

No. PLT/MAI-011/2566

13 November 2023

 Subject Management Discussion and Analysis for 3rd 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 3rd quarter of 2023 for the three-month and nine-month period ended September 30, 2023, the details are as follows;

1.Performance Overview

Financial Performance for the three-month period ended September 30,2023						
Transactions	Quarter 3/2022		Quarter 3/2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from services	207.17	100.00%	186.76	100.00%	(20.41)	(9.85%)
Cost of services	(166.10)	(80.17%)	(159.72)	(85.52%)	(6.38)	(3.84%)
Gross profit	41.07	19.83%	27.04	14.48%	(14.03)	(34.15%)
Other income	0.15	0.07%	0.39	0.21%	0.24	159.21%
Profit before expenses	41.22	19.90%	27.43	14.69%	(13.79)	(33.45%)
Distribution costs	-	-	-	-	-	-
Administrative expenses	(12.44)	(6.01%)	(14.86)	(7.96%)	2.42	19.43%
Other expenses	(0.96)	(0.46%)	(0.09)	(0.05%)	(0.87)	(90.62%)
Total expenses	(13.40)	(6.47%)	(14.95)	(8.01%)	1.55	11.55%
Profit from operating activities	27.82	13.43%	12.49	6.69%	(15.33)	(55.09%)
Finance income	0.00	0.00%	0.29	0.16%	0.29	-
Finance costs	(4.25)	(2.05%)	(3.84)	(2.06%)	(0.41)	(9.75%)
Profit before income tax expense	23.57	11.38%	8.94	4.78%	(14.63)	(62.08%)
Tax expense	(4.68)	(2.26%)	(1.78)	(0.96%)	(2.90)	(61.88%)
Profit for the period	18.88	9.12%	7.15	3.83%	(11.73)	(62.13%)

An overview for the three-month period of the 3rd quarter of 2023, the revenue decreased 9.85% from the volume of domestic and oversea transportations decreased because of the decrease in transportation volume of

customers when compared with the same period of previous year. While the gross margin decreased 34.15% and net income decreased 62.13%, which are the results of initial expenses and costs which involved a new vessel and 48 trucks which will be serviced in 4th quarter.

Financial Performance for the nine-month period ended September 30,2023						
Transactions	Quarter 3/2022		Quarter 3/2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from services	584.97	100.00%	572.33	100.00%	(12.64)	(2.16%)
Cost of services	(486.76)	(83.21%)	(472.06)	(82.48%)	(14.70)	(3.02%)
Gross profit	98.21	16.79%	100.27	17.52%	2.06	2.09%
Other income	0.64	0.11%	2.48	0.43%	1.84	286.00%
Profit before expenses	98.85	16.90%	102.75	17.95%	3.90	3.94%
Distribution costs	(0.01)	-	-	-	-	-
Administrative expenses	(35.34)	(6.04%)	(45.52)	(7.95%)	10.18	28.81%
Other expenses	(1.50)	(0.26%)	(0.09)	(0.02%)	(1.41)	(93.96%)
Total expenses	(36.85)	(6.30%)	(45.61)	(7.97%)	8.76	23.77%
Profit from operating activities	62.00	10.60%	57.14	9.98%	(4.86)	(7.84%)
Finance income	0.00	0.00%	0.69	0.12%	0.69	20,352.29%
Finance costs	(11.73)	(2.00%)	(10.80)	(1.89%)	(0.93)	(7.91%)
Profit before income tax expense	50.28	8.59%	47.03	8.22%	(3.24)	(6.45%)
Tax expense	(9.87)	(1.69%)	(10.72)	(1.87%)	0.85	8.58%
Profit for the period	40.41	6.91%	36.32	6.35%	(4.09)	(10.12%)

An overview for the nine-month period of the 3rd quarter of 2023, the revenue decreased 2.16% from the volume of domestic and oversea transportation decreased when compared with the same period of previous year due to the customer's demand decreased. While the average retail price of diesel fuel at the service stations for nine-month period of the 3rd quarter of 2023 increased slightly from the 3rd quarter of 2022. 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. It affects to the average domestic freight rate per ton increased 2%. The oil price in global market decreased in 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 and the gross margin increased 2.09%, while the net income decreased 10.12 because of the employee expenses and listing expenses.

2. Revenues from services

As the performance for three-month period of the 3rd quarter of 2023, the Company and its subsidiary had total service revenue 186.76 million baht which decreased by 20.41 million baht or 9.85% from the 3rd quarter of 2022. The revenue from services are details as follows.

