

No. PLT/MAI-001/2566

28 February 2023

Subject: Management Discussion and Analysis Yearly Ending 31 Dec 2022

Dear Managing Director

The Stock Exchange of Thailand

Pilatus Marine Public Company Limited and its subsidiary would like to report the analysis of performance changes for the year ended as of December 31, 2022, with the following details.

### 1. Performance Overview

	2021		2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from services	665.34	100.00%	794.16	100.00%	128.82	19.36%
Cost of services	(545.08)	(81.93%)	(650.62)	(81.93%)	105.54	19.36%
<b>Gross profit</b>	120.26	18.07%	143.54	18.07%	23.28	19.36%
Other income	14.43	2.17%	2.06	0.32%	(12.37)	(85.72%)
<b>Profit before expenses</b>	134.69	20.24%	145.60	18.33%	10.91	8.10%
Distribution costs	(0.01)	0.00%	-	0.00%	0.01	(100.00%)
Administrative expenses	(45.59)	(6.85%)	(48.53)	(6.11%)	2.94	6.45%
Loss on disposal of assets	(0.26)	(0.04%)	-	0.00%	(0.26)	(100.00%)
Other expenses	(0.26)	(0.04%)	(1.26)	(0.16%)	1.00	384.62%
<b>Total expenses</b>	(46.11)	(6.93%)	(49.79)	(6.27%)	3.68	7.98%
<b>Profit from operating activities</b>	88.58	13.31%	95.81	12.06%	7.23	8.16%
Finance income	2.25	0.34%	0.01	0.00%	(2.24)	(99.56%)
Finance costs	(21.67)	(3.26%)	(18.32)	(2.31%)	(3.35)	(15.46%)
<b>Profit before income tax expense</b>	69.16	10.39%	77.49	9.76%	8.33	12.04%
Tax expense	(14.09)	(2.12%)	(15.28)	(1.92%)	1.19	8.45%
<b>Profit for the year</b>	55.07	8.28%	62.21	7.83%	7.14	12.97%

Increasing demand from the growth of the domestic economy as a result of easing of COVID-19 restrictions, which is a positive effect on the use and shipment of LPG and the continuously increasing oil prices from the world economy. The yields of the company and its subsidiary have grown quite a lot due to the increased

transportation volume and the increased freight rates, together with the company, there are negotiations with partners to adjust the freight rates. However, the company's gross margin is still close to last year. Due to the main cost - oil prices are increasing continuously, it affected to increase in transportation cost. While the service revenue referenced to the oil retail price affected by the freeze of oil prices by the government, the freight rates increase less than the rising oil costs. This causes a similar overview of gross profit margin of 2022 and 2021.

## 2. Revenues from services

As far as the performance of 2022 is concerned, the Company and subsidiary have total service revenue of 794.16 million baht, with a rise of 128.82 million baht, or 19.36% from 2021. The details of service revenue are displayed as follows.

Type of Revenue	2021		2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Marine service</b>	627.70	94.34%	744.38	93.73%	116.68	18.59%
Domestic	594.22	89.31%	713.36	89.83%	119.14	20.05%
● COA <sup>1/</sup> Domestic Route	586.22	88.11%	709.22	89.30%	123.00	20.98%
● Spot <sup>2/</sup> Domestic Route	8.00	1.20%	4.14	0.52%	(3.86)	(48.25%)
Oversea	33.48	5.03%	31.02	3.91%	(2.46)	(7.35%)
● COA Oversea Route	32.12	4.83%	31.02	3.91%	(1.10)	(3.42%)
● Spot Oversea Route	1.36	0.20%	-	0.00%	(1.36)	(100.00%)
<b>Motor service</b>	37.64	5.66%	49.78	6.27%	12.14	32.25%
Domestic	32.74	4.92%	46.03	5.80%	13.29	40.59%
Oversea	4.89	0.73%	3.75	0.47%	(1.14)	(23.31%)
<b>Total revenues from services</b>	<b>665.34</b>	<b>100.00%</b>	<b>794.16</b>	<b>100.00%</b>	<b>128.82</b>	<b>19.36%</b>

Remark :

<sup>1/</sup> COA means the Contract of Affreightment which is a contract of carriage for a specified period of time.

<sup>2/</sup> Spot means Spot Charter which is an outsourcing service according to the needs of customers.

The company and subsidiary have revenue from marine service of 744.38 million baht, with an increase of 116.68 million baht, or 18.59% from 2021, due to the main increase in revenue in 2022 derived from oil prices, which

continuously increased when compared to the oil price of 2021 from the global economy. Also, some contracts have increased the freight rate by 2% - 4%, resulting in an increase in revenue in 2022. At the same time, the company and subsidiary increased their freight volume by 6.97% compared to last year's freight volume.

