

Management Discussion and Analysis

Performance for Quarter 2/2020 and the first half
WICE Logistics Public Company Limited

Performance

Unit : million baht

Statement of financial position	Q2/2020	Q2/2019	Q1/2020	YoY	QoQ
Service revenue	1,036.86	537.80	646.34	92.80%	60.42%
Gross profit	154.15	76.90	114.91	100.46%	34.14%
Other income	1.22	8.39	10.29	-85.48%	-88.16%
Expenses of sales	7.46	9.13	6.89	-18.33%	8.17%
Expenses of management	58.73	69.87	62.69	-15.95%	-6.32%
Expenses of financial	0.36	0.37	3.96	-2.46%	-90.98%
Expenses of tax income	10.03	1.83	6.68	449.70%	50.20%
Net income	78.79	4.09	44.98	1824.15%	75.16%
Profit sharing					
Attributed to the shareholders of the Company	55.27	9.43	30.27	486.24%	82.59%
Attributed to the stakeholders with non-controlling capability in subsidiary companies	23.52	5.33	14.72	541.11%	59.83%

Unit : million baht

Statement of financial position	6 M/ 2020	6 M/ 2019	YoY
Service revenue	1,683.20	1,018.72	65.23%
Gross profit	269.06	153.71	75.04%
Other income	6.83	10.45	-34.65%
Expenses of sales	14.35	17.19	-16.51%
Expenses of management	114.85	125.10	-8.19%
Expenses of financial	6.21	2.66	133.77%
Expenses of tax income	16.71	6.04	176.72%
Net income	23.77	13.18	839.19%
Profit sharing			
Attributed to the shareholders of the Company	85.53	21.08	305.84%

Attributed to the stakeholders with non-controlling capability in subsidiary companies	38.24	7.90	584.22%
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The WICE Group was one of the operators who received a positive impact from the Covid-19 situation and the Work From Home trend, contributing to a significant increase in electronics exports. The increase in demand by air freight, in particular, encouraged the cross-border land transportation (CBS) business to turn a profit on the net loss last year. This contributed to a significant growth in first half results. In addition, the adjustment of air freight has resulted in higher revenues of the company. And the customers of the company are customers in China and are electronic customers. Which the company has benefited from the increased demand from the above situation. For results in the first half of 2020

Performance of Company's revenue for the first half of 2020 was 1,690.03 million baht, an increase of 660.87 million baht or 64.21% of revenue for the same period last year. The increase in income resulted in the net profit for the first half of 2020 equal to 85.53 million baht, an increase of 64.46 million baht or 305.84% of the net profit for the same period last year. This was due to the better operating results of the subsidiaries

Net profit for Q2 / 2020 was 55.27 million baht, compared with Q2 / 2019, an increase of 486.24% and compared to Q1 / 2020, an increase of 82.59%, due to the increase in service income as follows: Service income Q2 / 2020 was 1,036.86 million baht compared to Q2 / 2019, an increase of 92.80% and compared with Q1 / 2020, an increase of 60.42%. Subsidiaries are WICE Logistics (Singapore) Pte. Ltd., WICE Logistics (Hong Kong) Limited and Euroasia Total Logistics (M) Sdn Bhd, which increased incomes in addition to the increased workload from electronic customers. Revenue also increased from the adjustment in freight prices. From higher demand Resulting in even more income for this accounting period

Gross profit in Q2 / 2020 was 154.15 million baht, compared to Q2 / 2019, an increase of 100.46% and compared to Q1 / 2020, an increase of 34.14%, together with lower selling and administrative expenses. The cost of sales for the first half of the year 2020 was 14.35 million baht, a decrease of 16.51% from the same period of the previous year due to the Covid-19 facility, resulting in reduced travel expenses. And administrative expenses for the first half of the year 2020 was 114.85 million baht, decreased from the same period of the previous year, accounting for 8.19% due to the previous year, the retirement financial estimate was recorded from 300 days to 400 days. An additional estimate has been made to expenses in the prior year. The lower selling and administrative expenses also resulted in an increase in net profit for this accounting period.

