

17 February 2023

Subject: Management Discussion and Analysis (MD&A) for the 4th Quarter and the year ended 31st December 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 4th Quarter and the year ended 31st December 2022 as the following details;

Highlight: The performance in 2022 was strong growth. The Company was able to perform beyond the target and reached 129% of 2022 Business plan. Net profit in 2022 was consecutively a new-high during 3 years after IPO and a new-high record in the past 5 years since 2017. Total revenue was 4,495.3 MB increased 1,125.7 MB or 33% from the same period of 2021. Gross profit in 2022 was 885.3 MB increased 36% from 2021. Net profit (for owners of the parent) in 2022 was 304.6 MB increased 53 % from the same period of 2021. The company will continue to maintain the level of gross profit growth and operating results continuously from recognizing revenue from rail transportation to China in the first quarter of 2023, including revenue and profit from new JV and M&A projects that will occur in 2023 to increase revenue and operating profit to grow continuously.

Summary of Financial Performance

Unit : Million Baht (MB)	2022	2022	2021	% Change		2022	2021	%
	Q4	Q3	Q4	Q-o-Q	Y-o-Y	12 Months	12 Months	Change
Revenues-Service and Other income	485.8	1,022.9	1,251.5	-53%	-61%	4,495.3	3,369.7	33%
Gross Profit (GP)	127.9	232.5	223.9	-45%	-43%	885.3	650.7	36%
Gross Profit Margin (%)	26%	23%	18%			20%	19%	
Net Profit (NP)	6.3	109.5	77.7	-94%	-92%	306.1	199.7	53%
Net Profit (NP) : Owners of the parent	7.5	107.4	76.9	-93%	-90%	304.6	198.8	53%
Net Profit Margin (%)	1.3%	10.7%	6.2%			6.8%	5.9%	

In 2022, the Company and its subsidiaries have total income in the amount of 4,495.3 MB increased 1,125.6 MB or 33% from 2021 due to the increase in sea and air freight charge during the 1st-3rd quarter of 2022. The company generated the gross profit margin in Q4/22 at 26%, which is higher than Q3/22 which was at 23%.

Comparing the gross profit of the Company and its subsidiaries in 2022 and 2021, the Company's gross profit in 2022 was 885.3 MB increased 234.6 MB or 36% from 2021. The gross profit margin in 2022 was 20% higher than in 2021 at 19%.

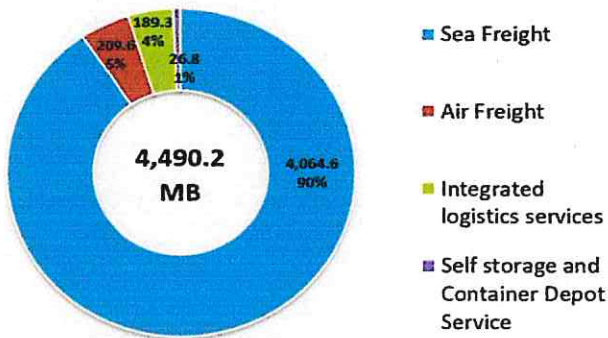
Net profit of the Company and its subsidiaries in 2022 was 306.1 MB increased 106.4 MB or 53% from 2021. The net profit margin in 2022 at 6.8% was higher than 2021 which was at 5.9%.

Net Profit (Owners of the parent) in 2022 was over Net Profit (Owners of the parent) in 2021 which was 198.8 MB or about 153% of the Net Profit (Owners of the parent) in year 2021.

