

12th May 2023

Subject: Management Discussion and Analysis (MD&A) for the 1st Quarter ended 31st March 2023

Attention to: The President of Stock Exchange of Thailand

LEO Global Logistics Public Company Limited and its subsidiaries (the "Company") would like to inform its operating performance for the 1st Quarter ended 31st March 2023 as the following.

Highlight: The performance in Q1/2023, the company's gross profit margin rose to 33% compared to Q4/2022 and Q1/2022 with a gross profit margin of 26% and 15% respectively. This demonstrates the company's ability and success in strategic management, leading to an increase in gross profit margins. The company is confident that in 2023, it will continue to maintain an appropriate level of gross profit and operating results consistently. The company believes that the freight rates and the figures for Thailand's imports and exports have already bottomed out in Q1/2023. The company began to see an increase in freight rates and a significant growth in export numbers in late April. Furthermore, the company will anticipate recognizing revenue from the transportation by rail to China and sourcing and selling fruit products to China through Leo Sourcing & Supply Chain Co., Ltd. along with revenue and profit from new joint venture (JV) and merger and acquisition (M&A) projects from Q2/2023 and Q3/2023 onwards to generate revenue growth and business performance, enabling the company to continue its strong upward trajectory.

Summary of Financial Performance

Unit : Million Baht (MB)	2023	2022	2022	% Change	
	Q1	Q4	Q1	Q-o-Q	Y-o-Y
Revenues-Service and Other income	332.3	485.8	1,651.6	-32%	-80%
Gross Profit (GP)	108.0	127.9	255.3	-16%	-58%
Gross Profit Margin (%)	33%	26%	15%		
Net Profit (NP)	17.6	6.3	90.8	179%	-81%
Net Profit (NP) : Owners of the parent	19.0	7.5	89.9	153%	-79%
Net Profit Margin (%)	5.3%	1.3%	5.5%		

In Q1/2023, The Company's total revenues were 332.3 MB decreased 153.5 MB or 32% from Q4/2022 and decreased 1,319.3 MB or 80% when compared to Q1/2022. The decrease in revenue is primarily attributed to the global decline in freight forwarding, both by sea and by air. This decline has been influenced by various factors, including the worldwide economic stagnation resulting from the ongoing Russian-Ukrainian conflict, rising interest rates globally leading to inflation, and a significant reduction in purchasing power worldwide over the past 5-6 months. Despite these challenges, the company has effectively implemented strategic management techniques, enabling them to maintain a higher gross profit margin. The gross margin increased from 15% in Q1/2022 and increased from 26% in Q4/2022 to 33% in Q1/2023.

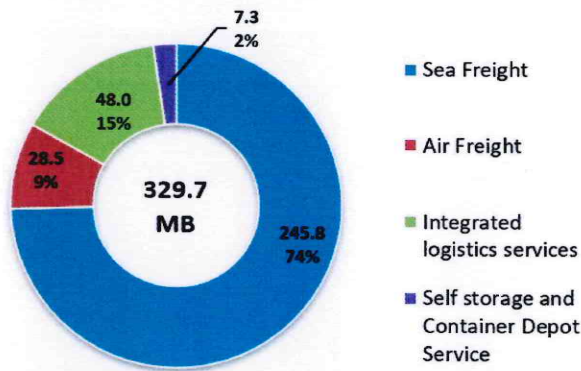
The Company's gross profit in Q1/2023 was 17.6 MB increased by 11.3 MB or 179% from Q4/2022 by strategic management abilities and effective control over administrative expenses. When comparing Q1/2023 to Q1/2022 decreased 73.2 MB or 81% due to the freight rate decreasing significantly.

The Company's net profit (Owners of the parent) in Q1/2023 was 19.0 MB increase of 11.5 MB or 153% from Q4/2022 when compared to Q1/2022 decreased by 70.9 MB or 79% and the company was able to generate a higher Net Profit Margin in Q1/2023, with a rate of 5.3%, compared to Q4/2022, which was at 1.3%.