Performance by segment

Unit : million baht

Service income	Q2 / 2020	Q2 / 2019	change	6M/ 2020	6M/ 2020	change
Sea Freight	140.25	153.45	-8.60%	273.26	334.02	-18.19%
Air Freight	614.36	191.24	221.25%	924.96	366.12	152.64%
Cross Border Service	232.27	123.87	87.51%	365.21	187.35	94.93%
Logistics Management	78.75	85.02	-7.37%	170.47	174.11	-2.09%
Gross profit						
Sea Freight	36.47	43.25	-15.68%	62.21	67.24	-7.48%
Air Freight	66.89	32.25	107.41%	118.42	58.08	103.89%
Cross Border Service	38.36	-2.34	1739.32%	56.22	4.87	1054.41%
Logistics Management	12.42	3.74	232.09%	32.21	23.52	36.95%
Gross profit margin						
Sea Freight	26.00%	28.19%	-2.18%	22.77%	20.13%	2.64%
Air Freight	10.89%	16.86%	-5.98%	12.80%	15.86%	-3.06%
Cross Border Service	16.52%	-1.89%	18.40%	15.39%	2.60%	12.79%
Logistics Management	15.77%	4.40%	11.37%	18.89%	13.51%	5.39%

Revenue from Sea Freight for the first half of the year 2020 was 273.26 million baht, a decrease of 60.76 million baht or 18.19% of the income for the same period in the previous year and in Q2 / 2020, the income was 140.25 million baht, a decrease of 8.60% of the revenue. Yes, for the same period in the previous year Due to the decline in shipping volume of automotive parts and Solar Panel customers, and the customers who use ocean freight services, the revenue from ocean shipping has decreased this year. Gross profit from sea freight For the first half of 2020, it was 62.21 million baht, a decrease of 5.03 million baht, representing 7.48% of the gross profit for the same period last year and in Q2 / 2020, the gross profit from ocean freight was 36.47. Million baht, a decrease of 15.68% of gross profit for the same period last year. Caused by lower income, the gross profit decreased as well.

Revenue from Air Freight for the first half of the year 2020 equal to 924.96 million baht, an increase of 558.84 million baht or 152.64% of the revenue for the same period in the previous year and in Q2 / 2020 the income was 614.36 million baht, an increase of 221.25% of the revenue. Yes, for the same period in the previous year Due to the increasing adaptation of the electronics industry, the company's customers Most of them are electronic customers. There is an increase in the use of air freight services. In addition to the adjustment of freight prices, Air Freight increased in line with higher demand. As a result, the Company's revenue from air freight increased quite high. Gross profit from air freight For the first half of 2020, it was 118.42 million baht, an increase of 60.34 million baht or 103.89% of gross profit for the same period last year and in Q2 /

2020, gross profit from air freight was 66.89. Million baht, an increase of 107.41% from the increased gross profit.

Revenue from Cross Border Service (CBS) for the first half of 2020 was 365.21 million baht, an increase of 177.86 million baht or 94.93% of the revenue for the same period last year and in Q2 / 2020 there was a Revenue was 232.27 million baht, an increase of 87.51% of revenue for the same period last year. This is due to the revenue of Euroasia Total Logistics Co., Ltd. This year, the company has adjusted its sales strategy to be as planned. Gross profit from overland transportation For the first half of the year 2020 was 56.22 million baht, an increase of 51.35 million baht or 1054.41% of gross profit for the same period last year and in Q2 / 2020, gross profit from land transport was equal to 38.36 million baht, an increase of 1739.32% with a relatively high gross profit resulting from efficient return trip cost management In addition, at the beginning of the year, oil prices have declined. Making the company profitable with the gross profit margin for the first half of 2020 was 15.39%, an increase from the same period last year. With a margin of 2.60%