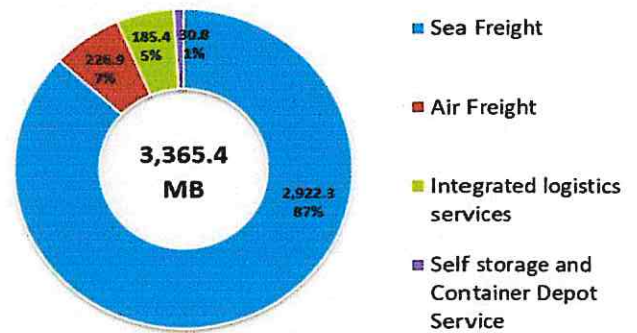
Service income and portion by segment

Segment	2022	2022	2021	% Change		2022	Portion	2021	Portion	%
	Q4	Q3	Q4	Q-o-Q	Y-o-Y	12 Months	%	12 Months	%	Growth
1. Sea Freight	408.8	901.8	1,118.4	-55%	-63%	4,064.6	90%	2,922.3	87%	39%
2. Air Freight	32.9	63.6	76.7	-48%	-57%	209.6	5%	226.9	7%	-8%
3. Integrated logistics services	35.9	50.0	47.3	-28%	-24%	189.3	4%	185.4	5%	2%
4. Self storage and Container Depot Service	6.3	6.2	8.2	1%	-23%	26.8	1%	30.8	1%	-13%
Total	484.0	1,021.7	1,250.6	-53%	-61%	4,490.2	100%	3,365.4	100%	33%

Revenue (MB)-Year 2022 (Jan-Dec)



Revenue (MB)-Year 2021 (Jan-Dec)



In 2022, the service income was 4,490.2 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 4,064.6 MB. or 90% of total service income.
- 2) Air Freight Services:** the company's revenues from air freight was 209.6 MB. or 5% of total service income.
- 3) Integrated Logistics Services:** the income from these services including local transportation, custom clearance service and others were 189.3 MB. or equivalent to 4% 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 26.8 MB. or about 1% of total service income.

Performance Analysis

1. Sea Freight Service

In 2022 revenue increased 39% from 2021 because of the higher freight rate during the year and increasing in volume of serviced containers.

2. Air Freight Service

In 2022 the Air freight revenue decreased 18% from 2021 because of the Air Freight rate declining.

3. Integrated Logistics Services

3.1 Transportation Services

Income in 2022 increased 4% when compared to 2021 according to the higher transportation rate and the growth of international transportation by sea.

3.2 Customs Clearance & other Services

The income from customs clearance and other services in 2022 was a little decreased 1% from 2021 because the number of shipments decreased.

4. Self Storage and Container Depot Services

For businesses in this group, the total revenue in 2022 was 26.8 MB and in 2021 was 30.8 MB, it reduced by 13% 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 Q4/22 was increased continuously when compared to Q3/22. For the whole year period when compared between 2022 and 2021 increased by 35% because Covid-19 situation began to ease, 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 more service and new branch of Self-Storage Project #2 was officially opened at China Town therefore the revenue from the 2nd branch coming recognized in continuously.

4.2 Income from container depot

Compared between 2022 and 2021, the income in these services decreased 26% because the volume of containers send to the yard was lower than normal. Sea shipping lines need more containers to be at Leam Chabang for much more export industrial finished goods from EEC and because of low season for export Durian and other agriculture products so the shipping line did not need containers much in Bangkok area.

Other income

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

Other income	2022 (Jan-Dec)	2021 (Jan-Dec)	% Change
1.Dividend	2,617,464	1,368,732	91%
2.Interest Income	1,437,062	1,076,479	33%
3.Profit from short-term investments	70,938	588,551	-88%
4.Income from rental/service	235,295	359,691	-35%
5.Other income	738,103	834,651	-12%
Total	5,098,862	4,228,105	21%

Selling and Administrative expenses

The selling and administrative expenses (SG&A) for Q4/22 were 20% increased from Q3/22, but when compared from Q4/21 decreased 11%. For 12 months period, SG&A was increased 14 % from the same period of 2021 due to the additional payment of the following items i.e., sales incentive increased 14.0 MB for the ones who achieved or over their target which enabled the company to achieve 33% growth, employee development increased 6.0 MB. Financial advisory expenses for new JV and M&A increased 3.5 MB, expected credit losses according to TFRS9 increased 8.8 MB from customers' late payments but the company believes that it will be able to collect at least 70% of this provision. Although SG&A in 2022 is higher than 2021, but when comparing the SG&A to the gross profit, the ratio in 2022 is lower than in 2021.