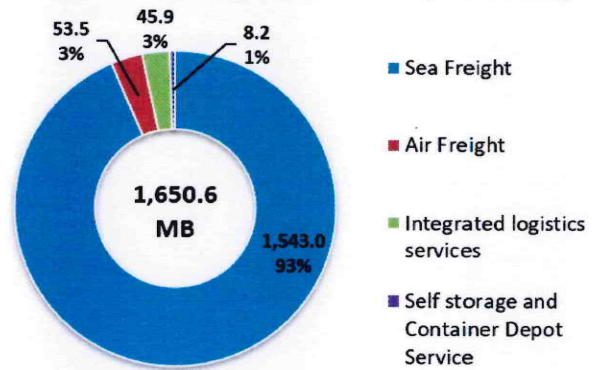
Service income and portion by segment

Segment	2023	2022	2022	% Change		2023	Portion	2022	Portion	%
	Q1	Q4	Q1	Q-o-Q	Y-o-Y	3 Months	%	3 Months	%	Growth
1. Sea Freight	245.8	408.8	1,543.0	-40%	-84%	245.8	74%	1,543.0	93%	-84%
2. Air Freight	28.5	32.9	53.5	-13%	-47%	28.5	9%	53.5	3%	-47%
3. Integrated logistics services	48.0	35.9	45.9	34%	5%	48.0	15%	45.9	3%	5%
4. Self storage and Container Depot Service	7.3	6.3	8.2	17%	-10%	7.3	2%	8.2	1%	-10%
Total	329.7	484.0	1,650.6	-32%	-80%	329.7	100%	1,650.6	100%	-80%

Revenue (MB)-Year 2023 (Jan-Mar)



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



In Q1/2023, the service income was 329.7 MB, with 4 segments as the following.

- 1) Sea Freight service:** the company's revenues from sea freight was 245.8 MB or 74% of total service income.
- 2) Air Freight Services:** the company's revenues from air freight was 28.5 MB or 9% of total service income.
- 3) Integrated Logistics Services:** the income from these services including local transportation, customs clearance service, and others was 48.0 MB or equivalent to 15% 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 services were 7.3 MB or about 2% of total service income.

Performance Analysis

1. Sea Freight Service

In Q1/2023, the income continuously decreased by 40% compared to Q4/2022 and decreased by 84% when compared to Q1/2022 because of the declining Sea Freight rate and the global economic stagnation caused by the Russian-Ukrainian conflict and rising interest rates worldwide.

2. Air Freight Service

In Q1/2023, the income decreased by 13% compared to Q4/2022 due to it being the low season. Additionally, when compared to Q1/2022, there was a 47% decrease in income attributed to the declining Air Freight rates and the global economic stagnation caused by the Russian-Ukrainian conflict and rising interest rates worldwide.

3. Integrated Logistics Services

3.1 Transportation Services

In Q1/2023, the income increased by 14% from Q4/2022 when compared to Q1/2022 increased by 2% because the Company got much more income from the cross border.

3.2 Customs Clearance & Other Services

The income from customs clearance and other services in Q1/2023 increased by 93% from Q4/2022 when compared to Q1/2022 increased by 10% due to income increased from all services and packing services.

4. Self-Storage and Container Depot Services

For businesses in this group, the total revenue in Q1/2023 was 7.3 MB increased by 17% from Q4/2022 and decreased by 10% from Q1/2022 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 Q1/2023 was increased continuously when compared to Q4/2022 increased by 14% and increased 67% compared to Q1/2022 because the Covid-19 situation began to ease, the customers in the SME segment and online merchandisers who use the facility to store their stock and the ones who are Lifestyle groups bring their personal items to utilize services more. The new branch of Self-Storage Project #2 was also officially opened at China Town, therefore, the revenue coming recognized continuously.

