

Triple i Logistics Public Company Limited  
Management Discussion and Analysis for Quarter 2/2022

## Management Discussion and Analysis

### A new-high net profit of Baht 119.1 million again in Quarter 2/2022

The Company's net profit in Quarter 2/2022 was Baht 119.1 million, which was equivalent to over 39.0% growth compared to the same period of the previous year. The Company was able to generate outstanding profits, although there were unfavorable factors for international trade in the past Quarter 2/2022, including world economic recession, different countermeasure for the pandemic situation in each country, such as China's lockdown measures that directly affected businesses. Nevertheless, the Company's business strategy in being a truly integrated logistics service provider with expertise in 4 core units, a diversification of dependency on any one business along with new business development by investing in various businesses related to logistics has been able to continuously generate good results according to the strategy of creating new sources of income. Consequently, the operating performance in Q2/2022 has continued to grow. However, in Quarter 2/2022, the Company was affected by the provision of account receivables of over Baht 16 million from an airline. Overall, the core businesses were still growing and very profitable in terms of both revenue and profit growth.

### Summary of Operating Performance in Quarter 2/2022

Unit : Million Baht	Quarter	Quarter	% change	Quarter	Quarter	% change
	2/2021	2/2022	+ / (-)	1/2022	2/2022	+ / (-)
Total revenues	641.5	721.8	12.5%	744.8	721.8	(3.1%)
Gross profit	137.4	144.7	5.3%	120.1	144.7	20.5%
Gross profit margin (%)	21.4%	20.0%	(1.4%)	16.1%	20.0%	3.9%
Other income	2.1	20.2	871.6%	9.8	20.2	106.3%
Selling expenses	19.8	16.0	(19.0%)	12.0	16.0	33.9%
Administrative expenses	67.9	80.0	17.8%	68.7	80.0	16.4%
Gain (loss) on exchange rates						
- net	0.3	5.2	n.m.	(1.0)	5.2	n.m.
Finance costs	7.4	8.9	18.9%	8.7	8.9	2.0%
Share of profits from						
investments in associates and						
joint ventures	46.6	70.2	50.5%	82.5	70.2	(14.9%)
Income tax	5.6	16.3	191.1%	9.3	16.3	74.9%

Unit : Million Baht	Quarter	Quarter	% change	Quarter	Quarter	% change
	2/2021	2/2022	+ / (-)	1/2022	2/2022	+ / (-)
Profit attributable to owners of the company	85.7	119.1	39.0%	112.7	119.1	5.7%
<b>Net profit margin (%)</b>	13.4%	16.5%	3.1%	15.1%	16.5%	1.4%

The Company's total revenues in Quarter 2/2022 was Baht 721.8 million, an increase by 12.5% compared to the same period of the previous year and a slight decrease by 3.1% compared to the same quarter of the previous year. The increase in revenues was mainly from the logistics management business, which was benefited from growing demand for shipping and increasing service volume. Meanwhile, the air freight business declined compared to the same period of the previous year and the previous quarter due to decrease in the volume of charter flight service after relaxation of the Covid-19 situation.

The gross profit of the group in Quarter 2/2022 was Baht 144.7 million, an increase from the same quarter of the previous year and the previous quarter by 5.3% and 20.5% respectively. The increase in gross profit corresponded to the increase in revenues, particularly the logistics business unit which operates as a freight forwarder.

The selling and administrative expenses increased in line with the business expansion. However, the Company has set aside provision for bad debts and doubtful accounts of Baht 16.3 million in Quarter 2/2022 from a debtor which is an airline and is in the process of filing a petition for business rehabilitation.

Share of profits from investment in associates and joint ventures in Quarter 2/2022 was Baht 70.2 million. Asia Network International Group and DG Packaging Pte. Ltd. continued to generate good returns. In addition, ECU Worldwide (Thailand) Co., Ltd. of the sea freight business unit had benefited from increase in sea freight.

In Quarter 2/2022, the Company sold A.T.P. Friend Service Co., Ltd. (Shipsmile) to Sabuy Speed Co., Ltd. The net profit after deducting related expenses from the sale of such investment amounted to Baht 10.5 million.

The Company's net profit in Quarter 2/2022 was Baht 119.1 million, an increase by 39.0% compared to the same quarter of the previous year and continued to grow by 5.7% from growth in the core businesses and continuing returns from share of profits from investments in associates and joint ventures.

