

10 August 2023

To: The President of the Stock Exchange of Thailand

Subject: Management Discussion and Analysis for the 2Q/2023

Thoresen Thai Agencies Public Company Limited (“TTA”)

Consolidated Performance

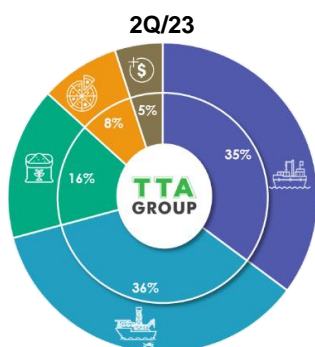


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TTA reported strong net profits of Baht 629.8 million mainly from Shipping segment and profit turnaround of Offshore Service segment in 2Q/23.

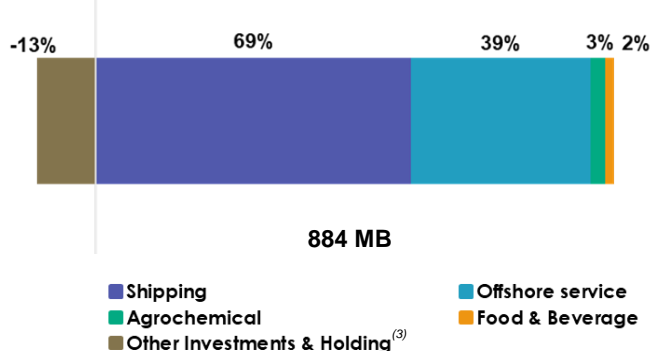
In 2Q/23, TTA reported revenues of Baht 6,001.0 million, which decreased 26%YoY mainly due to the declined TCE rate of Shipping segment but increased 26%QoQ driven by the improvement of most business segments, especially Offshore Service segment and Agrochemical segment. Shipping, Offshore Service, Agrochemical, Food & Beverage, and Other Investments segments contributed 35%, 36%, 16%, 8%, and 5% to the consolidated revenues, respectively. Cost of sales and providing services⁽¹⁾ decreased by 17%YoY to Baht 4,550.1 million in line with the declining Shipping TCE rate but increased 24%QoQ in line with growing revenues largely from Offshore Service segment and higher fertilizer sales from Agrochemical segment. As a result, gross profits decreased 44%YoY but increased 33%QoQ to Baht 1,450.9 million. The gross profit margin also declined from 32% in 2Q/22 mainly from a lower Shipping TCE rate earlier mentioned but slightly improved from 23% in 1Q/23 to 24% in 2Q/23. SG&A decreased by 4%YoY mainly due to decreasing transportation expenses from lower fertilizer export volume of Agrochemical segment but increased 7%QoQ. Accordingly, EBITDA decreased 56%YoY but increased 49%QoQ to Baht 883.6 million. In addition, there were realized/unrealized gains from foreign exchange of Baht 301.2 million mainly from unrealized gains on loans to related parties and short-term investment in US dollar due to the depreciation of Thai Baht against US Dollar. Furthermore, TTA recognized net non-recurring gains of Baht 152.6 million, mainly from gains on sales of investment in a joint venture and a reversal of the provision of digital assets. In this quarter, Shipping segment’s TCE⁽²⁾ rate averaged at US\$ 14,719 per day, with gains from both owned and chartered-in vessels. Offshore Service segment turnaround its performance with a high order book at US\$ 337.1 million at the quarter-end. Agrochemical segment also reported net profits in this quarter with higher fertilizer sales volume. In summary, TTA reported net profits of Baht 629.8 million, decreasing 39%YoY but significantly increased 193%QoQ in 2Q/23.

Revenue Structure



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EBITDA Structure



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In 1H/23, TTA reported revenues of Baht 10,766.8 million, which decreased 24%YoY mainly due to the declining Shipping TCE rate. Shipping, Offshore Service, Agrochemical, Food & Beverage, and Other Investments segments contributed 39%, 34%, 13%, 9%, and 5% to the consolidated revenues, respectively. Gross profits reported at Baht 2,544.7 million, decreased 41%YoY in line with the lower revenues. On the other hand, SG&A slightly increased by 1% mainly from consultant fees for bidding on new projects under Offshore Service segment. As a result, EBITDA decreased by 55%YoY to Baht 1,475.8 million. In addition,

Note:

⁽¹⁾ Including amortization of vessel drydocking but excluding depreciation and other amortization

⁽²⁾ Thoresen TCE Rate comprises owned fleet TCE rate and gain (loss) from chartered-in vessels, including net realized gain (loss) from bunker hedge.

⁽³⁾ Holding and elimination

there were realized/unrealized gains from foreign exchange of Baht 171.5 million due to unrealized gains mainly from loans to related parties and short-term investment in US dollar due to the depreciation of Thai Baht against US Dollar. Furthermore, there were net extraordinary gains to TTA of Baht 374.5 million mainly from a reversal of the provision of digital assets. In summary, net profits to TTA were reported at Baht 844.7 million, decreasing 58%YoY in 1H/23.

