwhile, SG&A increased 8%YoY due to the rising employee expenses in line with the service expansion. Consequently, Offshore Service segment's EBITDA significantly improved by 944%YoY and 112%QoQ to Baht 397.1 million. In summary, the Offshore Service continued to be profitable with net profits of Baht 114.1 million and net profit to TTA of Baht 61.8 million in 3Q/22. At the quarter end, the order book remained high at US\$ 329 million.

In 9M/22, Offshore Service segment's revenues were recorded at Baht 5,620.7 million, which significantly increased 157%YoY from all service segments, especially cable laying, decommissioning, and T&I businesses due to service expansion. Revenues from subsea-IRM also increased 15%YoY due to a higher day rate and a higher performing subsea-IRM vessel utilization rate of 72% in 9M/22 compared to 67% in 9M/21. Gross profits increased 174%YoY to Baht 687.7 million, mainly from a better margin of cable laying projects and decommissioning, and T&I projects. Besides, there were share profits from a joint venture under Offshore Service of Baht 84.3 million. Therefore, Offshore Service segment's EBITDA turned positive and reported at Baht 423.1 million. In conclusion, the Offshore Service segment reported a net loss for the period of Baht 65.8 million and a net loss to TTA of Baht 44.5 million, improving 79%YoY in 9M/22.

Agrochemical segment continued to be profitable supported by the recovery of domestic and export sales volume.

Agrochemical segment's revenues in 3Q/22 amounted to Baht 1,420.2 million, increased 71%YoY due to increase in revenues from all products and services and increased 40%QoQ largely from the recovery of fertilizer sales volume. The sales revenue from fertilizer increased 73%YoY because of the increasing fertilizer selling price, and increased 45%QoQ due to increase in fertilizer sales volume both domestic and export. Total fertilizer sales volume recorded at 46.0 Ktons, decreased 7%YoY due to lower domestic demand resulting from escalating fertilizer prices but increased 27%QoQ due to the recovery of domestic and export volume. Domestic fertilizer sales volume accounted for 49% of total fertilizer sales volume, totaling 22.7 Ktons, which decreased 36%YoY from the aforementioned reasons but increased 15%QoQ due to the slow recovery of domestic demand during end of the quarter as wholesalers and farmers start to prepare for the high season in fourth quarter. Meanwhile, fertilizer export volumes to southeast Asia expanded. Therefore, export fertilizer sales volume increased 67%YoY and 40%QoQ to 23.3 Ktons. Regarding sales volume by product, single fertilizer sales volume decreased 61%YoY but increased 50%QoQ to 8.2 Ktons, while premium NPK fertilizer sales volume increased 31%YoY and 23%QoQ to 37.8 Ktons. Furthermore, sales revenue from pesticides increased 43%YoY due to the successful promotion of substituted products to glyphosate but slightly decreased by 2%QoQ to Baht 83.7 million. Service income from factory area management also increased 58%YoY and 15%QoQ to Baht 27.7 million because of the growing activities for the warehouse and services. Gross profits increased 91%YoY and 43%QoQ to Baht 198.3 million, in line with the increase in revenue. With a different sales mix and higher raw material prices caused by less supply and higher oil prices, Agrochemical segment has been able to adjust the fertilizer selling price to maintain the margin. Accordingly, the gross profit margin increased YoY and maintained QoQ from 12% in 3Q/21 and 14% in 2Q/22 to 14% in 3Q/22. Meanwhile, SG&A increased 76%YoY and 16%QoQ from transportation expenses in line with the increasing fertilizer export volume. There were net realized/unrealized foreign exchange losses of Baht 2.9 million. Agrochemical segment's EBITDA increased 102%YoY and 92%QoQ to Baht 82.4 million. In summary, Agrochemical segment reported net profits of Baht 40.8 million and net profits to TTA of Baht 28.0 million, increasing 64%YoY and 150%QoQ.

