

Triple i Logistics Public Company Limited Management Discussion and Analysis for Quarter 1/2023

Management Discussion and Analysis

Net profit in Quarter 1/2023 of Baht 149.3 million, a growth of 38.3% YoY, against the current unfavorable global economic situation and a significant decrease in freight rates

The Company's net profit in Quarter 1/2023 was Baht 149.3 million, an increase of Baht 41.4 million or 38.3% growth compared to Quarter 1/2022. Despite the global economic slowdown, resulting in a contraction in Thai exports by more than 4.5%, and the decrease in air and sea freight rates by more than 45% and 80% from the record highs in Quarter 1/2022 respectively¹, the Company was able to grow against the significantly adjusted freight rates due to the Company's strategy that has continuously been prepared and adapted for long-term growth. Hence, the Company has become a logistics company with an outstanding and differentiated business model. The Company focuses on being a fully integrated logistics service provider and developing new logistics services domestically and regionally to diversify business risks and does not rely on income from any single business according to its "Logistics and Beyond" strategy, emphasizing sustainable growth. In this quarter, the Company's overall performance is still growing. Although air and sea freight rates have significantly decreased, impact from such factor is limited to the Company's certain businesses. The Company's associates and joint ventures continue to generate good performance, creating growth in the Company's performance when compared to the same period of last year.

Summary of Operating Performance in Quarter 1/2023

Unit : Million Baht	Quarter 1/2022	Quarter 1/2023	% change + / (-)
Revenues from sales and services	744.8	437.0	(41.3%)
Gross profit	120.1	91.6	(23.7%)
Gross profit margin	16.1%	21.0%	4.8%
Other income	9.8	2.4	(75.0%)

¹ The value of Thai exports in Quarter 1/2023 was USD 70,280.1 million or equivalent to 4.5% contraction compared to the same period of last year, and the value of Thai imports was USD 73,324.3 million or equivalent to 0.5% contraction. This was due to the global economic slowdown from uncertainty on inflation, the decrease in air freight rates by more than 45% compared to Quarter 1/2022 (Source: U.S. Bureau of Labor Statistics), and the decrease in sea freight rates by 80% (Shanghai Export Container Freight Index : macromicro.me).

Unit : Million Baht	Quarter	Quarter	% change
	1/2022	1/2023	+ / (-)
Selling expenses	12.0	13.1	9.2%
Administrative expenses	68.7	66.3	(3.5%)
Gain (loss) on exchange rates - net	(1.0)	(1.4)	48.4%
Finance costs	8.7	8.0	(8.1%)
Share of profits from investments in associates and joint ventures	77.7	146.0	88.0%
Net profit for the period	107.9	149.3	38.3%
Net profit margin	14.5%	34.2%	19.7%

The Company's net profit in Quarter 1/2023 was Baht 149.3 million, a 38.3% growth compared to the same period of last year. This was mainly due to outstanding performance from investments in related businesses both domestically and internationally. The net profit in this quarter has decreased by 65.1% when compared to the net profit in Quarter 4/2022 of Baht 427.2 million. However, the net profit from normal operations was Baht 105.5 million or an increase of 41.5% from the previous quarter. The Company was still able to maintain excellent operating performance.

	Net Profit (Million Baht)		Net Profit (Million Baht)	% change + / (-)
Q1/23	149.3	Q4/22	427.2	(65.1%)
Q1/23	149.3	Q4/22	105.5*	41.5%

Remark: *Net profit in Quarter 4/2022 was net profit from normal operations after deducting a special item which was gain from revaluation of investment in Asia GSA (M) in the amount of Baht 321.7 million.

Share of profits from investment in associates and joint ventures in Quarter 1/2023 was Baht 146.0 million, an increase by over 88.0% compared to the same period of last year. This was due to growth in ANI's operating performance, which was partly due to ANI's acquisition of an additional 80% shareholding in Asia GSA (M) during this quarter, and returns from AOT Ground Aviation Services Co., Ltd. (AOTGA) invested by the Company through SAL Group (Thailand) Co., Ltd. AOTGA had good operating results and continuous growth.

Total revenues in Quarter 1/2023 was Baht 437.0 million, a decrease by 41.3% compared to the same period of last year, which was a decrease in income in all business groups. This was mainly due to the decrease in air and sea freight rates and the restructuring of air freight business unit for which the Company sold shares in Triple i Asia Cargo Co., Ltd. (TAC) to ANI at the end of last year. As a result, the Company will no longer recognize TAC's revenue from Quarter 1/2023 onwards. Gross profit in Quarter 1/2023 was Baht 91.6 million, a decrease by 23.7% from the same period of last year. There was growth in gross profit from air freight

business unit due to resumption of profitability in warehousing service, which has continuously increased service volumes since Quarter 3/2022.