Performance by Key Business Segments

Shipping segment TCE rate of US\$ 14,719 per day outperformed net Supramax TC rate by 44% in 2Q/23.

Shipping segment's freight revenues in 2Q/23 were reported at Baht 2,111.3 million, which decreased 52%YoY from the declined market freight rate from the exceptionally high rate in 2022 but increased 2%QoQ due to the recovery of freight rates from a low level during the Lunar New Year in 1Q/23. Supramax freight rate averaged US\$ 10,763 per day in 2Q/23, which decreased 63%YoY but increased 6%QoQ. Based on the time charter equivalent rate (TCE) as an indicator to measure dry bulk per-day performance, Shipping segment TCE rate decreased 53%YoY but increased 7%QoQ to an average of US\$ 14,719 per day. However, it continued outperforming the net Supramax TC rate of US\$ 10,225 by 44%. TCE rate comprised owned fleet TCE rate of US\$ 14,355 per day and gains from the chartered-in vessels of US\$ 363 per day in 2Q/23. Own fleet TCE rate decreased 53%YoY in line with the market TC rate but increased 7%QoQ with the highest TCE rate of US\$ 28,023 per day and full utilization rate at 100%. For chartered-in business, gains from chartered-in vessels decreased 58%YoY in line with the less equivalent number of chartered-in vessels from 10.5 to 7.7 vessels. Meanwhile, vessel operating expenses (OPEX) were recorded at US\$ 4,500 per day, which increased 14%YoY mainly from higher crew expenses and increased 5%QoQ primarily due to increasing technical expenses, but OPEX remained 2% below the industry OPEX⁽¹⁾. As a result, the per-day gross profit margin decreased from 85% in 2Q/22 but slightly increased from 63% in 1Q/23 to 64% in 2Q/23. Accordingly, gross profits was Baht 654.6 million, which declined 66%YoY but increased 3%QoQ. EBITDA also decreased 68%YoY but increased 2%QoQ to Baht 608.9 million. In summary, Shipping segment delivered net profits to TTA of Baht 437.9 million, decreasing 75%YoY but increasing 4%QoQ in 2Q/23. 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 15.2 years.

In 1H/23, Shipping segment's freight revenues were reported at Baht 4,188.6 million, which decreased 44%YoY due to the declined market freight rate. Supramax freight rate averaged US\$ 10,457 per day in 1H/23, which decreased 61%YoY. Shipping segment TCE rate decreased 51%YoY to US\$ 14,209 per day. However, it continued outperforming the net Supramax TC rate of US\$ 9,935 by 43%. TCE rate comprised owned fleet TCE rate of US\$ 13,892 per day, declined 50%YoY due to slower recovery than expectation of Chinese economy after post-Covid reopening, and gains from the chartered-in vessels of US\$ 317 per day in 1H/23. However, the owned fleet utilization rate remained high at 100%. Meanwhile, OPEX increased 11%YoY to US\$ 4,399 per day primarily due to higher crew expenses, but OPEX remained 4% below the industry OPEX. As a result, the per-day gross profit margin decreased from 84% in 1H/22 to 64% in 1H/23. The gross profits accordingly declined 61%YoY to Baht 1,288.6 million. Therefore, Shipping's EBITDA decreased by 64%YoY to Baht 1,204.6 million. In summary, Shipping segment delivered net profits to TTA of Baht 859.2 million, which reduced 72%YoY in 1H/23.

Offshore Service was back on track with turnaround net profits to TTA of Baht 64.0 million with a high order book of US\$ 337.1 million in 2Q/23.

In 2Q/23, Offshore Service segment's revenues were recorded at Baht 2,138.6 million, which increased 13%YoY and 45%QoQ mainly from the increasing non-vessel subsea-IRM⁽²⁾ and decommissioning and installation (T&I) projects. Revenues from subsea-IRM, decommissioning and T&I, and cable laying accounted for 62%, 20%, and 18% of Offshore Service segment's revenues, respectively. Revenues from subsea-IRM rose 11%YoY and 58%QoQ due to an increasing subsea non-vessel project and the better performing subsea-IRM vessel utilization rate of 100% in 2Q/23 from 96% in 2Q/22 and 97% in 1Q/23. In addition, revenues from decommissioning and T&I business, and cable laying business increased 17%YoY and 23%QoQ. Meanwhile, cost of services increased 4%YoY and 28%QoQ in line with the revenue growth.

Note:

⁽¹⁾ Latest Industry OPEX for Supramax at US\$ 4,588 per day, issued in November 2022. (Compiled by BDO, formerly known as Moore Stephens)

⁽²⁾ IRM = Inspection, Repair, and Maintenance

As a result, gross profits strongly increased 63%YoY and 175%QoQ to Baht 470.6 million, from a larger margin of subsea-IRM and decommissioning and T&I projects. Gross profit margin also increased from 15% in 2Q/22 and 12% in 1Q/23 to 22% in 2Q/23. SG&A increased 16%YoY and 2%QoQ to Baht 162.6 million to support the service expansion and more projects. Therefore, Offshore Service segment's EBITDA was reported at Baht 347.1 million, increasing 86%YoY and 594%QoQ. Finance costs increased 157%YoY and 5%QoQ to Baht 45.9 million due to increasing reference interest rates from bank loan. Therefore, Offshore Service segment successfully generated turnaround net profits of Baht 111.9 million and net profits to TTA of Baht 64.0 million in 2Q/23, which significantly improved 41%YoY and 167%QoQ. Offshore Service delivered a high order book at US\$ 337.1 million at the quarter-end.

