

15 August 2022

Subject: Management Discussion and Analysis (MD&A) for the 2<sup>nd</sup> Quarter and 6-months period ended 30<sup>th</sup> Jun 2022

Attention to: The President of Stock Exchange of Thailand

LEO Global Logistics Public Company Limited (the "Company") and its subsidiaries are pleased to inform its operation performance for the 2<sup>nd</sup> Quarter and 6-months period of 2022 ended 30<sup>th</sup> Jun 2022 as the following details;

**Highlight: The performance for Q2/2022 was continuously strong grown in all aspects such as Gross profit and Net profit. These growths were consecutively new high record during the past 6 quarters. The total revenues were 1,335.1 MB and increased 139% when compared to the same period of last year which was 559.6 MB and for 6 months period of 2022, revenue was 2,986.6 MB increased 189%. Net profit (for owners of the parent) increased 134% from the same period of last year and for 6 Months period compared between 2022 and 2021, Net profit (for owners of the parent) was 99.8 MB increased 172%.**

The Company believes to maintain its revenue and profit growth continuously in Q3/22 and Q4/22 because normally Thailand's exports and imports in 2nd half of the year will higher than the 1st half because of the export season to sell products during Christmas and New Year around the world. In addition, over the years during Q3 and Q4 it will be more exports from the Global Shopping Sales Festival of the eCommerce Platform starting with Amazon's Prime Day in July and followed by the 9/9, 10/10, 11/11 festivals of the eCommerce Platform in China, the company is confident that it will be able to generate more 30-35 % of revenue and profit in 2022 as the target set at the beginning of the year.

#### Summary of Financial Performance

Unit : Million Baht (MB)	2022	2022	2021	% Change		2022	2021	%
	Q2	Q1	Q2	Q-o-Q	Y-o-Y	6 Months	6 Months	Change
Revenues-Service and Other income	1,335.1	1,651.6	559.6	-19%	139%	2,986.6	1,033.5	189%
Gross Profit (GP)	269.5	255.3	150.4	6%	79%	524.9	260.6	101%
Gross Profit Margin (%)	20%	15%	27%			18%	25%	
Net Profit (NP)	99.5	90.8	42.7	10%	133%	190.4	69.8	173%
Net Profit (NP) : Owners of the parent	99.8	89.9	42.7	11%	134%	189.8	69.7	172%
Net Profit Margin (%)	7.5%	5.5%	7.6%			6.4%	6.7%	

In Q2/2022, The Company's total revenues were 1,335.1 MB decreased 316.5 MB or 19% from Q1/2022 but the Company's has gotten much higher in gross profit and when compared to Q2/2021 increased 775.5 MB or 139%. For 6 months period comparison between 2022 (1H/2022) and 2021 (1H/2021), the total revenues increased 1,953.1 MB or 189 %.

The Company's gross profit in Q2/2022 was 269.5 MB increased by 14.2 MB or 6% from Q1/2022 and increased 119.1 MB or 79% from Q2/2021. For 6 months period, the gross profit in 1H/2022 increased 264.3 MB or 101% higher than 1H/2021. Gross profit margin ratio in Q2/2022 was 20% which more than Q1/2022 as was 15%.

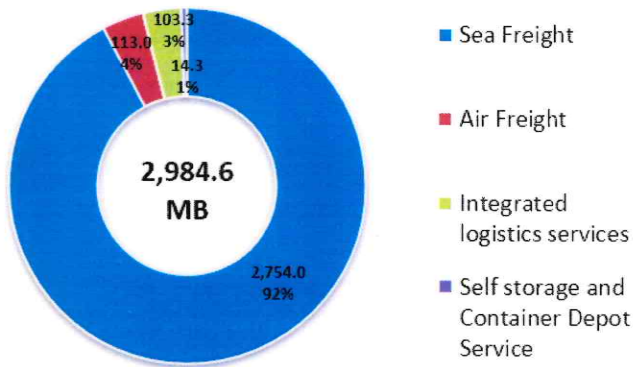
For net profit in Q2/2022 was 99.5 MB. increased 8.7 MB or 10% from Q1/2022 when compared to Q2/2021 increased 56.8 MB or 133%. For 6 months period, the net profit in 1H/2022 was 190.4 MB increased 120 MB or 173%. Net Profit (Owners of the parent) in Q2/2022 was 99.8 MB and for 1H/2022 was 189.8 MB increased 134% and 172% respectively when compared to the same period of last year.

Net Profit (Owners of the parent) in 1H/2022 almost to be the same amount of Net Profit (Owners of the parent) for the whole year of 2021 which was 198.8 MB or Net Profit (Owners of the parent) in 1H/2022 was about 95% of the whole year 2021.