Financial Position Analysis

Unit : Million Baht

Statement of Financial Position	31 December 2022	31 March 2023	Increase (Decrease)	%
Total assets	3,679.7	4,325.1	645.4	17.5%
Total liabilities	1,008.0	937.3	(70.7)	(7.0%)
Shareholders' equity	2,671.7	3,387.8	716.1	26.8%

Total assets

The Company's total assets as of 31 March 2023 was Baht 4,325.1 million, an increase from the total assets as of 31 December 2022 by Baht 645.4 million. The increase was mainly due to the Company's additional investment in ANI to finance the acquisition of Asia GSA (M) at the beginning of 2023, amounting to Baht 968.0 million.

Total liabilities

The Company's total liabilities as of 31 March 2023 was Baht 937.3 million, a decrease by Baht 70.7 million from the total liabilities as of 31 December 2022. This was mainly due to a decrease in trade and other payables in the amount of Baht 49.6 million and the repayment of short-term loans in the amount of Baht 27.8 million.

Shareholders' equity

The Company's shareholders' equity as of 31 March 2023 was Baht 3,387.8 million, an increase by Baht 716.1 million from that as of 31 December 2022. This was mainly due to an increase in share premium in the amount of Baht 530.9 million from the sale of 46,165,510 newly issued ordinary shares and the operating results in Quarter 1/2023.

The Company has strong financial ratios, having a debt-to-equity ratio (D/E) of 0.28 times and an interest-bearing debt to equity ratio (IBD/E) of 0.19 times.

Significant Development in Quarter 1/2023

Dividend payment for the year 2022

- The Board of Directors' Meeting No. 1/2023 held on 21 February 2023 and the 2023 Annual General Meeting of Shareholders resolved to approve dividend payment for the year 2022 at the rate of Baht 0.40 per share, totaling Baht 295,479,157.60. The date of determining shareholders who would be entitled to receive dividends (Record Date) shall be on 26 April 2023 and the dividend payment date shall be on 16 May 2023.

Approval on conversion of Asia Network International Co., Ltd. ("ANI") into a public limited company

- The Board of Directors' Meeting No. 1/2023 held on 21 February 2023 resolved to approve conversion of Asia Network International Co., Ltd. ("ANI"), in which the Company holds 51.66% of the total paid-up capital, into a public limited company prior to capital increase according to ANI's IPO plan. The meeting also resolved to approve the change of ANI's par value, the first issuance and offering of newly issued ordinary shares of ANI to the public (IPO), and the listing of all ordinary shares of ANI on the Stock Exchange of Thailand. The number of newly issued ordinary shares of ANI offered to the public shall not exceed 554,738,900 shares at a par value of Baht 0.50 per share (after the change of par value), from the existing registered capital of Baht 646,630,550 to the new registered capital of Baht 924,000,000, divided into 1,848,000,000 ordinary shares at a par value of Baht 0.50 per share. Such newly issued ordinary shares shall not exceed 30% of ANI's paid-up capital after the capital increase according to the IPO plan.

Management's Viewpoints on Trend and Strategy for Quarter 2/2023

There is a positive factor supporting air freight business and new businesses related to air freight business from China's full reopening.

In Quarter 2/2023, China is fully reopening its borders to visitors and the direction will become clearer during the second half of the year. It is expected there will be an increasing number of flights from China to Thailand transiting to other countries. The demand for air freight will significantly increase, creating a positive impact on the Company's air freight business and related logistics services, which have previously been affected by the Covid-19, including general sales agent for airline business (ANI) invested by the Company, which acts as an agent for regional airlines. The Company has a plan to list ANI on the Stock Exchange of Thailand. ANI has filed an application for permission to offer ANI's newly issued ordinary shares, offering memorandum, and draft prospectus to the Office of the Securities and Exchange Commission ("SEC Office") and submitted an application for listing of ordinary shares on the Stock Exchange of Thailand to the Stock Exchange of Thailand

on 26 April 2023. In addition, the Company's airport warehouse services at Don Mueang Airport will benefit from expansion of flight routes, increasing frequency of flights on the China-Thailand route, and E-commerce logistics services from China passing through Thailand to other countries. The Company used to provide such services prior to the Covid-19 outbreak and there will be increase in volume of such services. The Company's airport ground and passenger handling services will benefit from an accelerated increase in the number of Chinese tourists in Quarter 2/2023. Kasikorn Research Center expects that the number of Chinese tourists traveling to Thailand in 2023 will be 4.65 million or an approximate of 42% of the number of Chinese tourists in 2019.

Yours sincerely,

Triple i Logistics Public Company Limited

(Mr. Tipp Dalal)

Chief Executive Officer