

Subject Management discussion and analysis (MD&A) for operating results in the fourth quarter ended as of
31 December 2023

To President,
The Stock Exchange of Thailand

Prima Marine Public Company Limited and its subsidiaries (“the Company”) would like to clarify the operating results in the fourth quarter of 2023 (“Q4/2023”) that ended as of 31 December 2023 as the following details.

1. The Financial Performance of the Company

(Unit: million Baht)

Profit and Loss Statement	Quarter 3 2023	Quarter 4		Jan - Dec	
		2022	2023	2022	2023
Revenue from Sales and Service	1,835.5	2,387.8	2,053.8	7,715.4	8,086.9
Gross Profit Margin	29.9%	39.7%	32.8%	33.2%	35.1%
Gross Profit	549.2	946.8	673.5	2,561.5	2,835.9
Share of profit from associate and JV	8.1	1.4	4.2	216.1	26.3
Other Incomes	15.7	16.9	357.6	590.6	451.8
SG&A	(127.5)	(189.9)	(153.4)	(563.3)	(586.0)
Financing Cost	(77.5)	(102.0)	(75.5)	(303.0)	(320.4)
Gain/(Loss) on Exchange Rate	(18.4)	107.0	13.0	(28.7)	(15.1)
Earnings Before Tax	349.5	780.2	819.4	2,473.1	2,392.6
Corporate Income Tax	(15.7)	(53.4)	(49.7)	(146.1)	(178.6)
Net Profit	333.8	726.8	769.8	2,327.0	2,214.0
EBITDA	750.3	1,263.9	1,232.4	3,992.6	4,012.7
Earnings Per Share (Baht/Share)	0.13	0.27	0.30	0.89	0.85

The revenue from the service in Q4/2023 decreased compared to Q4/2022, primarily due to the deceleration of FSU business. However, it can be effectively compensated by the profit from the sale of a vessel during the steel price in the global market was high. As a result, net profit in Q4/2023 increased by 43.0 million Baht or 5.9% from Q4/2022.

In Y2023, the International Trading Business had fully utilized all three VLCC vessels throughout the year which can effectively be compensated with the slowdown in the FSU business which was impacted by the backwardation situation in the oil future market. Additionally, the Company gained a profit of 312.2 million Baht from the sale of vessels. Consequently, the Company generated a net profit amount of 2,214.0 million Baht in 2023, slightly declining from 2022 amount of 113.0 million Baht or 4.9%. This was because the net profit of Y2022 partially consisted of the profit from the selling of 2 vessels amounting to 711.5 million Baht in Y2022. Excluding the profits from vessel selling, the core profit from the operation of Y2023 would be 1,925.2 million Baht, increased of 267.7 million Baht, or 16.6% from Y2022.

2. Operating Results Analysis by Business Units in Q4/2023

2.1 Domestic Oil and Petrochemical Tanker Business (Domestic Trading)

Unit: Million Baht	Section A: Domestic Trading						
	Quarter 3/2023	Quarter 4		%Change	Jan - Dec		%Change
		2022	2023		2022	2023	
Revenue	788.0	805.9	880.7	9.3%	3,020.0	3,322.4	10.0%
Gross Profit (Loss)	162.1	195.2	191.3	-2.0%	602.0	768.0	27.6%
Gross Profit (Loss) Margin	20.6%	24.2%	21.7%		19.9%	23.1%	
No.of vessels at the end of Q	37	36	38		36	38	
The average utilization rate	88.6%	86.1%	91.1%		87.4%	90.8%	

In Q4/2023, the Domestic Trading Business generated revenue amount of 880.7 million Baht, increased 9.3% and 11.8% compared to Q4/2022 and Q3/2023, respectively. The growth factor was attributed to the addition of 2 new liquid petrochemical tankers in Q2/2023 and Q4/2023. Moreover, an increase in the transportation volume of refined oil products also supported better performance.

The business expansion in the petrochemical tanker fleet and the efficiency improvement of the domestic tanker fleet which was in line with the higher market demand and the recovery of Thailand's tourism industry led to revenue and gross profit of Y2023 were higher than Y2022 by 10% and 27.6%, respectively.

