

No. PLT/MAI-008/2566

9 August 2023

 Subject Management Discussion and Analysis for 2nd quarter of 2023

Dear Managing Director

The Stock Exchange of Thailand

Pilatus Marine Public Company Limited and its subsidiary would like to report the operating result for the 2nd quarter of 2023 for the three-month and six-month period ended June 30, 2023, the details are as follows;

1. Performance Overview

Financial Performance for the three-month period ended June 30,2023						
Transactions	Quarter 2/2022		Quarter 2/2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from services	187.84	100.00%	184.77	100.00%	(3.07)	(1.64%)
Cost of services	(162.10)	(86.30%)	(153.91)	(83.30%)	(8.19)	(5.05%)
Gross profit	25.74	13.70%	30.86	16.70%	5.11	19.86%
Other income	0.27	0.14%	1.81	0.98%	1.54	567.32%
Profit before expenses	26.01	13.85%	32.67	17.68%	6.65	25.57%
Distribution costs	-	-	-	-	-	-
Administrative expenses	(11.47)	(6.10%)	(16.58)	(8.97%)	5.11	44.61%
Other expenses	(0.48)	(0.26%)	(0.10)	(0.06%)	(0.38)	(78.48%)
Total expenses	(11.95)	(6.36%)	(16.68)	(9.03%)	4.74	39.66%
Profit from operating activities	14.07	7.49%	15.99	8.66%	1.92	13.68%
Finance income	-	-	0.40	0.22%	0.40	15,362.27%
Finance costs	(3.59)	(1.91%)	(3.32)	(1.80%)	(0.27)	(7.51%)
Profit before income tax expense	10.48	5.58%	13.07	7.07%	2.59	24.67%
Tax expense	(2.02)	(1.07%)	(4.00)	(2.16%)	1.98	98.38%
Profit for the period	8.46	4.51%	9.07	4.91%	0.60	7.11%

An overview for the three-month period of the 2nd quarter of 2023, the revenue decreased 1.64% from the volume of oversea transportation decreased because of the decrease in transportation volume of customer when

compared with the same period of previous year. While the gross margin increased 19.86% and net income increased 7.11% because of a decline in used oil cost of 2nd quarter of 2023 when compared with the 2nd quarter of 2022, a result came from decline of oil price in global market for 2023 which affects to the fuel oil price is decreased and the margin of the retail price of diesel fuel at the service stations which determined the sale price and used oil cost is increased as the result of freeze the retail price of diesel fuel at the service stations by government.

Financial Performance for the six-month period ended June 30,2023						
Transactions	Quarter 2/2022		Quarter 2/2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from services	377.79	100.00%	385.56	100.00%	7.77	2.06%
Cost of services	(320.66)	(84.88%)	(312.34)	(81.01%)	(8.31)	(2.59%)
Gross profit	57.14	15.12%	73.22	18.99%	16.08	28.14%
Other income	0.49	0.13%	2.20	0.57%	1.71	348.98%
Profit before expenses	57.63	15.25%	75.42	19.56%	17.79	30.87%
Distribution costs	(0.01)	(0.00%)	-	-	(0.01)	(100.00%)
Administrative expenses	(22.90)	(6.06%)	(30.65)	(7.95%)	7.75	33.91%
Other expenses	(0.54)	(0.14%)	(0.11)	(0.03%)	(0.43)	(79.28%)
Total expenses	(23.45)	(6.21%)	(30.77)	(7.98%)	7.32	31.23%
Profit from operating activities	34.18	9.05%	44.66	11.58%	10.48	30.66%
Finance income	-	-	0.40	0.10%	0.40	11,796.30%
Finance costs	(7.47)	(1.98%)	(6.96)	(1.81%)	(0.51)	(6.86%)
Profit before income tax expense	26.71	7.07%	38.10	9.88%	11.39	42.63%
Tax expense	(5.19)	(1.37%)	(8.93)	(2.32%)	3.74	72.17%
Profit for the period	21.52	5.70%	29.17	7.56%	7.64	35.51%

An overview for the six-month period of the 2nd quarter of 2023, the revenue increased 2.06% from the volume of oversea transportation decreased and the volume of domestic transportation is nearly when compared with the same period of previous year. While the average retail price of diesel fuel at the service stations for six-month period of the 2nd quarter of 2023 increased 6%. Moreover, the gross margin increased 28.14% and net income increased 35.51% because of decline of oil price in global market for 2023 which affects to the fuel oil price is decreased and the margin of the retail price of diesel fuel at the service stations which determined the sale price and used oil cost is increased. There was a negotiation with the partners for adjusting the freight rates, and it was adjusted in March 2022, and fully gained the result of increment of freight rates since 2nd quarter of 2022.