In 9M/22, Agrochemical segment's revenues amounted to Baht 3,158.3 million, which increased 40%YoY due to higher revenues from all products and services. Sales revenue from fertilizer grew 38%YoY from the rising selling price exceeding the lower sales volume. Total fertilizer sales volume in 9M/22 decreased by 22%YoY to 109.0 Ktons. Domestic fertilizer sales volume accounted for 60% of total fertilizer sales volume, amounting to 65.8 Ktons, which decreased 44%YoY due to softened domestic demand affected by the rising selling price. Meanwhile, export fertilizer sales volume significantly increased 96%YoY to 43.3 Ktons mainly due to export volume to the Philippines being expanded. As for sales volume by product, single fertilizer sales volume decreased 63%YoY mainly due to lower domestic demand, while NPK fertilizer sales volume

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increased 4%YoY. Besides, sales revenue of pesticides increased 54%YoY to Baht 214.3 million. Service income from factory management also increased 94%YoY to Baht 75.2 million. Gross profits increased 37%YoY to Baht 425.0 million. However, the gross profit margin slightly decreased from 14% in 9M/21 to 13% in 9M/22 due to higher raw material increased despite the adjusted selling price. SG&A to total revenue slightly increased because of higher transportation expenses from the growing export volume. Therefore, Agrochemical segment's EBITDA increased 18%YoY to Baht 150.6 million. However, there were net realized/unrealized foreign exchange losses of Baht 0.4 million in 9M/22 from gains of Baht 28.7 million in 9M/21. In conclusion, Agrochemical segment reported net profits of Baht 58.7 million and net profits to TTA of Baht 40.2 million, decreasing 17%YoY.

Key Financial Data⁽¹⁾

in million Baht	3Q/21	2Q/22	3Q/22	YoY	QoQ	9M21	9M22	YoY	3Q/21	2Q/22	3Q/22	9M21	9M22	
Total Revenues	5,947.7	8,092.1	8,072.7	36%	-0.2%	14,520.8	22,198.8	53%	100%	100%	100%	100%	100%	Revenue Structure
Shipping	3,489.5	4,376.5	3,480.6	-0.3%	-20%	7,904.2	11,022.0	39%	59%	54%	43%	54%	50%	
Offshore Service	859.7	1,888.8	2,396.3	179%	27%	2,186.4	5,620.7	157%	14%	23%	30%	15%	25%	
Agrochemical	830.7	1,012.9	1,420.2	71%	40%	2,249.6	3,158.3	40%	14%	13%	17%	16%	14%	
Food & Beverage	508.2	522.2	459.8	-10%	-12%	1,495.5	1,497.9	0.2%	9%	6%	6%	10%	7%	
Investment	259.6	291.6	315.8	22%	8%	685.1	899.8	31%	4%	4%	4%	5%	4%	
Gross Profits/(Losses)⁽²⁾	2,475.0	2,614.1	2,389.9	-3%	-9%	4,672.6	6,723.4	44%	42%	32%	30%	32%	30%	Gross Profit Margin
Shipping	2,012.0	1,917.2	1,472.3	-27%	-23%	3,319.2	4,813.5	45%	58%	44%	42%	42%	44%	
Offshore Service	75.1	289.1	476.4	534%	65%	251.1	687.7	174%	9%	15%	20%	11%	12%	
Agrochemical	103.8	138.7	198.3	91%	43%	310.9	425.0	37%	12%	14%	14%	14%	13%	
Food & Beverage	209.9	199.6	172.8	-18%	-13%	593.6	576.6	-3%	41%	38%	38%	40%	38%	
Investment & Others*	74.1	69.4	70.1	-5%	1%	197.8	220.6	11%	29%	24%	22%	29%	25%	
EBITDA⁽³⁾	1,935.8	1,993.9	1,757.1	-9%	-12%	3,443.0	5,057.5	47%	33%	25%	22%	24%	23%	EBITDA Margin
Shipping	1,922.1	1,916.1	1,373.8	-29%	-28%	3,099.3	4,739.9	53%	55%	44%	39%	39%	43%	
Offshore Service	(47.1)	187.0	397.1	944%	112%	(74.6)	423.1	667%	-5%	10%	17%	-3%	8%	
Agrochemical	40.8	42.9	82.4	102%	92%	127.8	150.6	18%	5%	4%	6%	6%	5%	
Food & Beverage	55.1	29.9	23.4	-58%	-22%	142.7	94.1	-34%	11%	6%	5%	10%	6%	
Investment & Others*	(35.2)	(182.0)	(119.6)	-240%	34%	147.8	(350.2)	-337%	-14%	-62%	-38%	22%	-39%	
Net Profits/(Losses) to TTA	1,614.4	1,034.7	1,448.7	-10%	40%	2,333.8	3,463.2	48%	27%	13%	18%	16%	16%	Net Profit (to TTA) Margin
Shipping	1,769.2	1,763.1	1,214.1	-31%	-31%	2,646.0	4,274.2	62%	51%	40%	35%	33%	39%	
Offshore Service	(81.4)	45.5	61.8	176%	36%	(212.7)	(44.5)	79%	-9%	2%	3%	-10%	-1%	
Agrochemical	17.0	11.2	28.0	64%	150%	48.6	40.2	-17%	2%	1%	2%	2%	1%	
Food & Beverage	(1.5)	(16.1)	(24.4)	-1,565%	-51%	(21.9)	(51.4)	-134%	-0.3%	-3%	-5%	-1%	-3%	
Investment & Others*	(89.0)	(769.0)	169.2	290%	122%	(126.2)	(755.3)	-498%	-34%	-264%	54%	-18%	-84%	
Normalized Net Profits/(Losses) to TTA⁽⁴⁾	1,634.5	1,672.4	1,448.6	-11%	-13%	2,491.5	4,101.5	65%	27%	21%	18%	17%	18%	Normalized Net Profit (to TTA) Margin
Shipping	1,769.2	1,763.1	1,214.1	-31%	-31%	2,646.1	4,274.2	62%	51%	40%	35%	33%	39%	
Offshore Service	(84.8)	45.5	61.7	173%	36%	(226.9)	(46.2)	80%	-10%	2%	3%	-10%	-1%	
Agrochemical	17.0	11.1	27.9	64%	151%	48.6	40.2	-17%	2%	1%	2%	2%	1%	
Food & Beverage	(1.5)	(16.1)	(24.1)	-1,463%	-50%	(18.7)	(50.7)	-171%	-0.3%	-3%	-5%	-1%	-3%	
Investment & Others*	(65.4)	(131.2)	168.9	358%	229%	42.4	(115.9)	-374%	-25%	-45%	53%	6%	-13%	
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)	0.89	0.57	0.79	-10%	40%	1.28	1.90	48%						

