

No. PLT/MAI-002/2567

28 February 2024

Subject Management Discussion and Analysis for year ending 31 December 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 year ended December 31, 2023, the details are as follows;

1.Performance Overview

Transactions	2022		2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from services	794.16	100.00%	795.25	100.00%	1.09	0.14%
Cost of services	(650.62)	(81.93%)	(664.25)	(83.53%)	13.63	2.09%
Gross profit	143.54	18.07%	131.00	16.47%	(12.54)	(8.74%)
Revenues from sale	0.49	0.06%	9.25	1.16%	8.76	1,787.76%
Cost of sale	(0.49)	(0.06%)	(8.73)	(1.10%)	8.24	(1,681.63%)
Gross profit	0.00	0.00%	0.52	0.07%	0.52	0.00%
Other income	2.05	0.26%	2.97	0.37%	0.92	44.88%
Profit before expenses	145.59	18.33%	134.49	16.91%	(11.10)	(7.62%)
Distribution costs	0.00	0.00%	(0.48)	(0.06%)	(0.48)	0.00%
Administrative expenses	(48.53)	(6.11%)	(59.72)	(7.51%)	11.19	23.06%
Other expenses	(1.26)	(0.16%)	(1.65)	(0.21%)	0.39	30.95%
Total expenses	(49.79)	(6.27%)	(61.85)	(7.78%)	12.06	24.22%
Profit from operating activities	95.80	12.06%	72.64	9.13%	(23.16)	(24.18%)
Finance income	0.01	0.00%	1.01	0.13%	1.00	10,000.00%
Finance costs	(18.32)	(2.31%)	(17.04)	(2.14%)	(1.28)	(6.99%)
Profit before income tax expense	77.49	9.76%	56.61	7.12%	(20.88)	(26.95%)
Tax expense	(15.28)	(1.92%)	(12.66)	(1.59%)	(2.62)	(17.15%)
Net Profit	62.21	7.83%	43.95	5.53%	(18.26)	(29.35%)

An overview for the year of 2023, the Company and its subsidiary had revenue from service 795.25 million baht which increased 1.09 million baht or 0.14% from the volume of domestic and oversea transportation decreased when compared with the previous year due to the customer's demand decreased. While the average retail price of diesel fuel at the service stations for 2023 decreased slightly from 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 for the first eight-month periods of 2023 and increased since September 2023 which affects to the average of fuel oil price 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. However, the Company had initial expenses and costs which involved a vessel, and new trucks which occurred before earning the revenue in quarter 4 of 2023. It affects a decrease in gross margin of 8.74%. While the net profits decreased 29.35% because of the employee expenses and listing expenses.

2. Revenues from services

As the performance for the year of 2023, the Company and its subsidiary had total service revenue 795.25 million baht which increased by 1.09 million baht or 0.14% from 2022. The revenue from services is as follows.

Type of Revenue	2022		2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Marine service	744.38	93.73%	741.17	93.20%	(3.21)	(0.43%)
Domestic	713.36	89.83%	707.17	88.92%	(6.19)	(0.87%)
• COA ^{1/} Domestic Route	709.22	89.30%	700.97	88.14%	(8.25)	(1.16%)
• Spot ^{2/} Domestic Route	4.14	0.52%	6.20	0.78%	2.06	49.76%
Oversea	31.02	3.91%	34.00	4.28%	2.98	9.61%
• COA Oversea Route	31.02	3.91%	10.01	1.26%	(21.01)	(67.73%)
• Spot Oversea Route	-	-	-	-	-	-
• Time charter ^{3/} Oversea Route	-	-	23.99	3.02%	23.99	100.00%
Motor service	49.78	6.27%	54.09	6.80%	4.31	8.66%
Domestic	46.03	5.80%	54.09	6.80%	8.06	17.51%
Oversea	3.75	0.47%	-	-	(3.75)	(100.00%)
Total revenues from services	794.16	100.00%	795.26	100.00%	1.10	0.14%

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.

^{3/} Time Charter means the hiring of a vessel for a specific period of time

As the performance for 2023, the Company and its subsidiary had revenue from marine service 741.17 million baht, with an decrease of 3.21 million baht, or 0.43% from the previous year, divided into an decrease of 6.19 million baht or 0.87% in domestic transportation, due to the decrease in transportation volume of domestic customers. However, the oversea transportation increased 2.98 million baht or 9.61% due to the Company had the revenue in time charter type increased. Although the volume of oversea transportation in COA type decreased, the overview of the oversea transportation increased.

As the performance for 2023, the Company and its subsidiary had revenue from motor service revenue 54.09 million baht which increased by 4.31 million baht or 8.66% due to the volume of oversea transportation decreased from the partner of oversea customer change to purchase goods with other supplier groups. However, domestic transportation increased 8.06 million baht or 17.51% when compared with the previous year due to the Company had earned the motor revenue from long-term agreement with a major LPG seller of Thailand since December.

3. Cost of services

For 2023, the Company and its subsidiary had total cost of services 664.25 million baht, with an increase of 13.63 million baht or 2.09% from the previous year. The cost of services are details as follows.

The Company and its subsidiary had increased in cost of marine services 4.78 million baht, or 0.79% due to the employee expenses increased 10.63 million baht, or 8.98% because of increasing in number of employees, growth rate of salary rate, bonus payment of 2023, and the repair and maintenance expenses had also increased 5.79 million baht, or 22.12%. However, the depreciation of vessel decreased 9.01 million baht, or 6.51% due to the increment of Dry-Dock in the previous year and the oil price in global market decreased for the first eight-month periods of 2023 and increased since September 2023 which affects to the average of fuel oil price is decreased, therefore the fuel oil price decreased. However, the Company had initial expenses and costs which involved a new vessel.