In 1H/23, Offshore Service segment's revenues were recorded at Baht 3,617.6 million, which increased 12%YoY mainly from the increasing subsea-IRM revenues due to increasing subsea non-vessel projects and higher performing subsea-IRM vessel utilization rate of 99% in 1H/23 from 71% in 1H/22. Cost of services slightly decreased 1%YoY. Consequently, gross profits increased 204%YoY to Baht 641.9 million. Likewise, the gross profit margin increased from 7% in 1H/22 to 18% in 1H/23. SG&A increased 22%YoY mainly from employee expenses and consultant fees for bidding on new projects. As a result, Offshore Service's EBITDA was posted at Baht 397.1 million, increasing 1,426%YoY. Besides, finance costs increased 173%YoY to Baht 89.6 million due to increasing reference interest rates from bank loan. In summary, Offshore Service segment reported net losses for the period of Baht 54.2 million and net losses to TTA of Baht 32.1 million in 1H/23.

Agrochemical segment reported net profits to TTA of Baht 2.1 million with higher fertilizer sales volume in 2Q/23.

Agrochemical segment's revenues in 2Q/23 were reported at Baht 954.0 million, which decreased 6%YoY mainly from lower fertilizer revenues, but significantly increased 132%QoQ from increasing revenues from fertilizer and pesticides in the planting season. Revenues from fertilizer decreased by 8%YoY due to decreasing fertilizer price despite the higher sales volume but increased by 140%QoQ due to an increase in fertilizer sales volume. Total fertilizer sales volume was recorded at 43.2 Ktons, increasing 19%YoY and 207%QoQ largely from domestic fertilizer demand recovery in Vietnam. Domestic fertilizer sales volume totalled 36.0 Ktons, which increased 83%YoY and 238%QoQ. However, export fertilizer sales volume decreased 57%YoY to 7.2 Ktons because of lower export volume to customers in the Philippines but increased 111%QoQ from increasing export volume to South East Asia customers. As for sales volume by product, single fertilizer sales volume increased by 115%YoY and 383%QoQ to 11.7 Ktons, and premium NPK-fertilizer sales volume also increased by 2%YoY and 170%QoQ to 31.5 Ktons. Furthermore, sales revenue from pesticides increased 10%YoY and 168%QoQ to Baht 93.4 million due to the market recovery. Meanwhile, Service income from factory area management increased by 6%YoY to Baht 25.7 million from an additional 10,000 square meter warehouse but decreased 11%QoQ. Cost of sales and services were maintained YoY and increased 128%QoQ in line with the rising in fertilizer sales volume. Gross profit margin decreased from 14% in 2Q/22 to 9% in 2Q/23 due to the downtrend of fertilizer selling price while the cost of sales was averaged. Therefore, gross profits declined 40%YoY but increased 172%QoQ to Baht 82.8 million. SG&A also decreased 43%YoY but increased 44%QoQ mainly due to transportation expenses, which were in line with the export volume. As a result, EBITDA was reported at Baht 28.3 million, decreasing 34%YoY but significantly increasing 462%QoQ. Interest expense increased 148%YoY and 7%QoQ to Baht 14.9 million primarily due to the rising interest rates. In summary, Agrochemical segment delivered net profits in this quarter of Baht 3.1 million and net profit to TTA of Baht 2.1 million, which decreased 81%YoY but increased 108%QoQ in 2Q/23.

In 1H/23, Agrochemical segment's revenues amounted to Baht 1,365.9 million, which decreased 21%YoY due to decreased fertilizer sales and pesticides netting with increased revenues from factory area management services. Revenues from fertilizer decreased by 24%YoY mainly due to lower fertilizer sales volume. Total fertilizer sales volume in 1H/23 recorded at 57.3 Ktons, decreasing 9%YoY due to the decrease in export volume. Domestic fertilizer sales volume accounted for 81% of total fertilizer sales volume, totalling 46.6 Ktons, which increased 8%YoY from fertilizer demand recovery amid the decreasing selling price.

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On the other hand, fertilizer export volume decreased 47%YoY to 10.6 Ktons. Regarding sales volume by product, single fertilizer sales volume increased 16%YoY to 14.1 Ktons while NPK fertilizer sales volume decreased 15%YoY to 43.2 Ktons mainly due to lower export volume earlier mentioned. Moreover, sales revenue of pesticides also decreased 2%YoY to Baht 128.3 million. However, Service income from factory management also increased 15%YoY to Baht 54.4 million resulting from the additional warehouse and higher warehousing demand. Gross profits decreased 50%YoY to Baht 113.2 million and gross profit margin decreased from 13% in 1H/22 to 8% in 1H/23. However, SG&A reduced by 42%YoY to Baht 94.9 million from lower transportation expenses in line with the decrease in fertilizer export volume and lower marketing expenses. As a result, Agrochemical segment's EBITDA was Baht 20.4 million, which decreased by 70%YoY. In summary, Agrochemical segment reported net losses of Baht 35.7 million and net losses to TTA of Baht 24.4 million in 1H/23.