Financial Cost

The Company's financial costs in Q4/22 was 2% decreased from Q3/22, because the loan under the promissory note has been repaid. For the whole year period when compared between 2022 and 2021, increased 10.8 MB from interest expenses from the issuance of bonds for new investments in JV and M&A projects which will occur from 2023, financial cost for finance lease contracts and interest payment for long term loan from new Self-Storage Project.

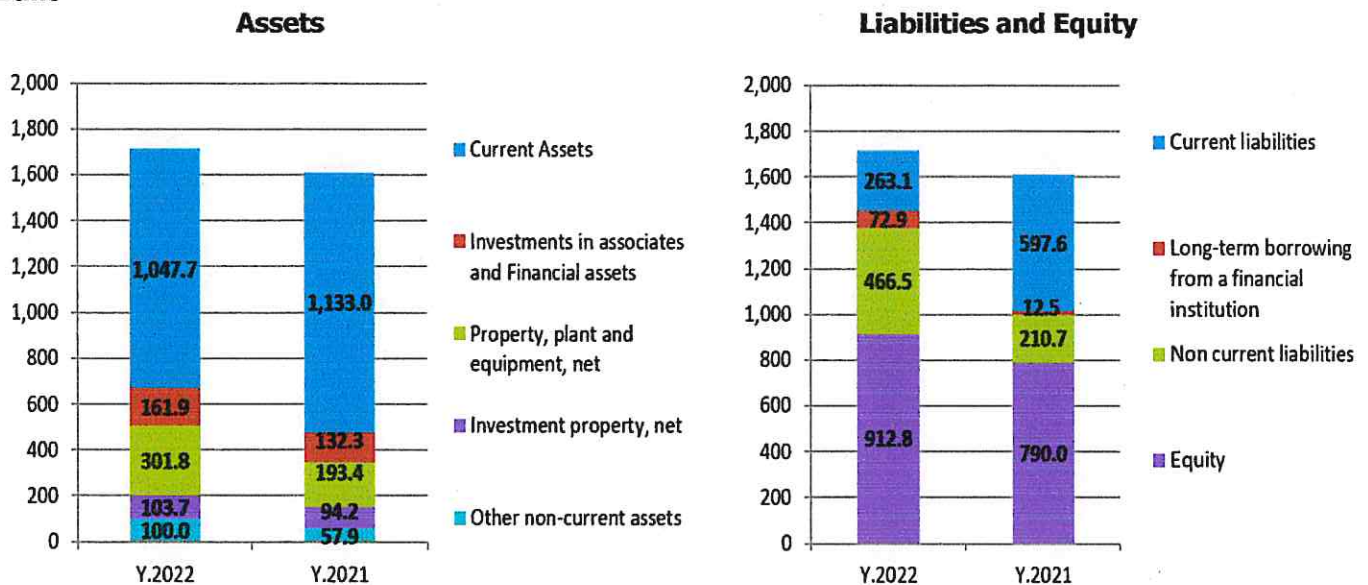
Net Profit

Net profit in 2022 was 306.1 MB increased 53 % from 2021. The company has been successful in strategic management by adjusting marketing and sales plans to suit the ever-changing situation among the market conditions in various situations, the Company could generate more revenue, more of serviced shipments and higher profit.

Financial Analysis

Unit: Million

Baht



Assets

As 31st December 2022, the Company had total assets amount 1,715.3 MB increased 104.4 MB from 31st December 2021. The total current assets decreased net 85.2 MB, Cash and cash equivalent increased 283.6 MB partly due to the issuance of bond, Short-term investment decreased 40.0 MB, Investment in mutual fund was increased 212.9 MB, Trade and other receivables decreased 546.6 MB, Financial derivative assets increased 1.7 MB,

Other current assets increased 3.2 MB and Non-current assets net increased 189.7 MB as details below.