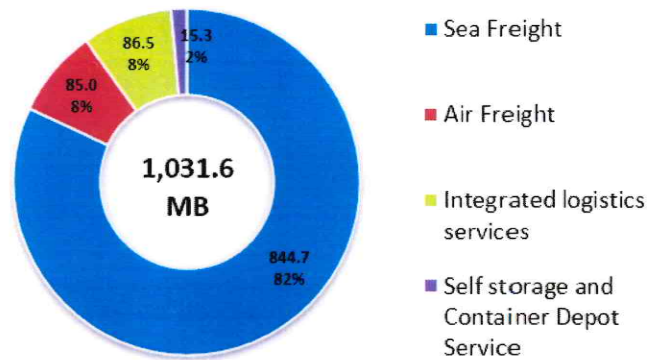
### Service income and portion by segment

Segment	Revenue (MB)	Portion %	Revenue (MB)	Portion %	%
	2022 (Jan-Jun)	Total Revenue	2021 (Jan-Jun)	Total Revenue	Growth
1. Sea Freight	2,754.0	92%	844.7	82%	226%
2. Air Freight	113.0	4%	85.0	8%	33%
3. Integrated logistics services	103.3	3%	86.5	8%	19%
4. Self storage and Container Depot Service	14.3	1%	15.3	2%	-7%
<b>Total</b>	<b>2,984.6</b>	<b>100%</b>	<b>1,031.6</b>	<b>100%</b>	<b>189%</b>

### Revenue (MB)-Year 2022 (Jan-Jun)



### Revenue (MB)-Year 2021 (Jan-Jun)



For the first 6 months of 2022 (1H/2022), the service income was 2,984.6 MB. which comprised with 4 segments of business unit as the following detail.

- 1) Sea Freight service:** the company's revenues from sea freight was 2,754.0 MB. or 92% of total service income.
- 2) Air Freight Services:** the company's revenues from air freight was 113.0 MB. or 4% of total service income.
- 3) Integrated Logistics Services:** the income from these services including local transportation, custom clearance service and others were 103.3 MB. or equivalent to 3% of total service income.
- 4) Self Storage and Container Depot Services :** the income from these services including rental space services , container depot and container repair service the Company's income from these services were 14.3 MB. or about 1% of total service income.

### Performance Analysis

#### 1.Sea Freight Service

In Q2/2022, the income decreased by 22% when compared to Q1/2022 due to the freight rate began decline. and increased 165% when compared to Q2/2020. For 6 months period compared between 2022 and 2021, in 1H/2022 revenue increased 226% from 1H/2021 because of the higher freight rate since 2020 and continued increasing in volume of serviced containers.

#### 2.Air Freight Service

In Q2/2022, the income increased 11% when compared to Q1/2022 and increased 16% when compared to Q2/2021. For 6 months period when compared between 2022 and 2021, in 1H/2022 revenue increased 33% from 1H/2021 because of the Air Freight transportation has been continuous recovered.

#### 3.Integrated Logistics Services

##### 3.1Transportation Services

Income in Q2/2022 increased 25% from Q1/2022 and increased 34% from Q2/2021. For 6 months period, in 2022 revenue increased 10% when compared to 2021 according to the higher transportation rate and the growth of international transportation by both sea and air.



### 3.2 Customs Clearance & other Services

The income from customs clearance and other services in Q2/2022 was increased 26% from Q1/2022 and increased 35% compared to Q2/2021. For 6 months period, in 1H/2022 increased 41 % when compared to 1H/2021 which corresponds to the increase in the volume of import and export.

### 4. Self Storage and Container Depot Services

For businesses in this group, the total revenue in Q2/22 was 6.1 MB decreased 26% from Q1/22 and decreased 19% from Q2/21 when comparing 1H/2022 which was 14.3 MB to 1H/2021 which was equal to 15.3 MB, it will be reduced by 7% due to the income from Self-Storage continues to grow but the container depot business declined as the following details:

**4.1 Income from Self storage service** in Q2/2022 was increased 16% when compared to Q1/2022 and increased 31% compared to Q2/2021. For 6 months period, in 1H/2022 increased by 22% from 1H/2021 because Covid-19 situation began to ease compared to the same period last year, the customers in the SME segment who use the facility to store their stock and customers who bring their personal items to store for home repairs or decoration back to use the service more and more and new branch of Self-Storage Project #2 was opened in this quarter.