Type of Revenue	3 rd quarter of 2022 (3 months)		3 rd quarter of 2023 (3 months)		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Marine service</u>	195.45	94.34%	174.88	93.64%	(20.57)	(10.52%)
Domestic	190.02	91.72%	174.12	93.23%	(15.90)	(8.37%)
● COA ^{1/} Domestic Route	188.22	90.85%	173.40	92.85%	(14.82)	(7.88%)
● Spot ^{2/} Domestic Route	1.80	0.87%	0.72	0.39%	(1.07)	(59.84%)
Oversea	5.43	2.62%	0.76	0.41%	(4.67)	(85.97%)
● COA Oversea Route	5.43	2.62%	0.76	0.41%	(4.67)	(85.97%)
● Spot Oversea Route	-	-	-	-	-	-
<u>Motor service</u>	11.72	5.66%	11.88	6.36%	0.15	1.32%
Domestic	11.55	5.58%	11.88	6.36%	0.33	2.85%
Oversea	0.17	0.08%	-	0.00%	(0.17)	(100.00%)
Total revenues from services	207.17	100.00%	186.76	100.00%	(20.41)	(9.85%)

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 3rd quarter of 2023, the Company and its subsidiary had revenue from marine service 174.88 million baht, with a decrease of 20.57 million baht, or 10.52% 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 3rd quarter of 2023, the Company and its subsidiary had revenue from motor service 11.88 million baht, with a increase of 0.15 million baht, or 1.32% from the same period of previous year, divided into an increase of 0.33 million baht or 2.85% 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 nine-month period end 3rd quarter of 2023, the Company and its subsidiary had total service revenue 572.33 million baht which decrease by 12.64 million baht or 2.16% from the 3rd quarter of 2022. The revenue from services are details as follows.

Type of Revenue	3 rd quarter of 2022 (9 months)		3 rd quarter of 2023 (9 months)		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Marine service	548.42	93.75%	535.89	93.63%	(12.53)	(2.29%)
Domestic	523.12	89.43%	526.89	92.06%	3.77	0.72%
● COA ¹ Domestic Route	518.99	88.72%	523.19	91.41%	4.20	0.81%
● Spot ² Domestic Route	4.14	0.71%	3.70	0.65%	(0.43)	(10.52%)
Oversea	25.30	4.32%	9.00	1.57%	(16.30)	(64.43%)
● COA Oversea Route	25.30	4.32%	9.00	1.57%	(16.30)	(64.43%)
● Spot Oversea Route	-	-	-	-	-	-
Motor service	36.55	6.25%	36.44	6.37%	(0.11)	(0.30%)
Domestic	32.79	5.61%	36.44	6.37%	3.64	11.11%
Oversea	3.75	0.64%	-	0.00%	(3.75)	(100.00%)
Total revenues from services	584.97	100.00%	572.33	100.00%	(12.64)	(2.16%)

As the performance for nine-month period of the 3rd quarter of 2023, the Company and its subsidiary had revenue from marine service 535.89 million baht, with an decrease of 12.53 million baht, or 2.29% from the same period of previous year, divided into an decrease of 16.30 million baht or 64.43% in oversea transportation, due to the decrease in transportation volume of oversea customer. Moreover, the domestic transportation increased 3.77 million baht or 0.72% due to the average retail price of diesel fuel at the service stations for nine-month period of the 3rd quarter of 2023 increased slightly from the 3rd quarter of 2022 and there was a negotiation with the partners for adjusting the freight rates, and it was adjusted in March 2022, it affects to increase in freight rates, although the volume of domestic transportation decreased.

As the performance for nine-month period of the 3rd quarter of 2023, the Company and its subsidiary had motor service revenue 36.44 million baht which decreased by 0.11 million baht or 0.30% 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 3.64 million baht or 11.11% when compared with the same period of the previous year.

3. Cost of services

For the three-month period of the 3rd quarter of 2023, the Company and its subsidiary had total cost of services 159.72 million baht, with a decrease of 6.38 million baht or 3.84% from the same period of the previous year. The cost of services are details as follows.