- Investments in associated companies and long-term financial assets increased 29.6 MB in total from investments in associated companies 5.0 MB and profit sharing from the associated companies.
- Property and equipment-net, increased 108.4 MB from YJCD Project #2 amount 84.3 MB, building renovated cost 21.4 MB new computer equipment 2.1 MB and furniture 0.7 MB.
- Investment property-net, increased 9.5 MB from Self-Storage Project #2.
- Other non-current assets net increased 42.2 MB from restricted cash 15.1 MB, revenue department receivable 1.1 MB, intangible assets 2.1 MB for new program software, Deferred tax assets 2.0 MB and other non-current assets 21.9 MB.

Liabilities

The Company has the total liabilities as of 31st December 2022 amount 802.5 MB decreased 18.3 MB from 31st December 2021 as the main items below.

- Bank overdrafts and short-term loans from financial institutions decreased 141.6 MB
- Short-term loans from director and related parties increased 3.0 MB.
- Account payable decreased 183.2 MB.
- Derivative liability decreased 1.2 MB.
- Corporate income tax payable increased 16.7 MB.
- Other current liabilities decreased 41.0 MB mainly from deposit returned to customer 12.7 MB and payments of VAT and withholding tax 28.3 MB.
- Other non-current liabilities increased 329.6 MB from the issuance of bond 245.4 MB, Convertible options 8.9 MB, Long-term loans from financial institutions mainly for Self-Storage 2 project and YJCD Project #2 increased net 61.1 MB, employee benefit obligations increased 6.4 MB and liabilities under finance lease contracts increased 7.2 MB.

Equity

Total equity as of 31st December 2022 was 912.8 MB increased 122.7 MB from 31st December 2021 which was from net profit of the company and its subsidiaries in this period amount 304.6 MB, other component of equity increased 2.0 MB, Non-controlling interests increased 1.6 MB, decreased 121.6 MB from dividend payment and repurchase of treasury stock 63.9 MB.

Liquidity

Unit : Million Baht	For YEAR 2022
Cash at the beginning of the period	99.4
Net cash flows from operating activities	643.8
Net cash flows from investing activities	-319.2
Net cash flows from financing activities	-41.7
Net increase in cash	283.6
Cash at the end of the period	383.0

Cash flows from operating activities

The Company and subsidiaries has net cash flow from operating activities in 2022 equal to 643.8 MB, generated from net profit 306.1 MB, received from account receivable 548.4 MB, other current assets increased 3.2 MB, non-current assets increased 21.9 MB, account payable decreased 185.6 MB and other current liabilities decreased 41.0 MB.

Cash flows from investing activities

Net cash flows used for investing activities in 2022 were net 319.2 MB by receiving dividends and interest 14.4 MB, Restricted cash increased 15.1 MB, paid for short term investments 189.5 MB, invested in new company 15.0 MB, invested in joint venture 5.0 MB, payment for new operating assets 109.4 MB and 14.6 MB in additional investment property.

Cash flows from financing activities

Net cash flows generated from financing activities in 2022 were 41.7 MB by received cash from convertible bond 250.3 MB , receiving of Short-term loans from director and related parties increased 3.0 MB ,receiving of long-term loans from financial institutions 62.4 MB, payments of bank overdraft loans 18.1 MB, payments of short-term loans to financial institutions 18.1 MB, payments of lease liabilities 19.4 and payment of interest amount 9.5 MB and dividend payment amount 121.6 MB.

Financial Ratio

Financial Ratio	2022	2021
	31/12/2022	31/12/2021
Gross Profit Margin (%)	20%	19%
Net Profit Margin (%)	6.8%	5.9%
Current Ratio (Times)	4.0	1.9
Debt/Equity (Times)	0.9	1.0

Please be informed accordingly.

Best Regards,




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