**4.2 Income from container depot** in Q2/2022 was 37% decreased from Q1/2022 and decreased 32% from Q2/2021. For 6 months period, when compared between 1H/2022 and 1H/2021 the income decreased 14% because the demand of containers was still high, so the containers send to the yard were lower than normal and the repairing cost which was the revenue of the container depot also lower. The containers must be returned for circulation as customers' need.

### Other income

Mainly income from dividend, other income which has been increase as the following.

Other income	2022 (Jan-Jun)	2021 (Jan-Jun)	% Change
1.Dividend	612,500	525,000	17%
2.Interest Income	534,161	714,282	-25%
3.Profit from short-term investments	70,940	300,776	-76%
4.Income from rental/service	112,221	232,862	-52%
5.Other income	677,500	141,413	379%
<b>Total</b>	<b>2,007,322</b>	<b>1,914,333</b>	<b>5%</b>

### Selling and Administrative expenses

The selling and administrative expenses (SG&A) for Q2/ 2022 was similar when compared to Q1/2022 and increased 22% from Q2/ 2021. For 6 months period, SG&A was increased 47 % from the same period of 2021 due to the additional payment of the following items such as sales incentive for the ones who achieved or over their target which enabled the company to achieve a sales growth target of 189%. Because of the higher sales and workloads, the company therefore needs to increase manpower to support increased workloads and maintain the level of quality of service to customers, in addition yearly salary adjustment, employee development and expenses for business expansion according to the company's investment plan. Although SG&A in 1H/2022 is higher than 1H/2021, but when comparing the SG&A to gross margin ratio, the ratio is lower.

### Financial Cost

The Company's financial cost in Q2/2022 was decreased from Q1/2022, because of lower demand for short-term loans from financial institutions but increased by 147% when compared to Q2/2021. For 6 months period when compared between 2022 and 2021, in 1H/2022 increased 167% from 1H/2021 due to the interest payment for increasing working capital from the higher freight rate.

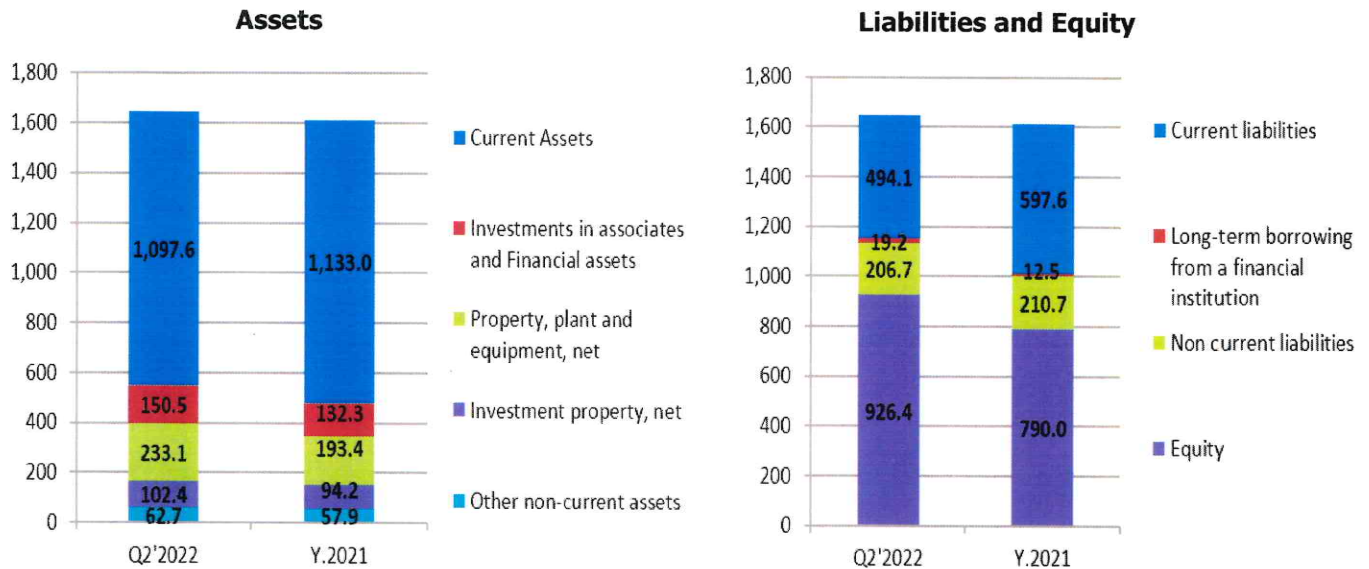
### Net Profit

Net profit in Q2/2022 was 99.5 MB. which was 8.7 MB. more than Q1/2022 or increased 10% and increased by 133 % from Q2/2021. The net profit in 1H/2022 was 173% more than 1H/2021. The Company focus on strategic management by adjusting the marketing and sales plans to suit the changing situations under lack of containers supply and freight rates changing all the time, the Company could achieve to generate more revenue, the volume of serviced shipments, gross profit and net profit.

