

Subject Management Discussion and Analysis for the year ended 31st Dec 2023

To Managing Director
The Stock Exchange of Thailand

Premier Tank Corporation Plc. ("the Company") would like to reveal performance and financial status for the year ended 31st December 2023 as the following;

Financial Highlights

Performance	2021	2022	2023	Change	
				Million baht	%
Rental and Service Income	221.15	197.06	178.06	(19.00)	(9.64%)
Costs of rental and services*	(57.89)	59.24	(57.30)	(1.94)	(3.28%)
Gross Profit	163.26	137.81	120.76	(17.05)	(12.37%)
Other income	1.04	1.04	0.69	(0.36)	(34.00%)
Administrative Expenses *	(36.04)	(34.61)	(33.03)	(1.57)	(4.54%)
Finance income	0.02	0.73	4.89	4.16	570.54%
Finance Costs	(8.12)	(1.13)	(0.19)	(0.94)	(83.02%)
Tax expense	(22.25)	(20.13)	(18.01)	(2.12)	(10.52%)
Net Profit	97.90	83.72	75.10	(8.62)	(10.29%)
Basic earnings per share (THB/Share) **	0.33	0.21	0.18		

* In 2021, certain amounts in the statement of profit or loss and other comprehensive reclassified according to the transactions in the 2022 financial statements.

**The weighted average method is used to calculate basic earnings per share by dividing the net profit for the year by the number of paid-up common shares outstanding during the year. In 2022, the number of shares used as a basis for the calculation increased (the "dilution effect") from 300 million shares to 410 million shares after the initial public offering in February 2022

Performance Overview in 2023

Overview of the northeastern economy The Bank of Thailand reports that the Northeastern economy in 2023 contracted from the previous year due to a contraction in consumption. This was due to lower incomes both in and outside the agricultural sector, as well as the effect of government spending stimulus measures that were less than the previous year and the high cost of living is also putting pressure on overall consumption. Industrial production for exports shrank. This is in line with the slowdown in demand from trading partners. However, the recovery of the tourism services sector is an important driver to support the Isaan economy. However, the recovering tourism service sector is an important driving force in supporting the Isaan economy, although its share is still small.

Fuel consumption in Thailand, the Department of Energy Business reported an overview of fuel consumption in 2023. **Gasoline consumption averaged** 31.67 million liters per day, increased by 3.4% from the same period last year. **Diesel consumption averaged** 68.91 million liters per day, decreased by 5.7% from the same period last year due to shrinking private investment and consumption. As a result, oil consumption in the transportation sector continues to decline.

For the year 2023, the Company's net profit is accounted for Baht 75.10 million which decreased for Baht 8.62 million or 10.29 % from 2022 due to a contraction in consumption in the Northeast region, resulting in lower demand for oil in the transportation sector and a decrease in oil distribution volume of Sisaket oil depot is due to the impact of various measures taken by the government to reduce the burden of higher energy costs for people, such as reducing biodiesel blending that is currently more expensive than diesel to reduce diesel prices, together with the fuel fund mechanism to support the latest retail price of diesel. All 3 types of diesel products (B20, B10, B7) be blended with biodiesel at equal rates together temporarily as a result, every product has the same quality and retail price at service stations. Consumer behavior has therefore switched to B7 diesel, which is of higher quality and has a higher price than B20 and B10. Therefore, the advantages of Sisaket Oil depot have decreased, and gas station owners have more options to use other oil depot services. However, the company controls the cost of service according to the plan and deposits some of the remaining cash from normal operations for 3-month with a commercial bank to receive a higher return than the savings interest rate. As a result, the gross profit margin and net profit margin in 2023 are equal to 67.82% and 40.90%, respectively.

Performance 2023

Revenue

In 2023, the proportion of the company's income comes from Khon Kaen Oil Depot 76%, Sisaket Oil Depot 24%, and the amount of diesel fuel distribution 64%, gasoline group 36%. In 2023, there was a total revenue was Baht 178.06 which decrease for Baht 19.00 million or 9.64% compared to 2022 due to a decrease in oil distribution volume. Khon Kaen oil depot decreased in line with the overall economic situation in the northeastern region that contracted, and Sisaket Oil Depot decreased due to the impact of various measures, the government's efforts to reduce the energy cost of living of the people is higher, whether it is reducing the mixture of biodiesel that is currently more expensive than the price of diesel. To reduce the cost of diesel oil, together with the fuel fund mechanism, to support the retail price of diesel to not exceed 30 baht per liter by requiring that all 3 types of diesel products (B20, B10, B7) be blended with biodiesel at equal rates together temporarily as a result, every product has the same quality and retail price at service stations. Consumer behavior has therefore switched to B7 diesel, which is of higher quality and has a higher price than B20 and B10. Therefore, the advantages of Sisaket Oil depot have decreased, and gas station owners have more options to use other oil depot services.

Cost

The cost of rental and services in 2023 was Baht 57.30 million which decrease by Baht 1.94 million or 3.28% from 2022 because most of the company's service costs are fixed costs. which includes Depreciation is 40%, salaries are 34%, utility and security expenses are 14%, and other expenses are 12%, the decrease in cost of service in 2023 was mainly due to decrease in of computers and depot equipment have been fully depreciated and no expenses for retaining walls to prevent soil subsidence and 5-year tank calibration, the same as in 2022.