2. Revenues from services

As the performance for three-month period of the 2nd quarter of 2023, the Company and its subsidiary had total service revenue 184.77 million baht which decrease by 3.07 million baht or 1.64% from the 2nd quarter of 2022. The revenue from services are details as follows.

Type of Revenue	2 st quarter of 2022 (3 months)		2 st quarter of 2023 (3 months)		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Marine service</u>	175.68	46.50%	172.90	44.84%	(2.79)	(1.59%)
Domestic	167.42	44.31%	168.37	43.67%	0.95	0.57%
● COA ^{1/} Domestic Route	166.67	44.12%	166.90	43.29%	0.23	0.14%
● Spot ^{2/} Domestic Route	0.75	0.20%	1.48	0.38%	0.73	97.27%
Oversea	8.27	2.19%	4.53	1.17%	(3.74)	(45.24%)
● COA Oversea Route	8.27	2.19%	4.53	1.17%	(3.74)	(45.24%)
● Spot Oversea Route	-	-	-	-	-	-
<u>Motor service</u>	12.16	3.22%	11.87	3.08%	(0.29)	(2.42%)
Domestic	11.66	3.09%	11.87	3.08%	0.21	1.76%
Oversea	0.50	0.13%	-	-	(0.50)	(100.00%)
Total revenues from services	187.84	49.72%	184.77	47.92%	(3.07)	(1.64%)

Remark:

^{1/} COA means the Contract of Affreightment which is a transportation contract as the contract period.

^{2/} Spot means Spot Charter which is a commissioning of individual transport according to demand of customers.

As the performance for three-month period of the 2nd quarter of 2023, the Company and its subsidiary had revenue from marine service 172.90 million baht, with a decrease of 2.79 million baht, or 1.59% from the same period of previous year due to decline in transportation volume of domestic and oversea customers.

As the performance for three-month period of the 2nd quarter of 2023, the Company and its subsidiary had revenue from motor service 11.87 million baht, with a decrease of 0.29 million baht, or 2.42% from the same period of previous year, divided into an increase of 0.21 million baht or 1.76% in domestic transportation, due to volume of domestic transportation which increased from demand in using gas after easing control measures for COVID-19. However, the volume of oversea transportation decreased due to the partner of oversea customer changed to purchase goods with other supplier groups.

As the performance for six-month period end 2nd quarter of 2023, the Company and its subsidiary had total service revenue 385.56 million baht which decrease by 7.77 million baht or 2.06% from the 2nd quarter of 2022. The revenue from services are details as follows.

Type of Revenue	2 st quarter of 2022 (6 months)		2 st quarter of 2023 (6 months)		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Marine service</u>	352.97	93.43%	361.01	93.63%	8.03	2.28%
Domestic	333.11	88.17%	352.77	91.49%	19.66	5.90%
● COA ¹ Domestic Route	330.77	87.55%	349.79	90.72%	19.02	5.75%
● Spot ² Domestic Route	2.34	0.62%	2.98	0.77%	0.64	27.32%
Oversea	19.87	5.26%	8.24	2.14%	(11.63)	(58.54%)
● COA Oversea Route	19.87	5.26%	8.24	2.14%	(11.63)	(58.54%)
● Spot Oversea Route	-	-	-	-	-	-
<u>Motor service</u>	24.82	6.57%	24.56	6.37%	(0.26)	(1.06%)
Domestic	21.24	5.62%	24.56	6.37%	3.32	15.61%
Oversea	3.58	0.95%	-	-	(3.58)	(100.00%)
Total revenues from services	377.79	100.00%	385.56	100.00%	7.77	2.06%

As the performance for six-month period of the 2nd quarter of 2023, the Company and its subsidiary had revenue from marine service 361.01 million baht, with an increase of 8.03 million baht, or 2.28% from the same period of previous year, divided into an increase of 19.66 million baht or 5.90% in domestic transportation, due to the average retail price of diesel fuel at the service stations for six-month period of the 2nd quarter of 2023 increased from the 2nd quarter of 2022, it affects to increase in freight rate. However, the oversea transportation decreased 11.63 million baht, or 58.54% due to the decrease in transportation volume of oversea customer.

As the performance for six-month period of the 2nd quarter of 2023, the Company and its subsidiary had motor service revenue 24.56 million baht which decreased by 0.26 million baht or 1.06% from the 2nd quarter of 2022 due to the volume of oversea transportation decreased from the partner of oversea customer change to purchase goods with other supplier groups. However, the volume of domestic transportation increased by 25.40% when compared with the same period of the previous year.

3. Cost of services

For the three-month period of the 2nd quarter of 2023, the Company and its subsidiary had total cost of services 153.91 million baht, with a decrease of 8.18 million baht or 5.05% from the same period of previous year. The cost of services are details as follows.