2.2 International Oil Tanker Business (“International Trading”)

Unit: Million Baht	Section B: International Trading						
	Quarter 3/2023	Quarter 4		%Change	Jan - Dec		%Change
		2022	2023		2022	2023	
Revenue	463.8	483.9	486.9	0.6%	1,084.1	1,889.3	74.3%
Gross Profit (Loss)	179.7	212.4	190.3	-10.4%	389.1	750.5	92.9%
Gross Profit (Loss) Margin	38.7%	43.9%	39.1%		35.9%	39.7%	
No. of Aframax at the end of Q	1	1	1		1	1	
Utilization rate of Aframax	68.0%	99.6%	90.3%		89.1%	76.9%	
No. of VLCC at the end of Q	3	3	3		3	3	
The average utilization rate of VLCC	100%	100%	100%		100%	100%	

The revenue of the International Trading Business in Q4/2023 remained consistent with that of Q4/2022, as all three VLCC vessels were fully utilized in both periods. An increase of 5% compared to Q3/2023 was due mainly to the temporary off-hiring of the Aframax vessel in September 2023 for maintenance before commencing the crude oil transportation business with a new customer in mid-October 2023.

The performance in Y2023 significantly increased compared to Y2022, with a rise of 805.2 million Baht, or increase of 74.3%. This improvement was due mainly to the full utilization of all three VLCC vessels throughout Y2023 while all three VLCC vessels started fully utilized in Q4/2022.

2.3 Floating Storage Unit Business (“FSU Business”)

Unit: Million Baht	FSU Business						
	Quarter 3/2023	Quarter 4		Quarter 3/2023	Jan - Dec		Quarter 3/2023
		2022	2023		2022	2023	
Revenue	397.3	856.3	509.5	-40.5%	2,693.5	2,205.0	-18.1%
Gross Profit (Loss)	135.1	457.1	235.7	-48.4%	1,218.8	1,087.3	-10.8%
Gross Profit (Loss) Margin	34.0%	53.4%	46.3%		45.3%	49.3%	
No. of vessels at the end of Q	5	6	5		6	5	
The average utilization rate of FSU	51.5%	100.0%	61.9%		86.4%	71.4%	

The performance in Q4/2023 increased from Q3/2023 by 112.2 million Baht or 28.2%, primarily due to the resumption of operations for the FSU "Harmony Star" in Q4/2023 after temporarily off hired for modification in Q3/2023. Therefore, the average utilization rate of FSU business increased from 51.5% in Q3/2023 to 61.9% in Q4/2023. However,

the utilization rate declined from Q4/2022 due mainly to the sale of one aged FSU vessel in 2023 during the backwardation situation in the oil future market effected to a lower demand for FSU.

When comparing the performance of 2023 and 2022, the revenue of the FSU business decreased by 18.1%, while the gross profit only slightly decreased by 10.8%. This was attributed to the company's decision to reduce the number of aged vessels to align with customer demand led to the company was able to effectively control operation costs.

2.4 Offshore Support Vessels Business (“Offshore Support Business”)

Unit: Million Baht	Offshore Support Business						
	Quarter 3/2023	Quarter 4		%Change	Jan - Dec		%Change
		2022	2023		2022	2023	
Revenue	153.2	213.4	151.3	-29.1%	682.3	556.6	-18.4%
Gross Profit (Loss)	66.0	75.0	62.0	-17.3%	245.6	217.5	-11.4%
Gross Profit (Loss) Margin	43.1%	35.1%	41.0%		36.0%	39.1%	
No. of AWB at the end of Q	1	2	1		2	1	
The average utilization rate of AWB	100.0%	100.0%	100.0%		100.0%	87.2%	
No. of crew boat at the end of Q	13	13	13		13	13	
The average utilization rate of crew boat	98.0%	98.0%	99.5%		91.4%	98.8%	

The performance in Q4/2023 declined by 62.1 million Baht compared to the same period last year since the company serviced 1 additional AWB to support short-term demand in the second half of 2022. The service contract of this vessel ended in December 2022.

Revenues of Offshore Support Business in 2023 decreased 125.7 million Baht or 18.4% from Y2022. This decline was due mainly to the reduction of one AWB vessel, as mentioned previously. In addition, one AWB vessel owned by the Company was temporarily off service to refurbish the vessel before entering the new chartered contract. Operations for this vessel resumed in mid-April 2023 leading to the average utilization rate of AWB in 2023 was 87.2%.