4.2 Income from container depot service

in Q1/2023 was an 18% increase from Q4/2022 because of the higher volume of containers back to the depot when compared to Q1/2022 the income decreased by 32% because the volume of containers used for the service in the yard was lower than in Q1/2022. This decline is also influenced by the global decrease in exports and imports.

Other income

Mainly income from dividends and interest has been increased as the following.

Other income	2023 (Jan-Mar)	2022 (Jan-Mar)	% Change
1.Dividend	1,149,194	262,500	338%
2.Interest Income	1,204,731	234,220	414%
3.Income from rental/service	61,114	49,990	22%
4.Other income	126,408	414,461	-70%
Total	2,541,447	961,172	164%

Selling and Administrative expenses

The selling and administrative expenses (SG&A) for Q1/2023 decreased by 31% compared to Q4/2022 and decreased by 44% compared to Q1/2022. This reduction in expenses was achieved because the company effectively controlled its expenditure to an appropriate level. The company also recorded a decrease in sales incentive payments compared to Q4/2022 and Q1/2022 as a proportion of revenue and gross profit generated.

Financial Cost

The Company's financial costs in Q1/2023 increased from Q1/2022, because of interest expenses incurred from the issuance of bonds for new investments in JV and M&A projects which will generate income for the company within this year.

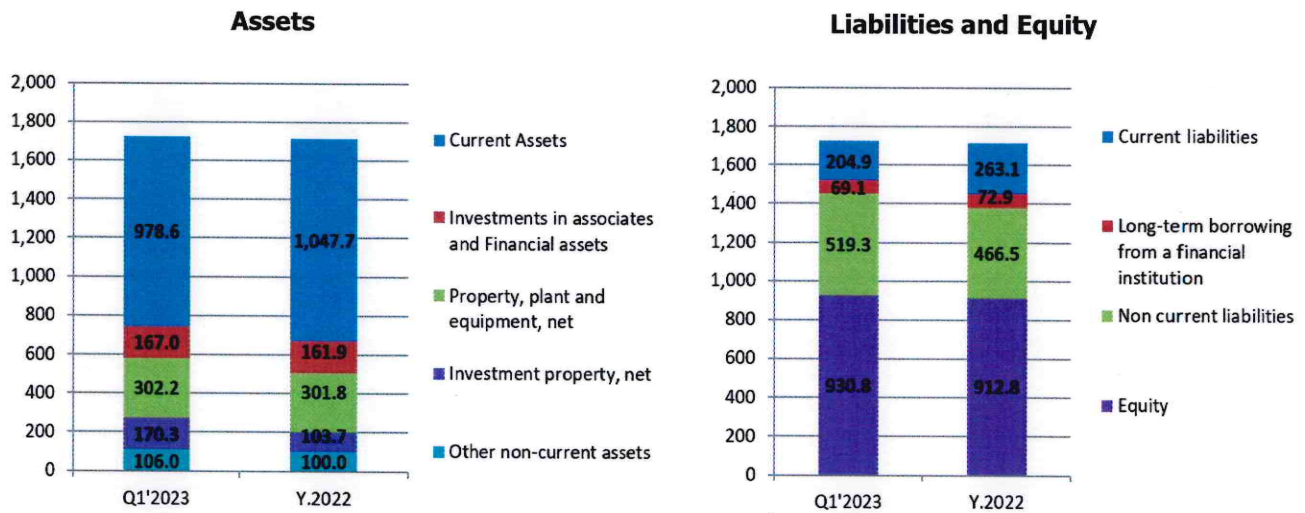
Net Profit

Net profit in Q1/2023 was 17.6 MB which was 11.3 MB more than Q4/2022 or increased 90.8% but decreased was 73.2 MB or 81% from Q1/2022 because of gross profit decreased due to the Sea Freight rate and Air Freight rate declining and the stagnant economic conditions around the world cause a decrease in both revenue and gross profit. The company's net profit margin in Q1/2023 was 5.3%, which was higher than in Q4/2022 which was 1.3% but slightly decreased from Q1/2022 which was 5.5%.