The Company and its subsidiary had decreased in cost of marine services 6.76 million baht, or 4.36% due to the fuel cost and lubricant costs decreased from the same period of previous year by 8.12 million baht, or 11.65%, the main cause came from decline of oil price in global market in 3rd quarter of 2023 from the same period of previous year, it affected to the fuel cost decreased and the vessel depreciation decreased 3.95 million baht or 11.04% due to increment of Dry-Dock in previous year. However, the Company had initial expenses and costs which involved a new vessel in 3rd quarter of 2023.

The cost of motor transportation services had increased 0.38 million baht, or 3.40% from the same period of the previous year, as the Company had initial expenses and costs which involved 48 trucks. While the fuel costs decreased 0.77 million baht, or 14.03% due to the retail price of diesel fuel at the service stations decreased from the announcement of government.

For the nine-month period of the 3rd quarter of 2023, the Company and its subsidiary had total cost of services 472.06 million baht, with a decrease of 14.70 million baht or 3.02% from the same period of the previous year. The cost of services are details as follows.

The Company and its subsidiary had decreased in cost of marine services 15.94 million baht, or 3.51% due to the vessel depreciation decreased 17.17 million baht or 15.41% due to increment of Dry-Dock in previous year and the oil price in global market decreased in 3rd quarter of 2023 from the same period of previous year, it affects to decrease in the fuel oil price. However, the Company had initial expenses and costs which involved a new vessel in 3rd quarter of 2023.

The cost of motor transportation services had increased 1.24 million baht, or 3.85% from the same period of previous year, due to the repair and maintenance increased 0.87 million baht, or 27.64% from the same period of previous year for maintain the trucks are ready to use in normal operation and there are initial expenses and costs which involved 48 trucks.

4. Gross Profit and Gross Profit Margin

For the three-month period of the 3rd quarter of 2022 and 3rd quarter of 2023, the Company and its subsidiary had gross profit of 19.83% and 14.48%, respectively, with a decrease rate of 34.15%. The gross profit of the Company and subsidiary in the marine transportation service had decreased 13.81 million baht, or 34.18%, it is a result of the initial expenses and costs which involved a new vessel which will be serviced in 4th quarter. And the gross profit of the Company and its subsidiary in the motor transportation service had decreased 0.22 million baht, or 32.56%. The cause came from the increase of maintenance, initial expenses and costs which involved 48 trucks and employee expenses from growth rate of salary and provided the provident fund.

For the nine-month period of the 3rd quarter of 2022 and 3rd quarter of 2023, the Company and its subsidiary had gross profit of 16.79% and 17.52%, respectively, with a growth rate of 2.09%. The gross profit of the Company and subsidiary in the marine transportation service had increased 3.41 million baht, or 3.63%, mainly cause from the retail price of diesel fuel at the service stations in the 3rd quarter of 2023 increased slightly when compare with the 3rd 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 34.05%, 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 1.35 million baht, or 31.82%. The cause came from increased of maintenance, initial expenses and costs which involved 48 trucks and employee expenses from growth rate of salary and provided the provident fund.

5. Administrative Expenses

For the three-month and nine-month periods of the 3rd quarter of 2023, the administrative expenses of the Company and subsidiary had increased 2.42 million baht and 10.18 million baht, or 19.43% and 28.81%, respectively. The main cause came from the increase in 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 nine-month periods of the 3rd quarter of 2023, the finance costs of the Company and subsidiary had decreased 0.41 million baht and 0.93 million baht, or 9.75% and 7.91%, 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. The Company had the financial costs from withdrawal credit for a new vessel and firstly repay for 9 new trucks, however total financial costs still decreased.

7. Statement of Financial Position

Unit: Million Baht

Assets	31-Dec-22	30-Sep-23	%
Current assets			
Cash and cash equivalents	26.03	155.38	496.91%
Trade and other current receivables	85.90	70.32	(18.14%)
Inventories	10.10	20.21	100.13%
Non-current assets classified as held for sale	7.65	-	(100.00%)
Other current financial assets - cash at bank	0.14	0.14	2.61%
Total current assets	129.82	246.05	89.53%
Non-current assets			
Plant and equipment	665.12	1,176.37	76.87%
Pre-payment for purchase of assets	6.27	-	(100.00%)
Other non-current assets	7.31	17.16	134.70%
Total non-current assets	678.70	1,193.53	75.86%
Total assets	808.52	1,439.58	78.05%