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

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Key Operational Data

	Units	3Q/21	2Q/22	3Q/22	%YoY	%QoQ	9M/21	9M/22	%YoY
Exchange rate (1USD : THB)	Baht	32.92	34.40	36.41	11%	6%	31.51	34.62	10%
Shipping Segment:									
BDI Index	Point	3,732	2,530	1,655	-56%	-35%	2,764	2,066	-25%
BSI Index	Point	3,115	2,627	1,793	-42%	-32%	2,325	2,227	-4%
Net Supramax TC rate ⁽¹⁾	USD/Day	32,556	27,456	18,741	-42%	-32%	24,294	23,275	-4%
Calendar days for owned fleet ⁽²⁾	Days	2,208	2,184	2,208	0%	1%	6,532	6,552	0%
Available service days for owned fleet ⁽³⁾	Days	2,084	2,133	2,208	6%	3%	6,254	6,462	3%
Operating days for owned fleet ⁽⁴⁾	Days	2,084	2,133	2,208	6%	3%	6,254	6,462	3%
Owned fleet utilization ⁽⁵⁾	%	100%	100%	100%	0%	0%	100%	100%	0%
Voyage days for chartered-in fleet	Days	1,174	953	657	-44%	-31%	4,062	2,321	-43%
TC (%)	%	55%	33%	46%			54%	41%	
VC/COA (%)	%	45%	67%	54%			46%	59%	
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	35.4	33.9	31.1	-12%	-8%	37.8	32.2	-15%
Average age of owned fleet	Years	13.5	14.2	14.5			13.5	14.5	
Per Day Data ⁽⁷⁾:									
Highest TCE rate of owned fleet	USD/day	53,160	49,972	46,144	-13%	-8%	53,160	49,972	-6%
Thoresen TCE rate ⁽⁸⁾	USD/day	33,843	30,829	23,169	-32%	-25%	21,638	26,629	23%
TCE rate of owned fleet	USD/day	29,555	29,955	23,957	-19%	-20%	19,894	26,488	33%
Gain/(loss) from chartered-in vessels (include bunker hedge)	USD/day	4,288	875	(788)	-118%	-190%	1,744	141	-92%
Vessel operating expenses (owner's expenses)	USD/day	3,861	4,048	3,764	-2%	-7%	4,035	3,949	-2%
Cash costs	USD/day	5,981	5,912	5,671	-5%	-4%	5,808	5,822	0%
Total costs	USD/day	8,283	8,144	7,927	-4%	-3%	8,123	8,048	-1%
Per-day gross profit margin ⁽⁹⁾	%	87%	85%	81%			79%	83%	
Per-day EBITDA margin	%	82%	81%	76%			73%	78%	
Per-day Net operating profit margin	%	76%	74%	66%			62%	70%	
Offshore Service Segment:									
Utilization rate (performing subsea-IRM vessels)	%	74%	96%	75%			67%	72%	
Utilization rate (performing cable laying vessels) ⁽¹⁰⁾	%	-	82%	100%			-	94%	
Order book	mUSD	260	358	329	27%	-8%	260	329	27%
Agrochemical Segment:									
Total fertilizer sales volume	KTons	49.7	36.3	46.0	-7%	27%	139.5	109.0	-22%
Fertilizer sales volume by geography									
- Domestic (in Vietnam)	KTons	35.7	19.7	22.7	-36%	15%	117.4	65.8	-44%
- Export	KTons	14.0	16.6	23.3	67%	40%	22.1	43.3	96%
Fertilizer sales volume by product									
- NPK fertilizer	KTons	28.8	30.9	37.8	31%	23%	84.9	88.7	4%
- Single fertilizer	KTons	20.9	5.4	8.2	-61%	50%	54.6	20.4	-63%
Food & Beverage Segment:									
No. of outlets of Pizza Hut	Outlets	171	184	187	9%	2%	171	187	9%
No. of outlets of Taco Bell	Outlets	11	12	12	9%	0%	11	12	9%

