

10th November 2023

Subject: Management Discussion and Analysis (MD&A) for the 3rd Quarter and 9-months period ended 30th Sep 2023

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 3rd Quarter and 9-months period of 2023 ended 30th Sep 2023 as the following details.

Highlight: In Q3/2023, the company's total revenue was 325.9 MB, a decrease of 24.9 MB or 7% compared to Q2/2023 when the total revenue was 350.8 MB. The gross profit amount remained unchanged at 114.3 million MB when compared to Q2/2023. The Company has been able to strategically manage its operations to improve its gross profit margin. The gross profit margin in Q3/2022 was 35%, increased from 33% in Q2/2023 and a significant increase from 23% in Q3/2022. These notable increases in revenue and gross profit were primarily driven by Integrated Logistics Services including Customs Clearance Service, Self-Storage and Container Depot Services. These mentioned services fall under the non-freight category, in line with the company's strategy to expand non-freight revenue and counteract the significant decline in freight revenue since Q4/2022 according to the sluggish economic situation worldwide due to the Ukraine-Russia war.

The company is confident that in Q4/2023, it will significantly increase revenue and gross profit from its non-freight business. This confidence is based on several factors: income from rail transportation to China and Laos, increased sales revenue from selling goods to China through Leo Sourcing & Supply Chain Co., Ltd. The company is also experiencing additional income from the container yard business at YJC Depot due to an increase in customers using the service and new business opportunities, specifically, the rental of reefers. All these mentioned businesses will support the company in consistently maintaining the desired level of gross profit and operating results. The company will begin recognizing the additional revenue mentioned within Q4/2023 and expects continued growth in 2024, further boosting the company's revenue and profit.

Summary of Financial Performance

Unit : Million Baht (MB)	2023	2023	2022	% Change		2023	2022	%
	Q3	Q2	Q3	Q-o-Q	Y-o-Y	9 Months	9 Months	Change
Revenues-Service and Other income	325.9	350.8	1,022.9	-7%	-68%	1,009.0	4,009.5	-75%
Gross Profit (GP)	114.3	114.3	232.5	0%	-51%	336.6	757.4	-56%
Gross Profit Margin (%)	35%	33%	23%			34%	19%	
Net Profit (NP)	15.0	17.4	109.5	-13%	-86%	50.0	299.8	-83%
Net Profit (NP) : Owners of the parent	16.3	18.8	107.4	-13%	-85%	54.1	297.1	-82%
Net Profit Margin (%)	4.6%	4.9%	10.7%			5.0%	7.5%	

In Q3/2023, The Company's total revenues were 325.9 MB decreased 24.9 MB or 7% from Q2/2023 when compared to Q3/2022 decreased 697.0 MB or 68%. For 9 months period comparison between 9M/2023 and 9M/2022, the total revenues decreased 3,000.5 MB or 75%. Although the total revenues decreased due to declining global freight rates, the Company has been able to strategically manage its operations to improve its gross profit margin. The gross profit margin in Q3/2022 was 35%, increased from 33% in Q2/2023 and a significant increase from 23% in Q3/2022.

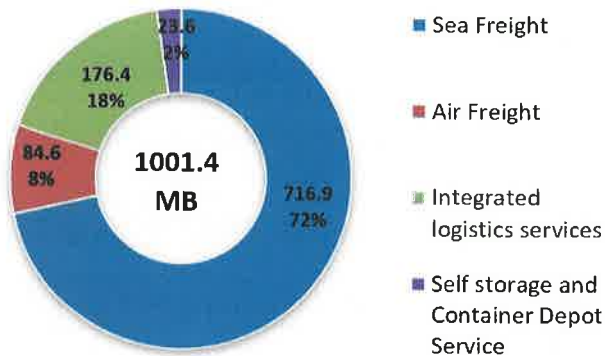
The Company's net profit in Q3/2023 was 15.0 MB decreased 2.4 MB or 13% from Q2/2023 and decreased 94.5 MB or 86% from Q3/2022. For 9 months period, the gross profit in 9M/2023 decreased 249.8 MB or 83% due to the significant drop in freight rates, in line with the global economic conditions.