The cost of motor transportation services had increased 8.85 million baht, or 20.14% the previous year, as the Company had increased of employees for support motor transportation with a major LPG seller of Thailand, the repair and maintenance increased 2.86 million baht, or 76.04% 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 2022 and 2023, the Company and its subsidiary had gross profit of 18.07% and 16.47%, respectively, with a decrease rate of 8.74%. The gross profit of the Company and subsidiary in the marine transportation service had decreased 7.99 million baht, or 5.80%, the main cause came from of the initial expenses and costs which involved a new vessel, and the volume of transportation decreased 2.71%. However, the average retail price of diesel fuel at the domestic service stations in 2023 and 2022 is nearly as the result of freezing the oil price by government. It affected to a decrease 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 11.58%, therefore the gross profits margin decreased in 2023. And the gross profit of the Company and its subsidiary in the motor transportation service had decreased 4.54 million baht, or 77.91%. The cause came from the increase of maintenance, initial expenses involved the new trucks for motor transportation agreements with a major LPG seller of Thailand and employee expenses from increasing of the number of employees and provided the provident fund.

5. Administrative Expenses

For 2023, the administrative expenses of the Company and subsidiary had increased 11.19 million baht or 23.06%. 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, bonus and provided the provident fund and appointed an executive.

6. Finance costs

For 2023, the finance costs of the Company and subsidiary had decreased 1.28 million baht, or 6.99%. 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 new trucks, however total financial costs still decreased.

7. Statement of Financial Position

Unit: Million Baht

Assets	31-Dec-22	31-Dec-23	%	Liabilities and shareholders' equity	31-Dec-22	31-Dec-23	%
Current assets				Current liabilities			
Cash and cash equivalents	26.03	117.31	350.69%	Trade and other current payables	62.67	69.22	10.45%
Trade and other current receivables	85.90	96.33	12.14%	Current portion of long-term borrowings	44.38	69.20	55.92%
Inventories	10.10	11.18	10.66%	Current portion of lease liabilities	45.06	78.64	74.52%
Non-current assets classified as held for sale	7.65	-	(100.00%)	Other current liabilities	3.56	0.85	(76.14%)
Other current financial assets - cash at bank	0.14	0.15	4.33%	Total current liabilities	155.67	217.91	39.98%
Total current assets	129.82	224.97	73.29%	Non-current liabilities			
Non-current assets				Long-term borrowings	66.71	148.35	122.38%
Plant and equipment	665.12	1,168.54	75.69%	Lease liabilities	89.81	149.59	66.56%
Pre-payment for purchase of assets	6.27	3.65	(41.80%)	Deferred tax liabilities	71.37	72.39	1.43%
Other non-current assets	7.31	26.37	260.65%	Other non-current liabilities	13.41	15.09	12.54%
Total non-current assets	678.70	1,198.56	76.60%	Total non-current liabilities	241.30	385.42	59.73%
Total assets	808.52	1,423.53	76.07%	Total liabilities	396.97	603.33	51.98%

Financial Ratio	31-Dec-22	30-Sep-23
Current ratio	0.83	1.03
Debt to Equity ratio	0.96	0.74
Return on assets	7.63%	3.94%
Return on Equity	15.44%	7.14%

Liabilities and shareholders' equity	31-Dec-22	31-Dec-23	%
Total shareholders' equity	411.55	820.19	99.29%
Total liabilities and shareholders' equity	808.52	1,423.53	76.07%

Assets

The Company and subsidiary's total assets had increased 615.01 million baht, or 76.07% from 2022. Total current assets had increased 95.15 million baht or 73.29%, while total non-current assets had increased 519.86 million baht or 76.60%, the mainly causes are as follows:

- Cash and cash equivalents had increased 91.28 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, and the Company paid for purchasing a vessel and the liquefied petroleum gas trucks and tanks.
- 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 503.42 million baht, or 75.69% from 2022 due to the Company purchased the liquefied petroleum gas trucks and tanks for 48 trucks and a new vessel.

- Other non-current assets had increased 19.06 million baht, or 260.65% 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 206.36 million baht, or 51.98% from 2022. Total current liabilities had increased 62.24 million baht or 39.98% and total non-current liabilities had increased 144.12 million baht or 59.73%, the mainly causes are as follows:

- Long-term borrowings had increased 106.46 million baht, mainly from the Company withdrew the loan for purchasing a new vessel.
- Lease liabilities had increased 93.36 million baht, mainly from the Company had hire purchase of the liquefied petroleum gas trucks and tanks for 33 trucks.

Shareholders' Equity

As of 31 December 2023, shareholders' equity of the Company and its subsidiary had increased 408.64 million baht or 99.29% 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 2023, the Company and its subsidiary paid the dividend of 57.60 million baht.

9. Cash Flow Statements

Unit : Million Baht

Transaction	2022	2023
Net cash provided by (used in) operating activities	230.26	200.52
Net cash provided by (used in) investing activities	(78.74)	(508.58)
Net cash provided by (used in) financing activities	(136.95)	400.64
Net increase in cash and cash equivalents	14.57	92.58
Cash and cash equivalents as at the beginning of the year	11.46	26.03
Unrealized loss on exchange rate	-	(1.30)
Cash and cash equivalents as at the end of the year	26.03	117.31

Cash flows from operating activities

For 2023, the Company and its subsidiary had net cash provided by operating activities 200.52 million baht which decreased from operation in 2023.

Cash flows from investing activities

For 2023, the Company and its subsidiary had net cash used in investing activities 508.58 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 2023, the Company and its subsidiary had net cash provided by financing activities 400.64 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 a dividend payment of 57.60 million baht.