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 including net realized gain (loss) from the change in fair value of derivatives from the chartered-in business.

⁽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

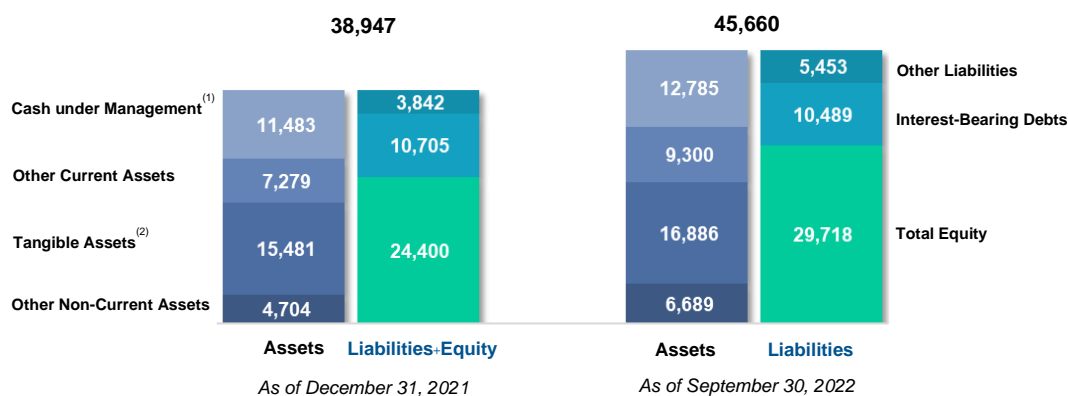
⁽¹⁰⁾ Offshore Service segment's a new joint venture with a 50% share acquired a cable laying vessel in 4Q/21.