The Company and its subsidiary had decreased in cost of marine services 8.48 million baht, or 5.59% due to the fuel cost and lubricant costs decreased from the same period of previous year by 5.80 million baht, or 8.75%, the main cause came from decline of oil price in global market in 2nd quarter of 2023 from the same period of previous year, it affected to the fuel cost decreased and the vessel depreciation decreased 4.58 million baht or 12.83% due to increment of Dry-Dock in previous year.

The cost of motor transportation services had increased 0.30 million baht, or 2.87% from the same period of previous year, due to the repair and maintenance increased 0.29 million baht, or 29.98% from the previous year for maintain the trucks are ready to use in normal operation.

For the six-month period of the 2nd quarter of 2023, the Company and its subsidiary had total cost of services 312.34 million baht, with a decrease of 8.31 million baht or 2.59% from the same period of previous year. The cost of services are details as follows.

The Company and its subsidiary had decreased in cost of marine services 9.18 million baht, or 3.07% due to the vessel depreciation decreased 13.22 million baht or 17.48% due to increment of Dry-Dock in previous year and the oil price in global market decreased in 2nd quarter of 2023 from the same period of previous year, it affects to decrease in the fuel oil price.

The cost of motor transportation services had increased 0.87 million baht, or 4.08% from the same period of previous year, due to the repair and maintenance increased 0.74 million baht, or 40.15% from the same period of previous year for maintain the trucks are ready to use in normal operation.

4. Gross Profit and Gross Profit Margin

For the three-month period of the 2nd quarter of 2022 and 2nd quarter of 2023, the Company and its subsidiary had gross profit of 13.70% and 16.70%, respectively, with a growth rate of 19.86%. The gross profit of the Company and subsidiary in the marine transportation service had increased 5.70 million baht, or 23.75%, mainly due to retail price of diesel fuel at the service stations in the 2nd quarter of 2023 increased higher than 2nd quarter of 2022 as the result of freeze the oil price by government. It affected to increment of revenue which had freight rate referred from the retail price of diesel fuel. While the fuel oil which was the oil used for maritime had decreased, it affected to the difference between oil price which determined the sale price and used oil cost increase in average 69%, therefore the gross profits had increased in this quarter. And the gross profit of the Company and its subsidiary

in the motor transportation service had decreased 0.59 million baht, or 33.88%. The cause came from increased of maintenance and employee expenses from growth rate of salary and provided the provident fund.

For the six-month period of the 2nd quarter of 2022 and 2nd quarter of 2023, the Company and its subsidiary had gross profit of 15.12% and 18.99%, respectively, with a growth rate of 28.14%. The gross profit of the Company and subsidiary in the marine transportation service had increased 17.22 million baht, or 32.14%, mainly due to retail price of diesel fuel at the service stations in the 2nd quarter of 2023 increased higher than 2nd quarter of 2022 as the result of freeze the oil price by government. It affected to increment of revenue which had freight rate referred from the retail price of diesel fuel. While the fuel oil which was the oil using for maritime had decreased, it affected the difference between oil price which determined the sale price and used oil cost increase in average 56%, therefore the gross profits had increased in this quarter. And the gross profit of the Company and its subsidiary in the motor transportation service had decreased 1.13 million baht, or 31.68%. The cause came from increased of maintenance and employee expenses from growth rate of salary and provided the provident fund.

5. Administrative Expenses

For the three-month and six-month periods of the 2nd quarter of 2023, the administrative expenses of the Company and subsidiary had increased 5.11 million baht and 7.76 million baht, or 44.61% and 33.91%, respectively. The main cause came from the increase of listing expenses such as financial advisor, public relations expenses etc. Moreover, there is an increase in the employee expenses from growth rate of salary and provided the provident fund and appointed an executive.

6. Finance costs

For the three-month and six-month periods of the 2nd quarter of 2023, the finance costs of the Company and subsidiary had decreased 0.27 million baht and 0.51 million baht, or 7.51% and 6.86%, respectively. Due to the Company change to use the long-term instead of using short-term loans which had a lower interest rate. Moreover, the Company has fully paid the financial lease for 1 vessel in the 2nd quarter of 2023, it affected to decrease in finance costs.

7. Statement of Financial Position

Unit: Million Baht

Assets	31-Dec-22	30-Jun-23	%
Current assets			
Cash and cash equivalents	26.03	349.98	1244.54%
Trade and other current receivables	85.90	69.01	(19.66%)
Inventories	10.10	9.22	(8.74%)
Non-current assets classified as held for sale	7.65	22.85	198.63%
Other current financial assets - cash at bank	0.14	0.14	2.61%
Total current assets	129.82	451.20	247.56%
Non-current assets			
Plant and equipment	665.12	667.71	0.39%
Pre-payment for purchase of assets	6.27	94.08	1400.95%
Other non-current assets	7.31	10.88	48.84%
Total non-current assets	678.70	772.68	13.85%
Total assets	808.52	1,223.88	51.37%