Net Profit (Owners of the parent) in Q3/2023 was 16.3 MB. decreased 2.5 MB or 13% from Q2/2023 when compared to Q3/2022 decreased 91.1 MB or 85%. For 9 months period, the net profit in 9M/2023 decreased 243.0 MB or 82%. when compared to 9M/2022. The Company's net profit margin in Q3/2023 was 4.6% lower than Q2/2023 and Q3/2022 which were 4.9% and 10.7% respectively.

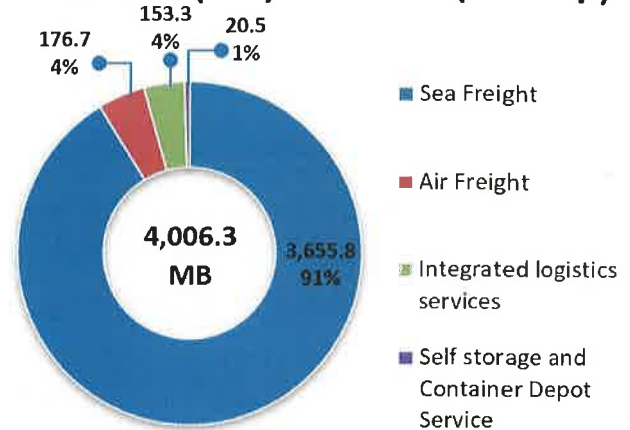
Service income and portion by segment

Segment	2023	2023	2022	% Change		2023	Portion	2022	Portion	%
	Q3	Q2	Q3	Q-o-Q	Y-o-Y	9 Months	%	9 Months	%	Growth
1. Sea Freight	225.6	245.4	901.8	-8%	-75%	716.9	72%	3,655.8	91%	-80%
2. Air Freight	22.4	33.7	63.6	-34%	-65%	84.6	8%	176.7	4%	-52%
3. Integrated logistics services	66.7	61.6	50.0	8%	33%	176.4	18%	153.3	4%	15%
4. Self storage and Container Depot Service	8.3	7.9	6.2	4%	33%	23.6	2%	20.5	1%	15%
Total	323.0	348.7	1,021.7	-7%	-68%	1,001.4	100%	4,006.3	100%	-75%

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



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



For the first 9 months of 2023 (9M/2023), the service income was 1,001.4 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 716.9 MB. or 72% of total service income.
- 2) Air Freight Services:** the company's revenues from air freight was 84.6 MB. or 8% of total service income.
- 3) Integrated Logistics Services:** the income from these services including local transportation, custom clearance service and others were 176.4 MB. or equivalent to 18% 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 was 23.6 MB. or about 2% of total service income.

Performance Analysis

1. Sea Freight Service

In Q3/2023, the income decreased by 8% when compared to Q2/2023 and decreased 75% when compared to Q3/2022. For 9 months period compared between 2023 and 2022, in 9M/2023 revenue decreased 80% from 9M/2022 due to lower freight rates and the slowdown of international trade in 2023 compared to 2022.

2. Air Freight Service

In Q3/2023, the income decreased 34% when compared to Q2/2023 and when compared to Q3/2022 decreased 65%. For 9 months period when compared between 2023 and 2022, in 9M/2023 revenue decreased 52% from 9M/2022 because of the decline in air freight rates, global economic stagnation, and the slowdown in international trade worldwide.

3. Integrated Logistics Services

3.1 Transportation Services

Income in Q3/2023 decreased 11% from Q2/2023 and decreased 1% from Q3/2022. due to the slowdown in transportation volume. For 9 months period, in 2023 revenue increased 2% when compared to 2022 according to the continuous increase in the workload of land transportation and the rise in freight rates.

3.2 Customs Clearance & other Services

The income from customs clearance and other services in Q3/2023 increased 43% from Q2/2023 and increased 113% compared to Q3/2022. For 9 months period, in 9M/2023 increased 41 % when compared to 9M/2022 because of the growing workload from both current and new customers, aligning with our strategic goal to boost revenue from non-freight businesses.

4. Self Storage and Container Depot Services

For businesses in this group, the total revenue in Q3/2023 was 8.3 MB increased 4% from Q2/2023 and increased 33% from Q3/2022 when comparing 9M/2023 which was 23.6 MB to 9M/2022 which was 20.5 MB, It increased by 15% due to income from Self-Storage and the container depot business, as detailed below.