Key Financial Data ⁽¹⁾

in million Baht	2Q/22	1Q/23	2Q/23	YoY	QoQ	6M22	6M23	YoY	2Q/22	1Q/23	2Q/23	6M22	6M23	
Total Revenues	8,092.1	4,765.8	6,001.0	-26%	26%	14,126.1	10,766.8	-24%	100%	100%	100%	100%	100%	Revenue Structure
Shipping	4,376.5	2,077.3	2,111.3	-52%	2%	7,541.4	4,188.6	-44%	54%	44%	35%	54%	39%	
Offshore Service	1,888.8	1,479.0	2,138.6	13%	45%	3,224.4	3,617.6	12%	23%	31%	36%	23%	34%	
Agrochemical	1,012.9	411.9	954.0	-6%	132%	1,738.2	1,365.9	-21%	13%	9%	16%	12%	13%	
Food & Beverage	522.2	502.8	497.6	-5%	-1%	1,038.1	1,000.4	-4%	6%	10%	8%	7%	9%	
Other Investments	291.6	294.7	299.5	3%	2%	584.0	594.3	2%	4%	6%	5%	4%	5%	
Total Costs of Sales and Services⁽²⁾	5,478.0	3,671.9	4,550.1	-17%	24%	9,792.6	8,222.0	-16%	68%	77%	76%	69%	76%	Cost to Revenues
Shipping	2,459.3	1,443.3	1,456.7	-41%	1%	4,200.2	2,900.0	-31%	56%	69%	69%	56%	69%	
Offshore service	1,599.7	1,307.7	1,668.0	4%	28%	3,013.1	2,975.7	-1%	85%	88%	78%	93%	82%	
Agrochemical	874.2	381.5	871.2	-0.3%	128%	1,511.4	1,252.8	-17%	86%	93%	91%	87%	92%	
Food & Beverage	322.6	316.8	322.8	0.1%	2%	634.4	639.6	1%	62%	63%	65%	61%	64%	
Other Investments	222.2	222.6	231.4	4%	4%	433.5	454.0	5%	76%	76%	77%	74%	76%	
Gross Profits/(Losses)	2,614.1	1,093.9	1,450.9	-44%	33%	4,333.5	2,544.7	-41%	32%	23%	24%	31%	24%	Gross Profit Margin
Shipping	1,917.2	634.0	654.6	-66%	3%	3,341.2	1,288.6	-61%	44%	31%	31%	44%	31%	
Offshore Service	289.1	171.3	470.6	63%	175%	211.3	641.9	204%	15%	12%	22%	7%	18%	
Agrochemical	138.7	30.4	82.8	-40%	172%	226.7	113.2	-50%	14%	7%	9%	13%	8%	
Food & Beverage	199.6	186.0	174.7	-12%	-6%	403.7	360.8	-11%	38%	37%	35%	39%	36%	
Other Investments and Holding*	69.4	72.1	68.2	-2%	-5%	150.4	140.3	-7%	24%	24%	23%	26%	24%	
EBITDA⁽³⁾	1,993.9	592.3	883.6	-56%	49%	3,300.4	1,475.8	-55%	25%	12%	15%	23%	14%	EBITDA Margin
Shipping	1,916.1	595.7	608.9	-68%	2%	3,366.1	1,204.6	-64%	44%	29%	29%	45%	29%	
Offshore Service	187.0	50.0	347.1	86%	594%	26.0	397.1	1,426%	10%	3%	16%	1%	11%	
Agrochemical	42.9	(7.8)	28.3	-34%	462%	68.2	20.4	-70%	4%	-2%	3%	4%	1%	
Food & Beverage	29.9	18.5	12.9	-57%	-30%	70.7	31.5	-56%	6%	4%	3%	7%	3%	
Other Investments and Holding*	(182.0)	(64.2)	(113.6)	38%	-77%	(230.6)	(177.8)	23%	-62%	-22%	-38%	-39%	-30%	
Net Profits/(Losses) to TTA	1,034.7	215.0	629.8	-39%	193%	2,014.5	844.7	-58%	13%	5%	10%	14%	8%	Net Profit (to TTA) Margin
Shipping	1,763.1	421.3	437.9	-75%	4%	3,060.1	859.2	-72%	40%	20%	21%	41%	21%	
Offshore Service	45.5	(96.1)	64.0	41%	167%	(106.4)	(32.1)	70%	2%	-6%	3%	-3%	-1%	
Agrochemical	11.2	(26.6)	2.1	-81%	108%	12.3	(24.4)	-299%	1%	-6%	0.2%	1%	-2%	
Food & Beverage	(16.1)	(26.9)	(38.2)	-137%	-42%	(27.0)	(65.2)	-142%	-3%	-5%	-8%	-3%	-7%	
Other Investments and Holding*	(769.0)	(56.8)	164.0	121%	389%	(924.5)	107.2	112%	-264%	-19%	55%	-158%	18%	
Normalized Net Profits/(Losses) to TTA⁽⁴⁾	1,672.4	(7.2)	476.5	-72%	6,694%	2,652.9	469.3	-82%	21%	-0.2%	8%	19%	4%	Normalized Net Profit (to TTA) Margin
Shipping	1,763.1	421.3	437.9	-75%	4%	3,060.1	859.2	-72%	40%	20%	21%	41%	21%	
Offshore Service	45.5	(96.1)	64.9	43%	168%	(107.9)	(31.2)	71%	2%	-6%	3%	-3%	-1%	
Agrochemical	11.1	(26.6)	2.0	-82%	108%	12.2	(24.5)	-301%	1%	-6%	0.2%	1%	-2%	
Food & Beverage	(16.1)	(26.0)	(38.1)	-137%	-47%	(26.6)	(64.0)	-141%	-3%	-5%	-8%	-3%	-6%	
Other Investments and Holding*	(131.2)	(279.9)	9.8	107%	103%	(284.8)	(270.2)	5%	-45%	-95%	3%	-49%	-45%	
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)	0.57	0.12	0.35	-39%	193%	1.11	0.46	-58%						