Gross profit

In 2023, the Company's gross profit is accounted for Baht 120.76 million which decreased for Baht 17.05 million or 12.37 % from 2022, following a decrease in income that contracted according to the overall economy of the Northeastern region, both in and outside the agricultural sector, including shrinking of cassava production affected by cassava mosaic disease and a decrease in sugarcane production at the beginning of the year. As a result, oil consumption in the Northeast has decreased in demand.

Administrative expenses

Administrative expenses were Baht 33.03 million in 2023 which decrease for Baht 1.57 million or 4.54% from 2022, due to in consulting and public relations fees to increase the company's reputation to support the listing on the Stock Exchange of Thailand.

Net Profit

Net profit for 2023 was Baht 75.10 million which decrease for Baht 8.62 million or 10.29% compared to 2022, mainly due to a decrease in oil distribution volume contracted in line with the Northeastern economy and the impact of the government requiring all three types of diesel fuel have the same quality and retail price for all products, the advantage of the Sisaket depot is reduced. However, the company has controlled service costs and administrative expenses to be in accordance with the plan, including an increase in financial income (interest income). In 2023, the company achieved a net profit margin of 40.90%.

Financial position

(Unit : Million Baht)	31 st December 2022	31 st December 2023	Change	
			Million baht	%
Total Assets	862.78	905.38	42.60	4.94
Total Liabilities	18.96	20.67	1.71	9.03
Shareholder's Equity	843.83	884.71	40.89	4.85

Assets

Total assets as at 31 December 2023 amounting to Baht 905.38 million, increase by Baht 42.60 million or 4.94% from 31 December 2022 are mainly from:

- Cash and cash equivalents increase by Baht 66.74 million or 23.97% from cash from operating activities.
- Building and equipment decreased by Baht 22.99 million came from acquisition of office equipment amounting to Baht 0.41 million and recognition of depreciation and amortization amounting to Baht 22.36 million.

Liabilities

Total liabilities as at 31 December 2023 amounting to Baht 20.67 million, increase by Baht 1.71 million or 9.03% from 31 December 2022, mainly due to employee benefit liabilities and the remeasurement of post-employment benefits recognized in the comprehensive income statement.

Shareholder's Equity

Total shareholders' equity on 31 December 2023 was Baht 884.71 million which increased for Baht 40.89 million or 4.85% from 2022, mainly due to an increase in net profit for the year of 2023 in the amount of Baht 75.10 million, loss from remeasurement of employee benefits after income tax amounting to Baht 0.60 million and decrease from dividends paid of Baht 33.62 million.

Key Financial Ratios			
Financial Ratio	31 st December 2021	31 st December 2022	31st December 2023
Gross profit margin (%)	73.82	69.94	67.82
Net Profit Margin (%)	44.06	42.11	40.90
Return on Equity (%)	25.51	13.12	8.69
Current Ratio (Times)	0.85	23.77	25.57
Return on Fixed Assets (%)	24.02	22.05	21.07
Debt to Equity (Times)	0.39	0.02	0.02

Remark: In 2021, service costs and administrative expenses were classified to be in line with 2022, resulting in a change in gross profit margin from previously reported but not affecting net profit margin.

Profitability Ratio

In 2023, the company's gross profit margin and net profit margin decreased from 69.94% in 2022 to 67.82% in 2023, and from 42.11% in 2022 to 40.90% in 2023, respectively. This was mainly due to a decrease in oil distribution volume following the contraction of the northeastern economy. However, the company controls the cost of services, administrative expenses and increased financial income to maintain the net profit margin similar to the previous year.

The Company's return on equity as at 31 December 2023 was 8.69% which decrease compared to 2022 due to a decrease in net profit for the year 2023 and increase in shareholder's equity by paid-up capital and share premium from IPO in February 2022.

Liquidity Ratio

The Company's current ratio in 2021, 2022, and 2023 was 0.85 times, 23.77 times, and 25.57 times, respectively, which increasing continuously. The majority of current assets are cash and cash equivalents and trade accounts receivable. Most of the current liabilities in 2021 are long-term loans due within 1 year. For the year 2022 and 2023, most of the company's current liabilities are trade accounts payable, accrued expenses, and corporate income tax payable.

Operational Efficiency Ratio

Return on fixed assets in 2023 has decreased from 22.05 % in 2022 to 21.07% to the reduction in the net profit of 10.29% in 2023, greater than the decrease in fixed assets from the depreciation. Fixed assets decreased by 4.60% compared to December 31, 2022.

Financial Policy Ratio

Debt to equity ratio of the Company on 31 December 2023 was 0.02 times, which is the same rate as in 2022, as the company did not incur additional debt from financial institutions while retained earnings increased in line with operating profit. As a result, the debt-to-equity ratio remains unchanged.

Please be informed accordingly.

Sincerely Yours,

===**Phattaya Ngowsakul**===

(Ms.Phattaya Ngowsakul)

Chief Financial Officer