Financial Analysis

Baht

Unit: Million



Assets

As of 31st March 2023, the Company had total assets amount 1,724.1 MB increased 8.9 MB from 31st December 2022. Increasing in assets came from the current assets decreasing by 69.1 MB, Cash and cash equivalent decreasing by 109.8 MB, short-term fixed deposits increasing by 17.0 MB, other current financial assets increasing by 78.2 MB, Trade and other receivables decreasing by 54.4 MB, Other current assets decreased 0.1 MB and Non-current assets were net increased 78.0 MB as details below.

- Investments in associated companies, Investments in joint ventures, and long-term financial assets increased a total of 5.1 MB from additional profit sharing from associated companies and joint ventures by 3.1 MB and 1.9 MB from re-valuation of the financial assets measured at fair value through other comprehensive income.
- Property and equipment net increased by 0.4 MB from building renovated cost and vehicle.
- Investment property net, increased 66.5 MB from the rental agreement for Self-Storage Project #3.
- Other non-current assets net increased by 6.0 MB from restricted deposits at financial institutions increased 5.0 MB, receivables - revenue department increased 1.9 MB, deferred tax assets increased 0.6 MB, intangible assets decreased 1.3 MB and other non-current assets decreased 0.2 MB from paying back deposits to customers.

Liabilities

The Company has total liabilities as of 31st March 2023 amount 793.3 MB decreased 9.2 MB from 31st December 2022 as the main items below.

- Account payable decreased by 64.6 MB.
- Corporate income tax payable increased by 2.7 MB.
- Other current liabilities decreased by 0.4 MB due to an increase in derivative liabilities of 4.5 MB from revaluation and a decrease in Value Added Tax of 4.9 MB.
- Other non-current liabilities increased 53.1 MB from liabilities under finance lease contracts increased 58.4 MB, employee benefit obligations increased 1.2 MB, and Long-term loans from financial institutions decreased 0.8 MB.

Equity

The Company had total shareholders' equity as of 31 March 2023 in the amount of 930.8 MB increase from as of 31 December 2022 in the amount of 18.1 MB, an increase from Profit during the year increased net of 17.6 MB, Non-controlling interests of 1.6 MB but Minority share profit decreased 3.0 MB.

Liquidity

Unit : Million Baht	For Q1/2023
Cash at the beginning of the period	383.0
Net cash flows from operating activities	23.6
Net cash flows from investing activities	-115.0
Net cash flows from financing activities	-18.9
Net increase in cash	-109.8
Cash at the end of the period	273.2

Cash flows from operating activities

The Company and subsidiaries generated cash from operating activities 23.6 MB in Q1/2023 which generated from net profit in this period 17.6 MB, account receivable decreased 51.4 MB, used for other current assets 0.1 MB and non-current assets increased 1.6 MB, accounts payable decreased 64.6 MB and other current liabilities decreased 5.0 MB.

Cash flows from investing activities

Net cash flows used in investing activities for Q1/2023 in the amount of 115.0 MB from short-term fixed deposits at banks of 22.0 MB, redemption of short-term investments and mutual funds, net 82.9 MB, and purchase of assets used for normal operation 2.4 MB, invested in property Investments 7.0 MB, invested in associated companies 2.0 MB and received dividends 1.1 MB.

Cash flows from financing activities

Net cash flows used in financing activities for Q1/2023 in the amount of 19.0 MB, resulting from an increase in derivative liabilities of 2.0 MB, repayment of long-term loans for financial institutions of 0.8 MB, repurchase of treasury stock 1.1 MB, payment of liabilities under the financial lease of 8.3 MB and interest payment of 10.7 MB.

Financial Ratio

Financial Ratio	2023 31-03-23	2022 31-12-22
Gross Profit Margin (%)	33%	20%
Net Profit Margin (%)	5.3%	6.8%
Current Ratio (Times)	4.8	4.0
Debt/Equity (Times)	0.9	0.9

Please be informed accordingly.

Best Regards,




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