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	2Q/22	1Q/23	2Q/23	%YoY	%QoQ	6M/22	6M/23	%YoY
Exchange rate (1USD : THB)	Baht	34.40	33.91	34.48	0%	2%	33.72	34.20	1%
Shipping Segment:									
BDI Index	Point	2,530	1,011	1,313	-48%	30%	2,279	1,157	-49%
BSI Index	Point	2,627	925	978	-63%	6%	2,453	951	-61%
Net Supramax TC rate ⁽¹⁾	USD/Day	27,456	9,662	10,225	-63%	6%	25,634	9,935	-61%
Calendar days for owned fleet ⁽²⁾	Days	2,184	2,160	2,184	0%	1%	4,344	4,344	0%
Available service days for owned fleet ⁽³⁾	Days	2,133	2,150	2,072	-3%	-4%	4,255	4,222	-1%
Operating days for owned fleet ⁽⁴⁾	Days	2,133	2,150	2,072	-3%	-4%	4,255	4,222	-1%
Owned fleet utilization ⁽⁵⁾	%	100%	100%	100%	0%	0%	100%	100%	0%
Voyage days for chartered-in fleet	Days	953	702	699	-27%	0%	1,664	1,401	-16%
TC (%)	%	33%	42%	50%			38%	46%	
VC/COA (%)	%	67%	58%	50%			62%	54%	
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	33.9	31.7	30.4	-10%	-4%	32.7	31.1	-5%
Average age of owned fleet	Years	14.2	15.0	15.2			14.2	15.2	
Per Day Data ⁽⁷⁾:									
Highest TCE rate of owned fleet	USD/day	49,972	27,250	28,023	-44%	3%	49,972	28,023	-44%
Thoresen TCE rate ⁽⁸⁾	USD/day	31,162	13,718	14,719	-53%	7%	28,721	14,209	-51%
TCE rate of owned fleet (include bunker hedge)	USD/day	30,287	13,445	14,355	-53%	7%	28,061	13,892	-50%
Gain/(loss) from chartered-in vessels (include bunker hedge)	USD/day	875	273	363	-58%	33%	660	317	-52%
Vessel operating expenses (owner's expenses)	USD/day	3,956	4,296	4,500	14%	5%	3,966	4,399	11%
Cash costs	USD/day	6,129	6,529	6,758	10%	4%	6,100	6,644	9%
Total costs	USD/day	7,956	8,223	8,584	8%	4%	7,940	8,404	6%
Per-day gross profit margin ⁽⁹⁾	%	85%	63%	64%			84%	64%	
Per-day EBITDA margin	%	81%	56%	58%			80%	57%	
Per-day Net operating profit margin	%	74%	40%	42%			72%	41%	
Offshore Service Segment:									
Utilization rate (performing subsea-IRM vessels)	%	96%	97%	100%			71%	99%	
Utilization rate (performing cable laying vessels) ⁽¹⁰⁾	%	82%	82%	100%			91%	91%	
Order book	mUSD	358	320	337	-6%	5%	358	337	-6%
Agrochemical Segment:									
Total fertilizer sales volume	KTons	36.3	14.1	43.2	19%	207%	63.0	57.3	-9%
Fertilizer sales volume by geography									
- Domestic (in Vietnam)	KTons	19.7	10.7	36.0	83%	238%	43.1	46.6	8%
- Export	KTons	16.6	3.4	7.2	-57%	111%	19.9	10.6	-47%
Fertilizer sales volume by product									
- NPK fertilizer	KTons	30.9	11.7	31.5	2%	170%	50.8	43.2	-15%
- Single fertilizer	KTons	5.4	2.4	11.7	115%	383%	12.2	14.1	16%
Food & Beverage Segment:									
No. of outlets of Pizza Hut	Outlets	184	191	191	4%	0%	184	191	4%
No. of outlets of Taco Bell	Outlets	12	14	16	33%	14%	12	16	33%

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⁽¹⁾ less planned off hire days associated with major repairs, dry dockings, or special or intermediate surveys.