Liabilities and shareholders' equity	31-Dec-22	30-Sep-23	%
Current liabilities			
Trade and other current payables	62.67	66.23	5.68%
Current portion of long-term borrowings	44.38	71.23	60.51%
Current portion of lease liabilities	45.06	70.50	56.45%
Other current liabilities	3.56	1.76	(50.55%)
Total current liabilities	155.67	209.72	34.72%
Non-current liabilities			
Long-term borrowings	66.71	164.05	145.91%
Lease liabilities	89.81	170.16	89.47%
Deferred tax liabilities	71.37	68.70	(3.75%)
Other non-current liabilities	13.41	13.38	(0.21%)
Total non-current liabilities	241.30	416.29	72.52%
Total liabilities	396.97	626.01	57.70%

Financial Ratio	31-Dec-22	30-Sep-23
Current ratio	0.83	1.17
Debt to Equity ratio	0.96	0.77
Return on assets	7.63%	4.31%
Return on Equity	15.44%	7.91%

Liabilities and shareholders' equity	31-Dec-22	30-Sep-23	%
Total shareholders' equity	411.55	813.57	97.69%
Total liabilities and shareholders' equity	808.52	1,439.58	78.05%

Assets

The Company and subsidiary's total assets had increased 631.06 million baht, or 78.05% from 2022. Total current assets had increased 116.23 million baht or 89.53%, while total non-current assets had increased 514.83 million baht or 75.86%, the mainly causes are as follows:

- Cash and cash equivalents had increased 129.35 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 in 2rd quarter of 2023, and the Company paid for purchasing a vessel and the liquefied petroleum gas trucks and tanks in 3rd quarter of 2023.
- Inventories had increased 10.11 million baht, or 100.13% from 2022 due to the oil price trend are increasing, so the Company had more stock the fuel in the end of month.
- Non-current assets classified as held for sale had decreased 7.65 million baht, or 100.00% from 2022 due to the Company sold the trucks for 13 trucks and there was a vessel which held for sale in 2nd quarter of 2023, then such vessel was sold in 3rd quarter of 2023.

- Net plant and equipment had increased 511.25 million baht, or 76.87% from 2022 due to the Company purchased the liquefied petroleum gas trucks and tanks for 48 trucks. There were 16 trucks which were ready to use in quarter 3, the remain of trucks are on process to install the liquefied petroleum gas tanks and permit the LPG certificates. Moreover, the Company purchased a new vessel during this quarter.
- Pre-payment for purchase of assets had decreased 6.27 million baht, or 100.00% due to the Company transferred the advance for trucks to assets.
- Other non-current assets had increased 9.85 million baht, or 134.70% from 2022 due to bank deposits with obligations increased for guarantee the service contract for a customer and paid for software licenses and program which is on developing.

Liabilities

The Company and subsidiary's total assets had increased 229.04 million baht, or 57.70% from 2022. Total current liabilities had increased 54.05 million baht or 34.72% and total non-current liabilities had increased 174.99 million baht or 72.52%, the mainly causes are as follows:

- Long-term borrowings had increased 124.19 million baht, mainly from the Company withdrew the loan for purchasing a new vessel.
- Lease liabilities had increased 105.79 million baht, mainly from the Company had hire purchase of the liquefied petroleum gas trucks and tanks for 33 trucks.

Shareholders' Equity

As of 30 September 2023, shareholders' equity of the Company and its subsidiary had increased 402.02 million baht or 97.69% 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. In the 3rd quarter, the Company and its subsidiary paid the dividend 57.60 million baht.

9. Cash Flow Statements

Unit : Million Baht

Transaction	3 rd quarter of 2022	3 rd quarter of 2023
Net cash provided by operating activities	165.47	160.81
Net cash used in investing activities	(66.40)	(471.96)
Net cash provided by (used in) financing activities	(91.72)	440.50
Net increase in cash and cash equivalents	7.35	129.35
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	18.80	155.38

Cash flows from operating activities

For the 3rd quarter of 2023, the Company and its subsidiary had net cash provided by operating activities 160.81 million baht which increased from operation in 3rd quarter.

Cash flows from investing activities

For the 3rd quarter of 2023, the Company and its subsidiary had net cash used in investing activities 471.96 million baht, the significant transaction was purchasing a vessel, 48 trucks with the liquefied petroleum gas tanks and there are Dry Dock.

Cash flows from financing activities

For the 3rd quarter of 2023, the Company and its subsidiary had net cash provided by financing activities 440.50 million baht, mainly causes came from issued ordinary shares of the Initial Public Offering amount 280 million shares and loan from a financial institute for a vessel. Moreover, there is dividend payment 57.60 million baht.