## Operating performance in the first 6-month of 2022

Unit : Million Baht	6-month of 2021	6-month of 2022	change	% change + / (-)
Revenues from sales and services	1,274.6	1,466.5	191.9	15.1%
Costs of sales and services	1,020.3	1,201.8	181.5	17.8%
Gross profit	254.2	264.7	10.5	4.1%
Gross profit margin	19.9%	18.1%		(1.9%)
Other income	6.2	30.0	23.8	383.9%
Selling expenses	38.6	28.0	(10.6)	(27.6%)
Administrative expenses	131.2	148.7	17.5	13.3%
Other gains (losses), net	0.3	4.2	3.9	n.m.
Finance costs	14.5	17.5	3.1	21.3%
Share of profits from investments in associates and joint ventures	100.0	152.7	52.7	52.7%
Income tax	13.3	25.6	12.3	92.7%
Net profit for the period	163.2	231.9	68.7	42.1%
<b>Net profit margin</b>	<b>12.8%</b>	<b>15.8%</b>		<b>3.0%</b>

In respect of the first 6-month of 2022, the Company had total revenue of Baht 1,466.5 million, an increase of 15.1% from the same period of the previous year. This was mainly due to the growth of revenue in the logistics management group, particularly air and sea freight services. The gross profit for the period was Baht 264.7 million, a slight increase by 4.1%.

In terms of selling and administrative expenses, the Company was able to control expenses at a level similar to the same period of the previous year. The selling expenses decreased as a result of reduction in expenses of the air freight business unit. The expenses of air freight business unit had been managed in accordance with the provision of services. While the administrative expenses increased as a result of the provision for bad debts and doubtful accounts of an airline in the amount of Baht 16.3 million since the airline as the Company's debtor was in the process of filing a business rehabilitation petition.

Share of profits from investment in associates and joint ventures in the first 6-month of 2022 was Baht 152.7 million, an increase by over 52.7% from growth in ANI's earnings, additional acquisition by ANI in Asia GSA (M), and returns from AOT Ground Aviation Services Co., Ltd. (AOTGA) invested by the Company through SAL Group (Thailand) Co., Ltd. Such investment generated loss in the same period of the previous year, while the first 6-month of this year, it provided share of profits of more than Baht 4.35 million.

The Company's net profit in the first half of 2022 was Baht 231.9 million, a 42.1% increase from the same period of the previous year. This was due to the Company's ability to maintaining the level of profitability in the core businesses and generated outstanding results from investments in related businesses, both domestically and internationally.

## Financial Position Analysis

Unit : Million Baht

Statement of Financial Position	31 March 2022	30 June 2022	Increase (Decrease)	%
Total assets	3,151.2	3,223.0	71.8	2.3%
Total liabilities	1,296.0	1,306.6	10.6	0.8%
Shareholders' equity	1,855.2	1,916.4	61.1	3.3%

### Total assets

The Company's total assets as of 30 June 2022 was Baht 3,223.0 million, an increase from the total assets as of 31 March 2022 by Baht 71.8 million, in line with the increase in operating results.

### Total liabilities

The Company's total liabilities as of 30 June 2022 was Baht 1,306.6 million, a slight increase from the total liabilities as of 31 March 2022. However, the Company still had strong financial ratios with a debt-to-equity ratio of 0.68 times and an interest-bearing debt to equity ratio of 0.48 times.

### Shareholders' equity

The Company's shareholders' equity as of 30 June 2022 was Baht 1,916.4 million, an increase from the shareholders' equity as of 31 March 2022 by Baht 61.1 million in line with the operating results in Q2/2022 and the dividend payment in May 2022.

## Significant Development in Quarter 2/2022

### 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.

#### Sale of shares in A.T.P. Friend Service Co., Ltd. (Shipsmile)

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- The Company sold 43% of shares in Shipsmile to Sabuy Speed Co., Ltd. with the total consideration of Baht 180.6 million. The Company received cash in the amount of 18 million and 18% shareholding in SBS as considerations. After the transaction, the Company has 18% shareholding in SBS, which holds shares in parcel delivery point business and other services. SBS currently has more than 14,500 branches.

#### Management's Viewpoints on Trend and Strategy for Quarter 3/2022

The Company expects that the trend of imports and exports of goods in Q3/2022 will increase due to the beginning of the high season, resulting in increased demand for international logistics and related logistics services. The Trade Policy and Strategy Office, the Ministry of Commerce estimated that Thai exports in the second half of the year will continue to expand due to supporting economic factors such as increasing demand for agricultural products and food in the world's market and growth in exports of industrial products in line with the expansion of the world's manufacturing sector. But there may be a risk of a slowdown in consumption caused by rising global inflation, which may affect the purchasing power of consumers abroad. However, the Company is confident that it would continue to grow and be able to achieve the target operating results in 2022 due to satisfactory performance in the first half of the year and the management of business operations according to the strategic plan of being a truly integrated logistics service provider, including maintaining the competitiveness of the 4 core businesses, which is a risk diversification to reduce dependence on a particular business, and expanding the business and adding new sources of income to expand the logistics-related business to cover logistics needs in all dimensions, which is a sustainable growth plan under the concept of "Logistics and Beyond."