2.5 Ship Management and Shipping/Ship Agent Business

Unit: Million Baht	Ship Management and Shipping/Ship Agent Business						
	Quarter 3/2023	Quarter 4		%Change	Jan - Dec		%Change
		2022	2023		2022	2023	
Revenue from Ship Management	5.1	5.9	2.3	-60.5%	136.9	16.9	-87.6%
Revenue from Shipping/Ship Agent	28.1	22.4	23.0	3.0%	98.6	96.7	-1.9%
Gross Profit (Loss)	3.7	14.8	3.3	-77.6%	106.0	12.7	-88.0%
Gross Profit (Loss) Margin	11.0%	52.3%	13.1%		45.0%	11.2%	
No. of third-party vessels	3	2	3		2	3	

*Remark: the third-party vessels refer to the vessels that are not calculated as the assets in consolidated financial statement

Revenues of Q4/2023 and full year 2023 declined by 60.5% and 87.6%, respectively, resulting from the disposal of the FSU named “Bongkot Star,” owned by the joint venture “Bongkot Marine Services Co., Ltd.,” in 2022. The ship management income generated by this vessel constituted the primary revenue source for the ship management business. Therefore, the performance of this business significantly dropped compared to the previous year after the sale of Bongkot Star.

The Shipping/Ship Agent business is a new area that the company aims to expand. The performance remained consistent in both 2022 and 2023.

3. Other entries in the profit and loss statement

- The share of profit from associates and joint ventures in 2023 decreased by 189.8 million Baht compared to 2022 due mainly to the maturity of the service contract of the joint venture “Bongkot Marine Services Co., Ltd.” and the company also gained profit from the sale of the “Bongkot Star” vessel in 2022.
- The other income in Q4/2023 was primarily from the profit from the sale of the vessel named “Crystal Star,” totaling 312.2 million Baht.
- The selling, general, and administrative expenses in Q4/2023 decreased from the previous year due to a one-time adjustment of impairment loss for one vessel in the fleet, amounting to 39.5 million baht in 2022.
- The finance cost in Q4/2023 decreased compared to Q4/2022 and Q3/2023, as the Company decided to close some long-term loans to control interest expenses during the rising interest rate situation.

4. Balance Sheet

Assets (Unit: Million Baht)	31/12/2022	31/12/2023	Change
Cash	3,407.9	3,606.3	198.4
Total current assets	4,429.5	4,901.8	472.3
Total non-current assets	16,145.8	15,814.2	(331.6)
Total assets	20,575.3	20,716.0	140.7

Liabilities (Unit: Million Baht)	31/12/2022	31/12/2023	Change
Short-term loans	1,076.4	1,165.2	88.8
Total current liabilities	2,646.1	2,892.6	246.5
Long-term loans	2,751.7	1,847.1	(904.6)
Total non-current liabilities	7,117.1	5,784.9	(1,332.2)
Total liabilities	9,763.2	8,677.4	(1,085.8)

Key Financial Ratios	FY 2022	FY 2023
Current ratio (times)	1.67	1.69
D/E ratio (times)	0.94	0.75
Earnings per Share (Baht/Share)	0.89	0.85

Equity (Unit: Million Baht)	FY 2022	FY 2023	Change
Total equity	10,812.1	12,038.6	1,226.5
Total liabilities and equity	20,575.3	20,716.0	140.7

- Cash increased by 198.4 million Baht from cash flow from operation offset by loan repayment, dividend payment, and investment in two new petrochemical tankers and one AWB vessel.
- Current assets increased due to the rise in accounts receivable, in line with the fleet expansion throughout the year.
- Current liabilities slightly increased from the fleet expansion.
- Long-term loans decreased by 904.6 million Baht from loan repayment, resulting in a better Debt-to-Equity (D/E) ratio at 0.75.
- Total equity increased by 1,226.5 million Baht, primarily from retained earnings generated from operations in 2023, net of dividend payments.

Please be informed accordingly.

Sincerely Yours,

Prima Marine Public Company Limited

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