⁽⁴⁾ Operating days are the available service days⁽²⁾ 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⁽³⁾ by available service days⁽²⁾ 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 bunker hedge.

⁽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

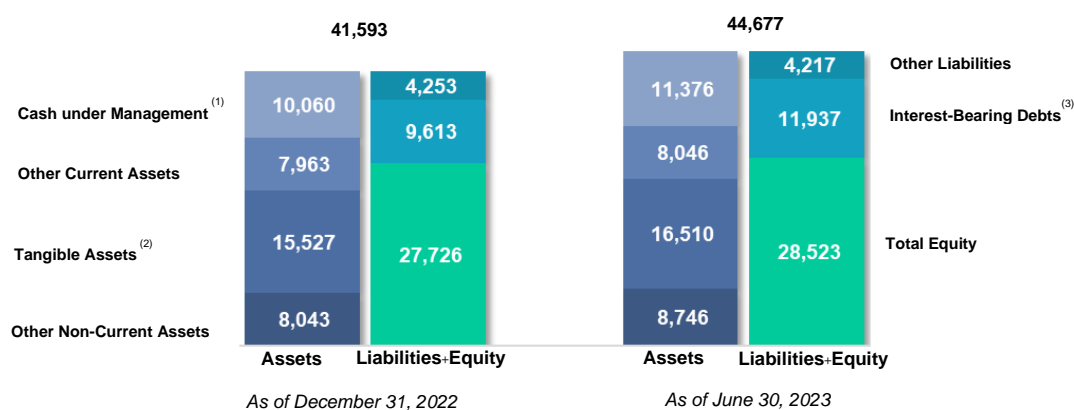
⁽¹⁰⁾ Offshore Service segment's a new joint venture with a 50% share acquired a cable laying vessel in 4Q/21.

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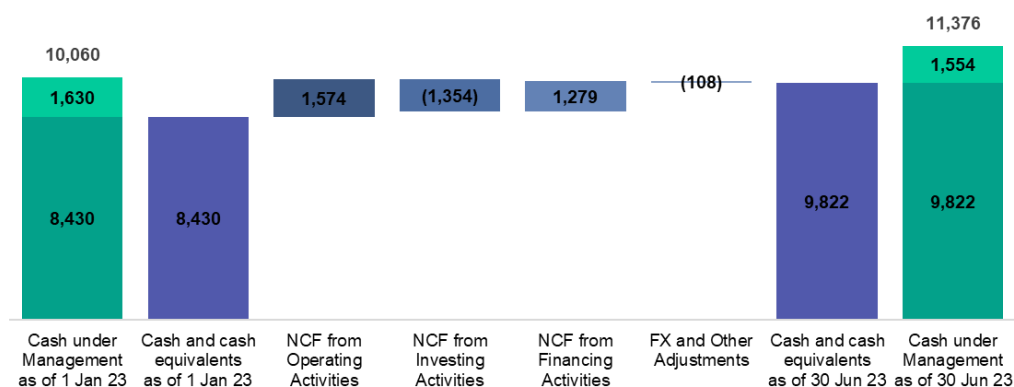
Financial Position



Financial position remained strong with cash under management of Baht 11.4 billion and low IBD/E at 0.42 times.

As of 30 June 2023, TTA had total assets of Baht 44,677.4 million, which increased by Baht 3,084.8 million or 7% from the year-end 2022, mainly due to an increase in cash and cash equivalents, property, plant, and equipment, and digital assets. Cash and cash equivalents increased by Baht 1,391.6 million or 17% to Baht 9,821.9 million mainly from the issuance of debentures in January and operating profit in 1H/23. Property, plant, and equipment increased by Baht 988.7 million or 6% to Baht 16,340.0 million largely from acquiring petroleum tankers under Titan Tanker. Moreover, digital assets increased by Baht 885.8 million or 58% to Baht 2,407.1 million from the reversal of provision of digital assets due to market value appreciation and the additional investment in digital assets in 2Q/23. On the other hand, vessel suppliers and spare parts, which are used for Shipping segment and its supply depending on the usage of spare parts for maintenance, decreased Baht 220.3 million or 33% to Baht 442.2 million. Inventories also lowered by Baht 171.2 million or 15% to Baht 971.2 million mainly from the stock's management due to the downtrend of fertilizer prices under Agrochemical segment. Total liabilities increased by Baht 2,288.0 million or 17% from the year-end 2022 to Baht 16,154.6 million, mainly due to an increase in debentures. Debentures increased by Baht 3,030.1 million or 72% to Baht 7,221.9 million after an issue of new debentures in the amount of Baht 3,772.5 million in January 2023. Meanwhile, long-term borrowings decreased by Baht 532.2 million or 16% to Baht 2,855.1 million resulting from loan repayment. Bank overdrafts and short-term borrowings from financial institutions also decreased by Baht 198.2 million or 27% to Baht 535.3 million from a decrease in the short-term from financial institutions of Agrochemical segment. Total equity increased by Baht 796.8 million or 3% to Baht 28,522.8 million mainly from net profits of 1H/23. In addition, TTA's capital structure remained strong and was represented by the low interest-bearing debt to total equity ratio of 0.42 times at the quarter-end.