Thoresen Thai Agencies Public Company Limited

Management Discussion and Analysis for 3Q/2022

Ref No. COR: EL22020e/KS

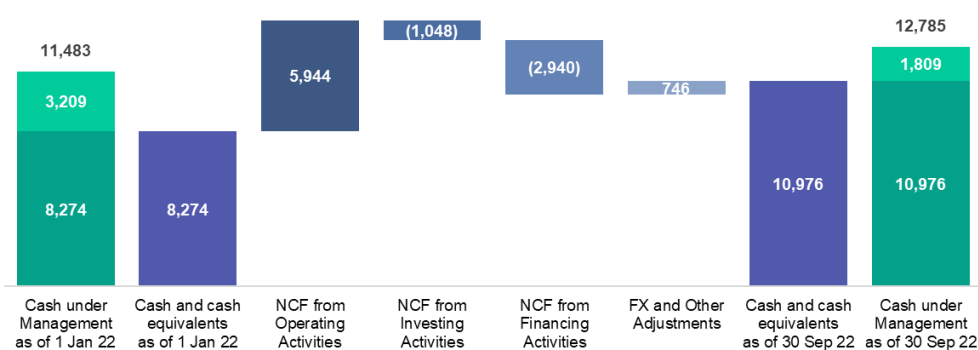
Financial Position



Due to solid operating profits and low IBD/E at 0.35 times, financial position remained strong with cash under management of Baht 12.8 billion.

As of September 30, 2022, TTA had total assets of Baht 45,660.2 million, increased by Baht 6,713.1 million or 17% from the end of 2021, mainly due to an increase in cash and cash equivalents from operating profit of 9M/2022, an increase in property, plant, and equipment from the acquisition of an Offshore Service vessel, and an increase in right-of-use assets from a long-term charter-in vessel for Offshore business. Cash under management, which combines cash, cash equivalents, and other current financial assets, remained high at Baht 12,785.1 million. Total liabilities were Baht 15,942.2 million, increased by Baht 1,395.4 million or 10% 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 5,317.7 million or 22% from the end of 2021 to Baht 29,718.0 million from net profits in this period. Moreover, the capital structure remained strong and was represented by the low interest-bearing debt to total equity (IBD/E)⁽³⁾ of 0.35 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



Net cash flow from operating activities amounted to Baht 5,944.0 million in 9M/22.

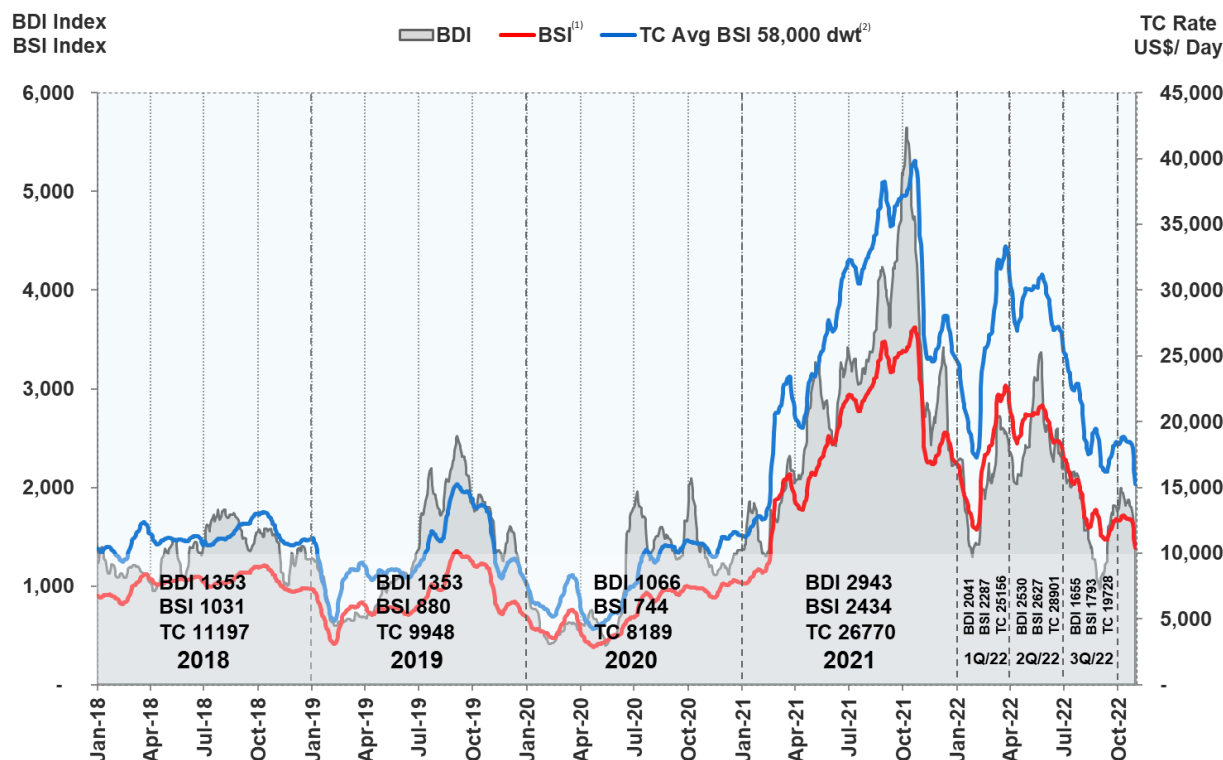
As of September 30, 2022, TTA had cash and cash equivalent of Baht 10,976.4 million, reflecting an increase of Baht 2,702.8 million from the beginning of the year. In 9M/22, net cash flow from operating activities amounted to Baht 5,944.0 million, mainly from the operating profits of Shipping segment. TTA's net cash used in investing activities was Baht 1,047.6 million, mainly for the purchase of digital assets and the acquisition of property, plant, and equipment and intangible assets. Meanwhile, net cash used in financing activities was Baht 2,940.1 million, largely from repayment of debentures at maturity in January 2022, repayment of long-term borrowings, and amortization of lease liabilities. Thus, including gains from the foreign currency translation differences for foreign operations and the effect of exchange rates of Baht 746.5 million, the net increase in cash and cash equivalents amounted to Baht 2,702.8 million in 9M/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: Dry Bulk Shipping