The company and subsidiary have revenue from motor transportation service of 49.78 million baht with an increase of 12.14 million baht, or 32.25%, divided into an increase of 13.29 million baht in domestic transportation, or 40.59% increase and a decrease in oversea transportation by 1.14 million baht, or 23.31%, due to increased transportation volume due to gas demand after easing COVID-19. The volume of freight increased from 50,348.93 tons in 2021 to 65,164.00 tons in 2022, or 29.42%. This includes the increase in retail oil prices of fast-rotating diesel at the gas station. On average, oil increased by 17.44%, resulting in increased revenue from freight.

### **3. Cost of services**

In 2022, the company and subsidiary had a total cost of freight services of 650.62 million baht, with an increase of 105.54 million baht, or an increase of 19.36% from 2021. The details of the cost of the service can be seen as follows.

The company and subsidiary have increased the cost of marine services of 98.08 million baht, or 19.98%, due to fuel and lubricant costs rising from the previous year by 80.82 million baht, or 44.66%. This is caused by the increased freight volume from the previous year at 98,962.23 tons, with the volume increasing from 1.42 million tons to 1.52 million tons. In addition, the world oil prices have increased from the previous year, leading the cost of fuel and lubricants in 2022 to increase, and the vessel depreciation increased from the previous year by 11.28 million baht, or 8.78% due to the increase in the cost of Dry-dock. In addition, employee expenses increased from the previous year by 2.92 million baht or 2.53% in 2022. The company has increased its staff by 5.64% from a year earlier to prepare to support the expansion of freight services in 2022, including salary increases. There is also a provident fund set up which the company pays in 2% at the beginning of April 2022.

The cost of motor transportation services increased of 7.45 million baht, or 20.41%, due to fuel and lubricant costs rising from the previous year due to the increase in transportation volume and fuel distribution costs.

#### 4. Gross Profit and Gross Profit Margin

In 2021 and 2022, the company and subsidiary had gross margins of 18.07% and 18.07%, respectively, with reduced gross profits of company and subsidiary in the marine transport service business by 18.60 million baht, or 15.62%. This is mainly due to the increased volume of freight in 2022 due to the growth of the domestic economy. Due to the ease of COVID-19, a fixed cost ratio such as staff costs and depreciation is proportional of revenue decreased from the previous year, but the oil price has increased continuously, it affects to increase in transportation cost at 19.28%. While service revenue is pinned on oil price by government, it affected to increase of transportation rate less than increase of cost. However, the company has negotiated with partners to adjust the increased freight rate. Therefore, the overall profit margin for the year 2022 is similar to that of the previous year.

The gross profit of the company and subsidiary in the truck transportation service business increased by 4.68 million baht, or 406.96%. This is caused by 1.13% in employee expenses due to the decreasing number of employees and adjustment of maintenance plans resulting in ordering spare parts and transportation tires at an appropriate level for use. This causes the maintenance costs to be reduced by 17.72%. In addition, revenue in 2022 increased by 32.25%, resulting in an overview of the company's gross profit in the year increasing to 11.71%. In this regard, the volume of transportation in 2022 was 65,164.17 tons, going up from the previous year, with a volume of 50,349.46 tons, representing an increase of 29.42%.

#### 5. Other income

In 2022, other income were 2.06 million baht, with a decrease of 12.37 million baht, or 85.72% from 2021, because in 2021 there was an expected credit losses reversal from receiving repayment from debts that set the allowance in full for expected credit losses reversal. Therefore, it is recognized as other income of 4.46 million baht and the company received a social security remedy of 1.20 million baht. In addition, the company has a profit from the sale of apartment assets of 7.22 million baht by other income of 2022, consisting of profits from the disposal of assets of 1.15 million baht from the sale of 1 carrier ship.

#### 6. Administrative Expenses

In 2022, the administrative expenses of the company and subsidiary increased by 2.94 million baht, or 6.45% from 2021. The main cause came increase in listing expenses such as legal fee, financial consulting fee and other fee which related to issuing and offering the stocks and listing expenses.

#### 7. Financial cost

The financial costs of the company and subsidiary decreased by 3.35 million baht from 2021, or 15.45%, as the company switched to long-term loans instead of using short-term loans, which have a lower interest rate.

## 8. Statement of Financial Position

Unit: Million Baht

Assets	2021	2022	%
<b>Current assets</b>			
Cash and cash equivalents	11.46	26.03	127.14%
Trade and other current receivables	83.29	85.90	3.13%
Inventories	6.81	10.10	48.31%
Non-current assets classified as held for sale	-	7.65	0.00%
Other current assets	0.50	0.14	-72.00%
<b>Total current assets</b>	<b>102.06</b>	<b>129.82</b>	<b>27.20%</b>
<b>Non-current assets</b>			
Plant and equipment	712.06	665.12	-6.59%
Other non-current assets	8.03	13.58	69.12%
<b>Total non-current assets</b>	<b>720.09</b>	<b>678.70</b>	<b>-5.75%</b>
<b>Total assets</b>	<b>822.15</b>	<b>808.52</b>	<b>-1.66%</b>