## Financial Analysis

Unit: Million

Baht



### Assets

As 30<sup>th</sup> Jun 2022, the Company had total assets amount 1,646.3 MB increased 35.5 MB from 31<sup>st</sup> December 2021. The total current assets decreased net 35.4 MB, Cash and cash equivalent increased 25.8 MB, Short-term investment decreased 40.0 MB, Trade and other receivables decreased 22.3 MB, Other current assets increased 1.1 MB and Non-current assets were net increased 70.9 MB as details below.

- Investments in associated companies and long-term financial assets increased 18.2 MB. from investments in associated companies decreased net 1.4 MB from dividend payment and profit sharing, investment in the new company amount 15.0 MB and 4.6 MB from re-valuation of the financial assets measured at fair value through other comprehensive income.

- Property and equipment-net, increased 39.8 MB from YJCD Project #2 amount 31.8 MB, building renovated cost 6.0 MB, and new computer equipment 1.88 MB.

- Investment property-net, increased 8.2 MB from Self-Storage Project #2.

- Other non-current assets net increased 4.8 MB from intangible assets 2.5 MB for new program software, Deferred tax assets 1.2 MB from re-valuation of the financial assets and other non-current assets increased 1.1 MB.

### Liabilities

The Company has the total liabilities as of 30<sup>th</sup> Jun 2022 amount 719.9 MB decreased 100.8 MB from 31<sup>st</sup> December 2021 as the main items below.

- Bank overdrafts and short-term loans from financial institutions decreased 141.6 MB

- Account payable increased 35.6 MB.

- Derivative liability increased 4.5 MB.

- Corporate income tax payable increased 8.5 MB.

- Other current liabilities decreased 16.8 MB mainly from deposit returned to customer 12.3 MB and VAT and withholding tax payment 4.0 MB.

- Other non-current liabilities increased 9.0 MB from Long-term loans from financial institutions mainly for Self-Storage 2 project increased net 12.4 MB, employee benefit obligations increased 1.7 MB and liabilities under finance lease contracts decreased 5.1 MB.

### Equity

Total equity as of 30<sup>th</sup> Jun 2022 was 926.4 MB increased 136.4 MB from 31<sup>st</sup> December 2021 which was from net profit of the company and its subsidiaries in this period amount 189.8 MB, other component of equity increased 3.6 MB, Non-controlling interests increased 0.6 MB and decreased 57.6 MB from dividend payment.



## Liquidity

Unit : Million Baht	For the first 6 months period of 2022
Cash at the beginning of the period	99.4
Net cash flows from operating activities	249.4
Net cash flows from investing activities	-24.4
Net cash flows from financing activities	-199.3
Net increase in cash	25.6
Cash at the end of the period	125.2

### Cash flows from operating activities

The Company and subsidiaries has net cash flow from operating activities for the first 6 months of 2022 amount 249.4 MB. generated from net profit 190.4 MB, received from account receivable 24.8 MB, other current assets increased 1.1 MB, non-current assets increased 0.5 MB, account payable increased 35.0 MB and other current liabilities decreased 15.8 MB.

### Cash flows from investing activities

Net cash flows used for investing activities for the first 6 months of 2022 were net 24.4 MB. by withdrawing short term investment 40.0 MB, new investments 15.0 MB, spending for additional assets to support normal operation 49.8 MB and additional 10.3 MB in investment property.

### Cash flows from financing activities

Net cash flows used in financing activities for the first 6 months of 2022 were 199.3 MB. by receiving of long-term loans from financial institutions 12.4 MB, payments of bank overdraft loans 18.1 MB, payments of short-term loans to financial institutions 123.5 MB, payments of lease liabilities 11.4 and payment interest amount 1.1 MB and dividend amount 57.6 MB.

## Financial Ratio

Financial Ratio	2022	2021
	30/06/2022	31/12/2021
Gross Profit Margin (%)	18%	19%
Net Profit Margin (%)	6.4%	5.9%
Current Ratio (Times)	2.2	1.9
Debt/Equity (Times)	0.8	1.0

Please be informed accordingly.

Best Regards,




Mr. Kettivit Sittisoontornwong  
(Chief Executive Officer)  
LEO Global Logistics Public Company Limited