

Triple i Logistics Public Company Limited
Management Discussion and Analysis for Quarter 1/2022

Management Discussion and Analysis

Outstanding performance with over 45.5% growth resulting in net profit of Baht 112.7 million

The Company's net profit in Quarter 1/2022 was Baht 112.7 million which was equivalent to over 45.5% growth compared to the same period of the previous year. The Company has been able to generate outstanding profits by developing new businesses through investments in various businesses related to logistics business. In addition, investments in the last year began to recognize revenues and investments in the year before continuously generate good results. Overall, core businesses continue to grow and can generate good profits in terms of revenue and profit growth. This is in line with growth in the country's export and import.

Summary of Operating Performance in Quarter 1/2022

Unit : Million Baht	Quarter 1/2021	Quarter 1/2022	% change + / (-)
Total revenues	633.1	744.8	17.6%
Gross profit	116.8	120.1	2.8%
Gross profit margin (%)	18.5%	16.1%	(2.3%)
Other income	4.1	9.8	137.7%
Selling expenses	18.9	12.0	(36.6%)
Administrative expenses	63.3	68.7	8.5%
(Loss) gain on exchange rates - net	(0.0)	(1.0)	n.m.
Finance costs	7.0	8.7	23.8%
Share of profits from investments in associates and joint ventures	53.4	82.5	54.5%
Profit attributable to owners of the company	77.5	112.7	45.5%
Net profit margin (%)	12.2%	15.1%	2.9%

The Company's total revenues in Quarter 1/2022 was Baht 744.8 million, an increase by 17.6% compared to the same quarter of the previous year. The increase was mainly due to growth in revenues from logistics management, particularly air and sea freight.

The Company's gross profit in Quarter 1/2022 was Baht 120.1 million, an increase by 2.8% compared to the same quarter of the previous year. Gross profit margin was 16.1%.

The Company was able to control and maintain selling and administrative expenses at similar levels in the same quarter of the previous year.

Share of profits from investment in associates and joint ventures in Quarter 1/2022 was Baht 82.5 million or a 54.5% growth compared to the same quarter of the previous year. In this quarter, the Company recognized share of profit from investment in Asia GSA (M) Sdn. Bhd. Group in the proportion of 20% shareholding in Asia Network International Co., Ltd., which has generated good returns. In addition, operating performance of AOT Ground Aviation Services Co., Ltd. of which the Company invested through SAL Group (Thailand) Co., Ltd. was able to return to profit this quarter.

The Company's net profit in Quarter 1/2022 was Baht 112.7 million, an increase by 45.5% compared to the same quarter of the previous year as the Company was able to maintain the level of profitability in the core businesses and generate outstanding results from investments in related businesses, both domestically and internationally.

Financial Position Analysis

Unit : Million Baht

Statement of Financial Position	31 December 2021	31 March 2022	Increase (Decrease)	%
Total assets	2,946.5	3,151.2	204.7	6.9%
Total liabilities	1,204.8	1,296.0	91.3	7.6%
Shareholders' equity	1,741.7	1,855.2	113.4	6.5%

Total assets

As of 31 March 2022, the Company's total assets was Baht 3,151.2 million, an increase from that as of 31 December 2021 by Baht 204.7 million. This was mainly due to increase in investments in joint ventures, namely Asia Network International Co., Ltd. (ANI). Majority of the Company's assets consisted of cash, trade receivables, and investments in businesses related to logistics business, both domestically and internationally.

Total liabilities

As of 31 March 2022, the Company's total liabilities was Baht 1,296.0 million, an increase from that as of 31 December 2021 by Baht 91.3 million due to increase in loans from financial institutions, including short-term loans in the amount of Baht 120.0 million and long-term loans in the amount of Baht 531.8 million. However, the Company still has strong financial ratios with a debt to equity ratio of 0.70 times and an interest-bearing debt to equity ratio of 0.48 times.

Shareholders' equity

As of 31 March 2022, the Company's shareholders' equity was Baht 1,855.2 million, an increase from that as of 31 December 2021 by Baht 113.4 million in line with operating performance in Quarter 1/2022.

Significant Development in Quarter 1/2022

Dividend payment in the year 2022

- The Board of Directors' Meeting No. 1/2022 held on 22 February 2022 and the 2022 Annual General Meeting of Shareholders held on 19 April 2022 resolved to approve additional annual dividend payment for the year 2021 to shareholders at Baht 0.30 per share, totaling Baht 186,212,992.50. The date of determining list of shareholders entitled to dividend shall be on 27 April 2022 and the dividend payment date shall be on 17 May 2022. The Company had made interim dividend payment from operating results during 1 January 2021 to 30 June 2021 in the amount of Baht 0.10 per share, totaling Baht 60,940,777.50. Such interim dividend was paid on 21 October 2021.