#### Business Plan of Core Business Units

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The Company continues to focus on expanding its customer base by adding key accounts, providing efficient cost management services, and studying new business models with potential to expand from the existing business. The Company has the following operational plans for its core business units:

#### 1. Air freight business

- In respect of overview of the air freight business, airlines will increase the number of flights in the high season. Therefore, there will be additional cargo space to support customers' demand.
- Expansion of customer base who is interested in using express cargo services at Don Mueang Airport. The service has been started since end of Q2/2022 and revenues will be recognized in Q3/2022.
- The Company has added cross border cargo service in the form of 'Truck to Air' from ASEAN countries for exporting goods to routes in Europe and the USA.

#### 2. Sea freight and inland transport business

- In respect of overview of the sea freight and inland transport business, there will be an increase in freight volume due to the entry of high season.
- In Q2/2022, the Company has started to provide local rail transport services on the Lad Krabang Station - Sako Station (Ratchaburi) route. The Company expects to add additional rail services in Q3/2022 after completion of construction of additional railways at Hua Takhe Station.

#### 3. Logistics management business

- In respect of overview of the international freight forwarding business in the second half of the year entering the high season, the container shortage situation has begun to ease. As a result, the volume of international shipments tends to increase. This will benefit businesses that provide integrated logistics services from upstream to downstream and reduce the impact of downward trend of freight rate.
- In respect of warehousing and distribution business, there is an expansion of project for key account customers. In addition, the Company aims to expand its customer base to increase utilization rate and activities for warehouse services.

#### 4. Dangerous goods and chemical logistics business

- In respect of dangerous goods warehouse service, the Company has been able to maintain a satisfactory utilization rate. Therefore, there is a plan to increase the warehouse area by

2,000 square meters to accommodate new customers. It is expected that the new warehouse area will be in service at the end of Q3/2022.

- The Company has conducted a study on build-to-suit warehouse for dangerous goods to increase efficiency of management which will result in cost reduction and increase in warehouse activities.
- In Q4/2022, DGP will start providing packaging distribution service online as another channel to provide convenience for its customers.

### Business Plan of Business Development

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The past joint investments with business partners have been providing satisfactory returns. The Company also has plans to expand the business with partners to develop new business models and services in addition to the existing services provided by the Company in order to become a leading logistics service provider in the region:

- The plan to list ANI, a regional airline cargo sales representative, on the Stock Exchange of Thailand is still proceeding as planned. As for the performance of ANI, the group can still generate profits as targeted. In the first half of 2022, revenue from services was over Baht 2,759 million and net profit was more than Baht 245 million in accordance with the targets. The total volume of air freight services by the group has exceeded 120,000 tons in the past six months. However, due to China's strict entry and exit measures, passenger flights of various airlines are unable to resume normal services. This is a good opportunity for ANI's cargo flight service, which still generates satisfactory returns.
- After the country's open-border policy and opening of warehouse services at Phuket Airport, there is a good opportunity for AOT Ground Aviation Services Co., Ltd. ("AOTGA"), a provider of airport ground handling and passenger services, to generate income from activities provided by AOTGA in Phuket Airport, particularly during the second half of the year, which is the high season for the tourism industry. In addition to warehouse services, AOTGA expands other services in the airport. It has recently started cleaning services at 6 airports under AOT's supervision, namely Suvarnabhumi Airport, Don Mueang Airport, Phuket Airport, Chiang Mai Airport, Chiang Rai Airport, and Hat Yai Airport. After the easing of Covid-19 situation, more flights have been using AOTGA's services. As a result, during the first 6-month of 2022, AOTGA has been able to generate profits of more than Baht 43 million.

- After the restructuring of shareholding in Shipsmile to hold shares in Sabuy Speed Co., Ltd. (SBS) in the proportion of 18%, which is a holding company invested in the parcel delivery service business and other businesses as full services. Currently, SBS has a total of 14,500 service branches.

Yours sincerely,

Triple i Logistics Public Company Limited

(Mr. Tipp Dalal)

Chief Executive Officer