Cash Flow



Note:

⁽¹⁾ Cash, cash equivalents, and other current financial assets

⁽²⁾ Property, plant, equipment, and investment properties

⁽³⁾ Including lease liabilities

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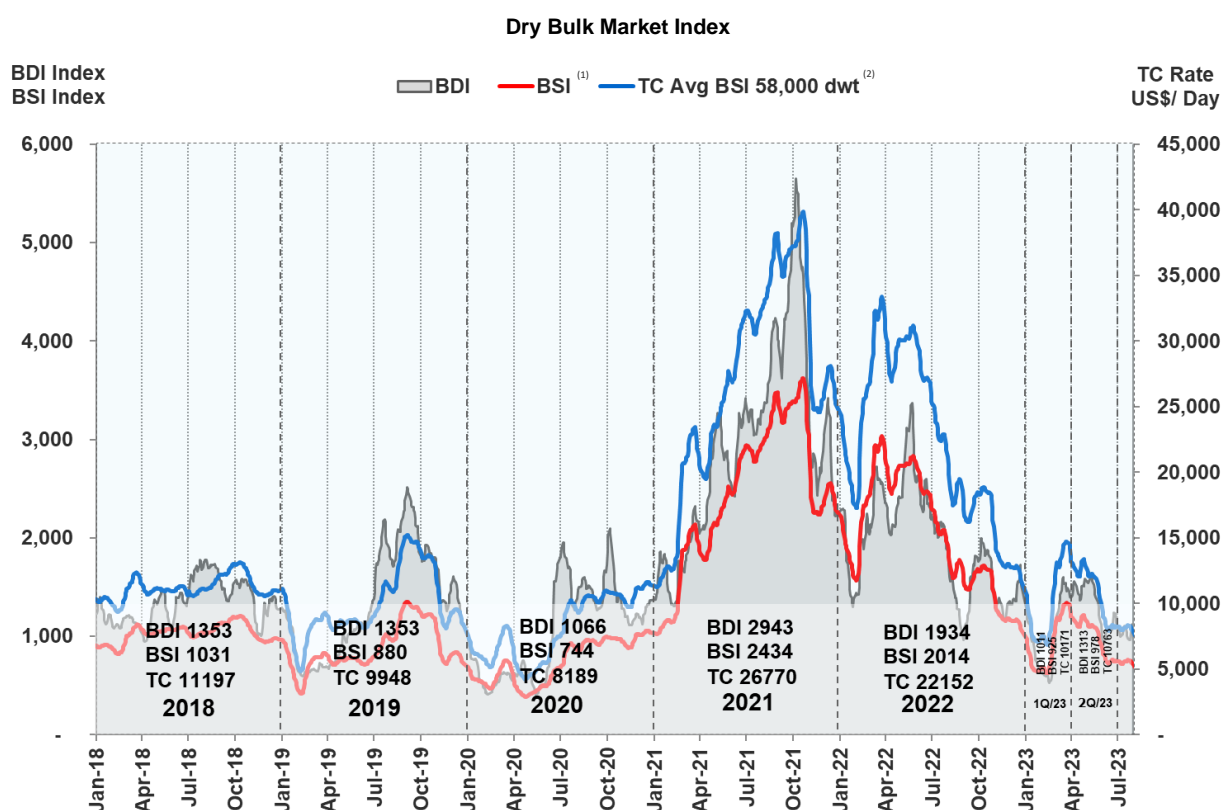
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Net cash in flow from operating activities amounted to Baht 1,574.0 million in 1H/23.

As of 30 June 2023, TTA had net cash and cash equivalent of Baht 9,821.9 million, reflecting an increase of Baht 1,391.6 million from the beginning of the year. In this period, net cash flow from operating activities amounted to Baht 1,574.0 million, operating profit from Shipping segment and Offshore Service segment in 1H/23. TTA's net cash used in investing activities was Baht 1,354.1 million, mainly from the acquisition of petroleum tankers and digital assets. Meanwhile, net cash from financing activities was Baht 1,279.5 million largely from the issue of new debentures amount of Baht 3,772.5 million in January 2023. However, it was partially offset with interest bearing debt repayment of Baht 1,741.3 million and dividend payment of Baht 400.9 million. Besides, there was loss from the effect of exchange rates of Baht 107.8 million, therefore, the net increase in cash and cash equivalents amounted to Baht 1,391.6 million in 1H/23. TTA maintains an appropriate level of cash under management and 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.