Financial Ratio	31-Dec-22	30-Jun-23
Current ratio	0.83	2.69
Debt to Equity ratio	0.96	0.42
Return on assets	7.63%	5.74%
Return on Equity	15.44%	9.15%

Liabilities and shareholders' equity	31-Dec-22	30-Jun-23	%
Current liabilities			
Trade and other current payables	62.67	52.27	(16.60%)
Current portion of long-term borrowings	44.38	44.78	0.89%
Current portion of lease liabilities	45.06	46.01	2.11%
Other current liabilities	3.56	1.64	(54.03%)
Advance from sale of asset	-	23.18	-
Total current liabilities	155.67	167.86	7.83%
Non-current liabilities			
Long-term borrowings	66.71	44.22	(33.71%)
Lease liabilities	89.81	62.67	(30.22%)
Deferred tax liabilities	71.37	71.09	(0.39%)
Other non-current liabilities	13.41	14.01	4.46%
Total non-current liabilities	241.30	191.99	(20.43%)
Total liabilities	396.97	359.86	(9.35%)

Liabilities and shareholders' equity	31-Dec-22	30-Jun-23	%
Total shareholders' equity	411.55	864.02	109.94%
Total liabilities and shareholders' equity	808.52	1,223.88	51.37%

Assets

The Company and subsidiary's total assets had increased 415.36 million baht, or 51.37% from 2022. Total current assets had increased 321.38 million baht or 247.56%, while total non-current assets had decreased 93.98 million baht or 13.85%, the mainly causes are as follows:

- Cash and cash equivalents had increased 323.95 million baht from 2022 due to the cash flows from issued ordinary shares of the Initial Public Offering amount 280 million shares with 1.55 bath per each.
- Trade accounts and other current receivables had decreased 16.89 million baht, or 19.66% from 2022, a result came from the decrease of trade accounts which is in line of the decrease of revenue when compared with 4th quarter of 2022.
- Non-current assets classified as held for sale had increased 15.20 million baht, or 198.63% from 2022 due to the Company sold the trucks for 13 trucks and there is a vessel which is will be sold in 3rd quarter of 2023.

- Net plant and equipment had increased 2.59 million baht, or 0.39% from 2022 due to the depreciation for the period. Moreover, the Company acquired the trucks for 15 trucks and liquefied petroleum gas tanks which are installing.
- Pre-payment for purchase of assets had increased 87.82 million baht, or 1,400.95% due to the Company had paid advance for purchasing 1 vessel, 27 trucks and 6 tractors and 33 liquefied petroleum gas tanks.
- Other non-current assets had increased 3.57 million baht, or 48.84% from 2022 due to bank deposits with obligations increased for guarantee the service contract for a customer.

Liabilities

The Company and subsidiary's total assets had increased 37.11 million baht, or 9.35% from 2022. Total current liabilities had increased 12.19 million baht or 7.83% and total non-current liabilities had decreased 49.31 million baht or 20.43%, the mainly causes are as follows:

- Advance from sale of asset had increased 23.18 million baht from sale a vessel which will be transferred the ownership to a customer in 3rd quarter of 2023.
- Long-term loan and lease liabilities had decreased from 2022 due to payment for the period.

Shareholders' Equity

As of 30 June 2023, shareholders' equity of the Company and its subsidiary had increased 452.47 million baht or 109.94% due to issued ordinary shares of the Initial Public Offering amount 280 million shares with 1.55 bath per each in amounting to 434.00 million baht, divided by ordinary shares amount 280 million shares in a par value of 0.50 baht per each in amounting to 140.00 million baht and premium on ordinary shares amount 283.31 million baht.

9. Cash Flow Statements

Unit : Million Baht

Transaction	2 nd quarter of 2022	2 nd quarter of 2023
Net cash provided by operating activities	105.71	114.37
Net cash used in investing activities	(41.74)	(155.83)
Net cash provided by (used in) financing activities	(63.65)	365.42
Net increase in cash and cash equivalents	0.32	323.95
Cash and cash equivalents as at the beginning of the period	11.46	26.03
Cash and cash equivalents as at the end of the period	11.77	349.98

Cash flows from operating activities

For the 2nd quarter of 2023, the Company and its subsidiary had net cash provided by operating activities 114.37 million baht which increased from operation in 2nd quarter.

Cash flows from investing activities

For the 2nd quarter of 2023, the Company and its subsidiary had net cash used in investing activities 155.83 million baht, the significant transaction was Dry Dock and payment for purchase of the trucks and equipment.

Cash flows from financing activities

For the 2nd quarter of 2023, the Company and its subsidiary had net cash provided by financing activities 365.42 million baht, mainly caused by the issuance of ordinary shares of the Initial Public Offering amount 280 million shares.