Financial Ratio	2021	2022
Current ratio	0.60	0.83
Debt to Equity ratio	1.08	0.96
Return on assets	6.24%	7.63%
Return on Equity	13.88%	15.44%

Liabilities and shareholders' equity	2021	2022	%
<b>Current liabilities</b>			
Bank overdraft and short-term borrowings			
from financial institutions	35.52	-	-100.00%
Trade and other current payables	53.86	62.67	16.36%
Current portion of long-term borrowings	33.22	44.38	33.59%
Current portion of lease liabilities	44.57	45.06	1.10%
Other current liabilities	2.44	3.56	45.90%
<b>Total current liabilities</b>	<b>169.61</b>	<b>155.67</b>	<b>-8.22%</b>
<b>Non-current liabilities</b>			
Long-term borrowings	77.08	66.71	-13.45%
Lease liabilities	96.96	89.81	-7.37%
Deferred tax liabilities	70.67	71.37	0.99%
Other non-current liabilities	13.49	13.41	-0.59%
<b>Total non-current liabilities</b>	<b>258.20</b>	<b>241.30</b>	<b>-6.55%</b>
<b>Total liabilities</b>	<b>427.81</b>	<b>396.97</b>	<b>-7.21%</b>

Liabilities and shareholders' equity	2021	2022	%
<b>Total shareholders' equity</b>	<b>394.34</b>	<b>411.55</b>	<b>4.36%</b>
<b>Total liabilities and shareholders' equity</b>	<b>822.15</b>	<b>808.52</b>	<b>-1.66%</b>

### Assets

The company and subsidiary' total assets decreased by 13.62 million baht, or 1.66% from 2021. Total current assets increased by 27.77 million baht or 27.21%, while total non-current assets decreased 41.40 million baht or 5.75%. the mainly causes are following:

- Cash and cash equivalents of the company and subsidiary that decreased by 14.57 million baht from 2021 due to the cash flow earned from increased operations in 2022.

- Trade accounts and other current receivables of the company and subsidiary increased by 2.61 million baht from 2021, which the debtors interfered with the increase in revenue from service, which is classified as the group that is not yet due, and the group that is overdue is not over 3 months

- Inventories of the company and subsidiary increased by 3.29 million baht, or 48.31% increase from 2021 due to the continuously increasing oil price trend.

- Non-current assets classified as held for sale by the company and subsidiary increased by 7.65 million baht, or 100%, due to the transfer of some trucks from buildings and net equipment held for sold.

- Net plant and equipment of the company and subsidiary decreased by 46.94 million baht, or a 6.59% from 2021 due to the transfer of some trucks to non-current assets classified as held for sale and there is depreciation of plant and equipment for the year, and purchased a vessel to replace 1 vessel.

#### Liabilities

The company and subsidiary have total debt of 30.83 million baht, or 7.21% from 2021. Total current liabilities reduced by 13.94 million baht or 8.22% and total non-current liabilities decreased by 16.89 million baht or 6.54%, mainly due to the following items.

- Bank overdraft and short-term borrowings from financial institutions of the company and subsidiary decreased from the previous year to 35.52 million baht, or 100%, mainly due to closed-loan with high interest rates, with the change to use long-term loan sources instead of using short-term loans with lower interest rates

- Trade and other payables of the company and subsidiary increased from the previous year by 8.81 million baht or 16.36%, which is in line with the increase in freight costs.

#### Shareholders' Equity

As of 31 December 2022, shareholders' equity of the company and subsidiary increased by 17.21 million baht or 4.36% due to the total comprehensive income for 2022 of 62.21 million baht allocated as legal reserves increased by 5.07 million and paid an interim dividend of 45 million baht.

## 9. Cash Flow Statements

Unit : Million Baht

Transaction	2021	2022
Net cash provided by (used in) operating activities	207.78	230.26
Net cash provided by (used in) investing activities	19.69	(78.74)
Net cash provided by (used in) financing activities	(227.76)	(136.95)
Net increase (decrease) in cash and cash equivalents	(0.28)	14.57
Cash and cash equivalents as at the beginning of the year	11.74	11.46
Cash and cash equivalents as at the end of the year	11.46	26.03

### Cash flow from operating activities

For the year 2022, the company and subsidiary had a net cash flow from operating activities of 230.26 million baht from operations, which increased from 2021, due to the the company and subsidiary have an increased net profit after income tax at 7.14 million baht.

### Cash flow from investment activities

For the year 2022, the company and subsidiary have net cash derived from investment activities of 78.74 million baht mainly caused from purchasing the plant and equipments which are dry-dock, purchasing 1 vessel for replacing and paid the deposits for 15 trucks.

### Cash flow from financing activities

For the year 2022, the company and subsidiary have net cash use in financing activities of 136.95 million baht, mainly caused from payment of financial lease, payment of loan from financial institutions and dividend during year.