Industry Outlook: Shipping



Baltic Supramax Index (BSI) averaged 978 points in 2Q/23, decreased from an average of 2,627 points in 2Q/22 due to weak global conditions and reduced disruption including port congestion and shortage of container ships, but the index increased from 925 points in 1Q/23 due to the demand improvement in China following the post-Covid reopening. TC rate of Supramax reached its high at US\$ 13,378 per day in late April and averaged US\$ 10,763 per day in 2Q/23. In 2H/23, moderate market conditions are anticipated to persist, though there remains potential for periods of upside, stimulated by seasonal factors. The outlook for the full-year 2023 supply-demand fundamentals seems moderately balanced, Clarksons Research forecasts dry bulk trade growth at 2.7% in tons or 3.3% in ton-mile and fleet expansion of 2.9% in deadweight tons (DWT), with China-driven demand growth countered by a moderate fleet expansion. Global seaborne coal trade is estimated to firmly grow (+4.7%) supported by the firm rebound of coking coal demand from China and coking coal supply after the Russia-Ukraine disruption and by the demand recovery of steam coal driven by Asian regions, notably China. The grain trade rebounded (+2.3%) due to increasing world demand and extensive supply from Brazil and Australia, while export from Ukraine depended on Russia-Ukraine's grain export agreement. Iron ore trade is projected to increase (+2.4%) since steel demand begins to rebound in key economies, whilst Chinese iron ore demand could be limited by the government's steel production

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 Average 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.

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cap. Global seaborne minor bulk trade is estimated to increase (+1.3%), with improved industrial trends in China, and easing demand headwinds in other key economies; nonetheless, the possibility of disruption remains for Russia-exposed trades. On the other hand, the order book for newbuilds remains at around a 30-year low of 7% of fleet capacity, partly reflecting uncertainty in the new ship design in compliance with the new environmental regulations. Environmental regulations (e.g., EEXI, CII) could reduce available bulker supply by an estimated of 2.0-2.5% in 2023 and 2024 through slower speeds and retrofit time. Looking further to 2024, some further improvements to the bulker market balance could well materialize on the back of more positive underlying demand-supply fundamentals. Dry bulk ton-mile demand is initially projected to grow by 2.4%, while total fleet capacity growth could be limited to 1.9%, given the low order book and potentially increased demolition.

Source: Clarksons Research, July 2023

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.

Significant Events/ Changes in 2Q/2023

- AGM approved TTA to provide financial assistance in the form of loan amount of USD 12.5 million to Mermaid Maritime Plc.
- TTA paid a dividend amount of 0.22 Baht per share in May 2023.

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 and implements a sustainable development framework covers the responsibilities of the SD Committee, which includes establishing policies, formulating strategies, and carrying out a sustainable development plan in accordance with the business operation in view of economic, social, and environmental aspects.
- Grant 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).
- TTA listed in 'Thailand Sustainability Investment (THSI) 2022' in the 'Services' category.
- "Excellent" (5-star) in the Corporate Governance Report of Thai Listed Companies (CGR) in 2022 for the fourth consecutive year.

Key Social Projects/ Activities

Supervision of Occupational Safety, Health and Working environment: TTA values occupational health in terms of safety, health care and hygiene of employees. There is a measurement and control of the workplace environment to be in a better working environment to reduce the impact on the health of employees. For example, Shipping conducts Workplace Hazardous Materials Information System to prevent accidents and hazards that may occur during the operation of crews on board. The guideline complies with various regulations and conventions determined by the International Maritime Organization (IMO) rules and regulations, enforced Both on board and at the head office to meet international standards.

Key Environmental Projects/ Activities

Carbon Dioxide Emissions Plan: Shipping segment determines a carbon emissions reduction plan of about 2% per year. Shipping closely monitors all environmental regulations and assigns a specialized team to prepare operational plans in accordance with regulations for maximum efficiency and effectiveness in operations. It also continues to strive to develop and improve environmentally friendly fleet management by raising awareness of the environment for ship crews. In addition, Shipping has installed equipment to adjust the engine speed to reduce the fuel consumption rate considering the safety of navigation, the appropriate speed, and the ability to respond to the needs of customers efficiently. Furthermore, Shipping has switched to use Low Sulfur Fuel Oils (LSFO), which reduced sulfur emissions from 3.5% to 0.5%.

Key Economic Projects/ Activities

Data Privacy and Cyber Security: The adoption of more technology may create information technology risks. For this reason, TTA communicates about cybersecurity to employees via pop-up and portal systems so that employees can study and be aware of cybersecurity that may happen to the company along with action guidelines to prevent various events related to cyber security. In addition, as a standard to protect organizations and abusive users, TTA does not have a policy to store any personal information for commercial use or other than necessary use only. Plus, TTA must receive permission from the owner of such information first.

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For additional information:

Financial statements



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Corporate governance



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Yours faithfully,

Thoresen Thai Agencies Public Company Limited

Mr. Chalermchai Mahagitsiri
President & Chief Executive Officer

Mr. Katarat Suksawang
Executive Vice President & Group CFO