Dry Bulk Market Index



Baltic Supramax Index (BSI) averaged 1,793 points in 3Q/22, decreased from an average of 3,115 points in 3Q/21 and 2,627 points in 2Q/22 due to the easing of port congestion and the impact of economic headwinds. Therefore, the TC rate of Supramax averaged US\$ 19,728 per day in 3Q/22 decreasing from US\$ 34,269 per day in 3Q/21 and US\$ 28,901 per day in 2Q/22. According to Clarksons Research, dry bulk trade growth in full-year 2022 is projected to decrease by 1.6% in tons due to weak economic conditions with a slight decline of only 0.5% in ton-miles supported by a shift in trade patterns to longer-haul responding to the Russia-Ukraine conflict, while fleet expansion is projected at 2.7% in the deadweight ton (DWT). In 2022, global seaborne iron ore trade (-2.2%) is pressured by weaker demand and steel production in China given property sector interruption and economic headwinds. Minor bulk trade (-1.5% to -2.0%) is also impacted by weak steel demand in China, global economic conditions, and the Russia-Ukraine disruption. Meanwhile, the global seaborne grain trade's (-2.0%) impact from Russia-Ukraine is projected to soften as Ukraine grain exports recover following the UN-brokered deal to restart the shipment in August. Russia-Ukraine conflict, additionally, has shifted the thermal coal (-0.1%) trade pattern as Russian coal volumes are being redirected to Asia and Europe increasing imports from longer-haul suppliers. The shifting trade pattern also appears in some other dry bulk commodities, which drives the forecasted average dry bulk trade distance to grow by 1.1% in 2022. On the other hand, the bulkcarrier supply landscape is supportive, with the 30-year low order book at 7% of fleet capacity due to uncertainty in new ship design in compliance with the new environmental regulations. In addition, there is potential for increased demolition and slower speed of dry bulkcarrier due to the enforcement of new regulations. Port congestion remains a key driver in market balance; the bulkcarriers fleet currently in port is slightly higher than the pre-Covid-19 levels. Despite macroeconomic challenges and demand-side impacts related to the Russia-Ukraine conflict, the dry bulk earnings remain far above historical averages. Looking further to 2023, dry bulk trade is projected to grow 0.8% in tons or 1.9% in ton-miles against the fleet expansion of 0.5%. However, future growth prospects still depend on risks associated with global economic conditions.

Source: Clarksons Research, October 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 3Q/22

- Tris Rating revised up rating of TTA from BBB with a stable outlook to BBB+ with a stable outlook on 8 September 2022.
- TTA listed in the Stock Exchange of Thailand's (SET) 'Thailand Sustainability Investment (THSI) 2022' in the 'Services' category.

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