Revenue from Logistics Management For the first half of the year 2020 equal to 170.47 million baht, a decrease of 3.64 million baht or 2.09% of the income for the same period in the previous year and in Q2 / 2020, the income was 78.75 million baht, a decrease of 7.37% of the revenue. Yes, for the same period in the previous year as customers in the automotive parts segment reduced their production capacity, resulting in fewer jobs. And customers in the Solar group have no service work this year. Gross profit from logistics services For the first half of 2020, it was 32.21 million baht, an increase of 8.69 million baht or 36.95% of the gross profit for the same period last year and in Q2 / 2020 there was a gross profit from logistics services. The company had 12.42 million baht, an increase of 232.09%. Since Solar customers had no work, the company had no warehouse rental cost. Thus increasing the gross profit The gross margin for the first half of 2020 was 18.89%, an increase from the same period last year. With a margin of 13.51%

Analysis of financial position

Unit : million baht

Statement of financial	30 Jun 2020	31 DEC 2019	change
Asset	1,717.93	1,573.51	9.18%
Liabilities	886.93	686.91	29.12%
Shareholders 'Equity	831.00	886.60	-6.27%

The Company had total liabilities as of June 30, 2020 and December 31, 2019, equal to 886.93 million baht and 686.91 million baht, respectively, an increase of 200.83 million baht or 29.12% due to the increase in service costs, resulting in increased trade accounts payable. and the company has a list of liabilities under the lease agreement. Coming into the financial statements this year According to the financial reporting standard No. 16, it has resulted in more liabilities in the financial statements. In addition, Euroasia Total Logistics Co.,

Ltd. has expanded its operations, resulting in insufficient working capital in the company. The company to borrow more money. as a result, the debt this year has increased.

Company milestones in the second quarter of 2020

Purchase of additional ordinary shares in a subsidiary

On May 5, 2020, the Company acquired 210,000 ordinary shares of WICE Logistics (Singapore) Pte. Ltd., a Singapore subsidiary, or 30 percent of the registered capital from non-controlling stakeholders. Of SGD 5.4 million or 123 million baht, resulting in the Company's investment portion of the subsidiary from 70% to 100%.

Capital increase of a subsidiary

On June 23, 2020, an extraordinary meeting of the shareholders of Euro Asia Total Logistics Co., Ltd., a subsidiary, passed a resolution approving a capital increase of 30 million baht (3 million ordinary shares). Shares at the par value of 10 baht) from the original registered capital of 70 million baht (7 million common shares at 10 baht per share) to the registered capital of 100 million baht (10 million ordinary shares at par value In this regard, the Company has invested in the said capital increase ordinary shares in the amount of 12 million baht and has already paid for such shares. The subsidiary registered the capital increase with the Ministry of Commerce on 29 June 2020

Management views on trends and strategies in the second half of 2020

The second half of 2020 will see more growth than in the first half of 2020, as more new customers from the Covid-19 epidemic will lead to more electronics customers. And the amount of service usage in the second half of 2020 will be high season, so the rest of the year will continue to grow in the same direction.

In this regard, the Company will recognize 100% of the profit from the acquisition of WICE Logistics (Singapore) Pte. Ltd. shares after the acquisition of 210,000 shares in the second portion of 210,000 shares at a price of SGD 1 per share. 30% of the total paid-up shares of WICE SG by cash payment of S \$ 5,354,375, or approximately 120 million baht, were completed in May, resulting in WICE holding 100% of WICE SG from the original. 70% stake

Financial status of the company Quite strong Therefore has the ability to expand new investments The company aims to expand the logistics service to cover all forms. Both land, sea and air transport meet all customer needs through collaboration with the entire WICE branch network. In times of crisis, customers increasingly turn to cross-border transport services such as together Since it is a transportation service from the factory door to the customer from the source to deliver to the factory door to the end customer, as well as the delivery time to reach the destination faster compared to sea freight. And the company has increased its capital in Euro Asia Total Logistics Co., Ltd. to support the continuous growth in the future.