4.1 Income from Self storage service in Q3/2023 decreased 1% when compared to Q2/2023 and increased 51% compared to Q3/2022. For 9 months period, in 9M/2023 which was 10.1 MB to 9M/2022 which was equal to 6.2 MB increased by 62% because of Covid-19 situation began to ease, the customers in the SME segment who use the facility to store their stock and the customers who bring their personal items to store for home repairs or decoration back to use the service more. At the same time, the company has already opened 2 branches, on Rama 3 Road and in Chinatown. As a result, revenue has been consistently increasing.

4.2 Income from container depot in Q3/2023 was 8% increased from Q2/2023 and increased 22% from Q3/2022 because of the higher volume of containers back to the depot ,For 9 months period, when compared between 9M/2023 which was 13.5 MB and 9M/2022 which was 14.3 MB, the income decreased 6% due to the volume of containers send to the yard and repair revenue were lower because of a reduction in the volume of containers utilized for imports and exports in 2023 compared to 2022.

Other income

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

Other income	2023 (Jan-Sep)	2022 (Jan-Sep)	% Change
1.Dividend	4,949,902	1,575,264	214%
2.Interest Income	2,199,053	771,445	185%
3.Income from rental/service	210,635	172,252	22%
4.Other income	166,307	729,371	-77%
Total	7,525,896	3,248,332	132%

Selling and Administrative expenses

The selling and administrative expenses (SG&A) for Q3/2023 increased 1% when compared to Q2/2023 due to additional administrative expenses and losses from foreign currency exchange rates but on the other hand the sales incentive decreased, when compared to Q3/2022 also increased 1%. For the 9-month period, SG&A decreased by 28% compared to the same period in 2022. This reduction is primarily attributed to the decline in sales incentives expenses, which aligns with actual sales, and the company's effective control of its expenditures to an appropriate level.

Additionally, in Q3/2023, the company earned 9.4 MB in profits from the partial sale of investments in an associated company.

Financial Cost

The Company's financial cost in Q3/2023 was increased 1% from Q2/2023 when compared to Q3/2022 increased 5% and when compared between 9M/2023 and 9M/2022 increased 69%. The financial cost mainly increased from interest payment for bonds which prepared for new investments in JV and M&A projects which will generate income within this year. In addition, there were financial costs related to the increase in lease contracts.

Net Profit

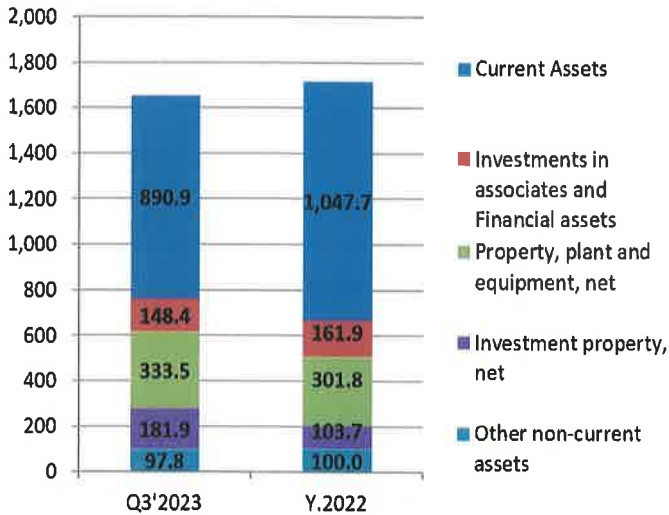
Net profit in Q3/2023 was 15.0 MB, which decreased by 2.4 MB or 13% compared to Q2/2023, and also decreased 94.4 MB or 86% from Q3/2022. The net profit in 9M/2023 decreased by 249.8 MB or 83% when compared to 9M/2022. The decrease in net profit is linked to declining revenue and gross profit resulting from reduced freight rates in both sea and air, as well as the overall weakened global economic and international transportation conditions. The company's net profit margin in the Q3/2023 was 4.6%, lower than the Q2/2023 and Q3/2022, which was 4.9 % and 10.7 % respectively.