Management's Viewpoints on Trend and Strategy for Quarter 2/2022

As the Covid-19 pandemic situation is likely to improve, many countries around the world have begun to relax restrictions on international travel with many European countries lowering their domestic control measures. Accordingly, many Asian countries, such as, South Korea, Singapore, Malaysia, Philippines, and Thailand have also begun to relax their respective COVID-19 restrictions as well. Therefore, it is expected that the number of international passenger flights and international tourists will continue to increase, resulting in the additional air cargo capacity for the Company to serve its customers.

The demand for imports to and exports from Thailand is expected to increase in Q2/2022 as the market approaches the beginning of high-seasonal demand for international freight services. In particular, industries that are not affected by the Russia-Ukraine conflicts and the rising oil prices will have good opportunities for growth.

Business Plans of Core Business Units

The situation of air freight service tends to improve as airlines around the world gradually resume services in Quarter 2/2022, starting from Europe which has been opened to visitors since Quarter 1/2022. Some countries in Asia began to relax their restrictions such as South Korea, Singapore, Malaysia, Philippines, and Thailand. Other countries should begin to relax their restrictions as well. This will benefit air freight service

and passenger-related services, including ground handling and passenger services and air freight service. The Company will have additional cargo from airlines which the Company represents and other leading airlines, to serve its customers, resulting in the Company's Cargo Terminal business to also experience increase in cargo volumes.

The Company's business plans of core business units are as follows:

- The Company has expanded its services to local rail transport. The trial service began at the end of 2021 and will start providing official services with a fixed schedule in Quarter 2/2022, starting from services on Lat Krabang-Ratchaburi route, 3 times a week. The Company has a plan to expand the services to other potential routes such as Southern and Northeastern Thailand etc.
- It is expected that international freight forwarding business will continue to grow from Quarter 1/2022 for both sea and air freight services. The Company will focus on expanding its customer base in industries that are not affected by the Russia-Ukraine conflict such as food, fruit, medicine, and pharmaceutical products. In this regard, the Company expects that demand for international freight forwarding service will increase at the end of Quarter 2/2022 due to high season.
- The Company still focuses on warehouse utilization after the warehouse space has been expanded by an additional 3,000 square meters to support new customers according to the Company's plan to expand its customer base.
- The Company has prepared to develop a new business, namely integrated logistics services for pharmaceutical industry. In March 2022, the Company was appointed by Marken Time Critical Express Limited, a leading global pharmaceutical logistics service provider as a sales representative for medicine and medical supplies logistics service in Thailand.

Business Plan of Business Development Unit

The Company has cooperated with partners to expand its investments in the year 2022:

- The Company has entered into cooperation with Sitthi Logistics Laos Co., Ltd. ("Sitthi") to jointly develop international rail transport business. It is expected to start international rail transport service in the second half of the year 2022.
- The Company has completed the restructuring of shareholding in air freight business unit whereby Asia Network International Co., Ltd. (ANI) group acquired a 20% shareholding in Asia GSA (M) Snd. Bhd. in January 2022, making ANI a regional freight service provider, covering Thailand, Vietnam, Hong Kong, Singapore, Malaysia, Myanmar and Cambodia,

which is an international production and distribution base. The next plan is to raise funds in the Stock Exchange of Thailand to be used for expanding the business and become a group of regional air freight service providers in the future.

- Due to the policy of opening to visitors and relaxing measures to control the pandemic by many countries around the world and Thailand, particularly following the opening of warehouse service at Phuket Airport, it is expected that Phuket Airport will generate additional revenues throughout the year. There will be a positive impact on aircraft and passenger service business provided by the Company through AOT Ground Aviation Services Co., Ltd. ("AOTGA") and AOTGA will be able to continuously generate additional profits to the Company.
- The Company has cooperated with Sabuy Technology Public Company Limited (SABUY) to expand A.T.P. Friend Service Co., Ltd. (Shipsmile) to generate ongoing operating performance. In addition, the Company has cooperated with Kerry and added other services in addition to being a point of delivery of parcels, including selling transport insurance, life insurance, and accident insurance, renewal of compulsory motor insurance, and payment services for water, electricity, and telephone bills. At present, there are more than 5,600 franchised branches. In addition, the Board of Directors' Meeting No. 3/2022 held on 10 May 2022 resolved to approve the restructuring of shareholding in Shipsmile by disposing the Company's 43% shares in Shipsmile to SABUY Speed Co, Ltd. (SBS) with the total consideration value of 180.60 million Baht. After the said restructuring, the Company will hold 18% of the total shares in SBS. SBS will operate parcel delivery points and other related services in order to become a full-service provider and the number one in the industry. Currently, SBS group, including Shipsmile, have expanded to more than 12,000 branches.

Yours sincerely,

Triple i Logistics Public Company Limited

Mr. Tipp Dalal
Chief Executive Officer