Financial Analysis

Unit: Million

Baht

Assets



Liabilities and Equity



Assets

As of 30th Sep 2023, the Company had total assets amount 1,652.5 MB decreased 62.6 MB from 31st December 2022. The total current assets decreased net 156.8 MB, Cash and cash equivalent decreased 128.5 MB, other current financial assets decreasing 19.4 MB, financial derivative assets decreased 1.7 MB, Trade and other receivables decreased 12.0 MB, Other current assets increased 4.8 MB and Non-current assets were net increased 94.2 MB as details below.

- Investments in associated companies, joint ventures, and long-term financial assets collectively decreased by 13.5 MB. This decrease resulted from sales of investments and recognition of profit sharing in associates, net 10.4 MB, joint ventures 5.0 MB and increased from re-valuation of the financial assets measured at fair value through other comprehensive income 1.9 MB.

- Property and equipment-net, increased 31.7 MB from investment in projects in process and fixed assets for normal operational.

- Investment property-net, increased 78.2 MB from the rental agreement for Self-Storage Project #3

- Other non-current assets net decreased by 2.2 MB.

Liabilities

As of 30th Sep 2023, the company's total liabilities amount to 749.6 MB, reflecting a decrease of 52.9 MB from December 31st, 2022. The main contributing factors for this decrease are outlined below.

- Account payable decreased by 97.9 MB.

- Corporate income tax payable decreased by 24.9 MB.

- Other current liabilities increased by 5.2 MB, primarily due to an increase of 4.5 MB derivative liabilities resulting from revaluation and an increase in VAT liability of 0.7 MB.

- Other non-current liabilities increased 64.7 MB from liabilities under finance lease contracts increased 70.3 MB, employee benefit obligations increased 3.2 MB and Long-term loans from financial institutions decreased 8.8 MB.

Equity

As of 30th Sep 2023, the total equity amounted to 902.8 MB, marking a decrease of 10.0 MB from December 31st, 2022. This decrease was a result of the increase in profit for the owners of the parent during the year, which added a net of 54.1 MB due to the improved profitability of both the company and its subsidiaries, other component of equity increased 1.4 MB, Non-controlling interests decreased 1.3 MB, purchase of treasury shares 1.1 MB and decreased 63.0 MB for annual dividend payment.

Liquidity

Unit : Million Baht	For the first 9 months period of 2023
Cash at the beginning of the period	383.0
Net cash flows from operating activities	-27.3
Net cash flows from investing activities	-72.3
Net cash flows from financing activities	-97.4
Net increase in cash	-196.5
Cash at the end of the period	186.5

Cash flows from operating activities

The Company and subsidiaries used net cash for operating activities for the first 9 months of 2023 amount 27.3 MB generated from net profit 50.0 MB, received from account receivable 18.2 MB, other current assets increased 4.7 MB, non-current assets decreased 6.4 MB, account payable decreased 99.8 MB and other current liabilities decreased 1.4 MB.

Cash flows from investing activities

Net cash flows used for investing activities for the first 9 months of 2023 were net 72.3 MB. Paid for short-term fixed deposits at banks of 72.3 MB, receive gain on invested in short term investment and mutual funds 13.7 MB, purchase of assets used for normal operation 24.6 MB, additional invested in property Investments 23.6 MB received by sale investments in associates and joint ventures 30.6 MB, investing in associates 2.0 MB, received interest income 1.9 MB and dividends 4.9 MB.

Cash flows from financing activities

Net cash flows used in financing activities for the first 9 months of 2023 in the amount of 97.4 MB, resulting from repayment of long-term loans for financial institutions of 5.4 MB, received money from non-controlling interests in subsidiaries of 0.8 MB, decrease in derivative liabilities of 0.1 MB, repurchase of treasury shares 1.1 MB, payment of liabilities under the financial lease of 16.5 MB, interest payment of 12.0 MB and dividend payment amount 63.0 MB.

Financial Ratio

Financial Ratio	2023 (30/9/2023)	2022 (31/12/2022)
Gross Profit Margin (%)	34%	20%
Net Profit Margin (%)	5.0%	6.8%
Current Ratio (Times)	5.8	4.0
Debt/Equity (Times)	0.8	0.9

Please be informed accordingly.

Best Regards,




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