

10 November 2023

No. SINO IR 001/2566

Subject Management Discussion and Analysis for the 3rd quarter of 2023 and the 9th month period of 2023

To The President

The Stock Exchange of Thailand

We, Sino Corporation Group Public Company Limited (“the company”), are pleased to provide you our management discussion and analysis for the 3rd quarter of 2023 and the 9th month period of 2023, as follows:

Business Overview

For the company's performance in the 3rd quarter of 2023, total revenue was THB 480 million, a decrease of THB 1,046 million, or 69%, compared to the same period in the previous year. The primary factor contributing to this decrease due to the decline in the sea freight income from, a decrease in freight rate, following market price dynamics due to reduced demand for international sea freight services caused by the global economic slowdown. However, it's noteworthy that the company managed to increase its total revenue by 15% compared to the 2nd quarter of 2023. In terms of export volume, the company has achieved goals. According to data from Datamyne in the 2nd quarter of 2023, the company's TEU (Twenty-Foot Equivalent Unit) volume for sea cargo transportation for freight forwarders on the Thailand-USA route has risen to the fourth position, up from the sixth position in the 2022 data.

For the 4th quarter of 2023, the company expects an improved trend in freight rates compared to the 3rd quarter, driven by increased product demand during the High Season. This expectation is supported by the EXIM Index data for Thailand's exports and imports, which increased to 100.04 at the end of the 3rd quarter of 2023, up from 99.6 in the previous quarter. This signifies a potential expansion in Thailand's exports for the fourth quarter, marking the first growth in five quarters.

Furthermore, the company has plans to expand operations in various areas, such as warehousing, land-based transportation services, customs procedures, and other logistics support services, aiming for comprehensive and efficient logistics solutions. Additionally, the company has strategies in place to expand the network and grow the international business, thereby increasing its competitive edge. These initiatives will enhance the company's capacity for future growth.



Financial Performance

Statement of comprehensive income	Q3/2022	Q2/2023	Q3/2023	YoY		QoQ	
				Change	Change	Change	Change
Unit : Million Baht							
Service income	1,526	400	480	(1,045)	(69%)	80	20%
Other income	13	3	1	(12)	(92%)	(2)	(65%)
Total revenues	1,538	403	481	(1,057)	(69%)	78	19%
Cost of services	1,257	302	391	(866)	(69%)	89	29%
Selling expenses	70	24	22	(48)	(69%)	(3)	(11%)
Administrative expenses	53	44	55	2	3%	10	23%
Total expenses	1,380	371	468	(912)	(66%)	96	26%
Operating Profit	159	32	13	(145)	(92%)	(18)	(58%)
Finance Cost	2	4	4	2	100%	-	5%
Profit before income tax expenses	156	28	9	(147)	(94%)	(19)	(67%)
Income tax expenses	32	6	2	(30)	(94%)	(4)	(69%)
Profit for the period	124	22	7	(117)	(94%)	(15)	(67%)
Profit before finance costs, income tax, depreciation, and amortization (EBITDA)	169	51	36	(132)	(79%)	(14)	(29%)
(Adjusted) Operating Profit *	162	30	22	(140)	(86%)	(8)	(25%)
(Adjusted) Net Profit *	128	20	16	(112)	(87%)	(4)	(19%)
(Adjusted) EBITDA *	172	49	45	(127)	(74%)	(4)	(7%)

Note * Excluding non-recurring items, such as unrealized gains/losses from exchange rates, expenses for listing on the SET, and allowances for expected credit losses, etc.

Statement of comprehensive income	9 Months-Period		Change	
	2022	2023		
Unit : Million Baht				
Service income	5,229	1,310	(3,919)	(75%)
Other income	28	10	(18)	(65%)
Total revenues	5,257	1,320	(3,937)	(75%)
Cost of services	4,057	1,013	(3,044)	(75%)
Selling expenses	262	79	(183)	(70%)
Administrative expenses	117	149	32	27%
Total expenses	4,436	1,240	(3,196)	(72%)
Operating Profit	821	80	(741)	(90%)
Finance Cost	7	12	5	65%
Profit before income tax expenses	814	68	(746)	(92%)
Income tax expenses	163	15	(148)	(91%)
Profit for the period	651	53	(597)	(92%)
Profit before finance costs, income tax, depreciation, and amortization (EBITDA)	846	136	(710)	(84%)
Profit before finance costs, income tax, depreciation, and amortization (EBITDA)	828	89	(739)	(89%)
(Adjusted) Operating Profit *	657	62	(595)	(91%)
(Adjusted) Net Profit *	852	145	(707)	(83%)

Note * Excluding non-recurring items, such as unrealized gains/losses from exchange rates, expenses for listing on the stock exchange, and allowances for expected credit losses, etc.

Financial Performance Analysis

Service Income

In the 3rd quarter of 2023, the company had service income of THB 480 million, a decrease of THB 1,046 Million or 69% from the same period of 2022, and in the 9 months-period of 2023, the service income were THB 1,317 Million, a decrease of 3,910 Million or 75% from the same period of 2022. This was mainly due to the decline in the sea freight income from, a decrease in freight rate, following market price dynamics due to reduced demand for international sea freight services caused by the global economic slowdown. However, the volume of sea freight service has increased from the same period of the previous year due to the company's proactive strategy in presenting its services directly to foreign importers. For the 9-month period of 2022 – 2023, the service income was divided into the following type of service:

Service Income Unit : Million Baht	Q3/2022	Q2/2023	Q3/2023	YoY		QoQ	
				Change	Change	Change	Change
■ Sea Freight Service	1,487	363	426	(1,061)	(71%)	64	18%
■ Air Freight Service	10	6	4	(6)	(60%)	(2)	(35%)
■ Warehouse	4	11	27	23	575%	16	147%
■ Logistics support Service	25	21	23	(2)	(8%)	2	8%
Total Service income	1,526	400	480	1,046	(69%)	80	20%

Service Income Unit : Million Baht	9 Months-Period		Change	
	2022	2023	Change	Change
■ Sea Freight Service	5,125	1,183	(3,942)	(77%)
■ Air Freight Service	25	23	(2)	(9%)
■ Warehouse	13	45	31	235%
■ Logistics support Service	66	67	1	2%
Total Service income	5,229	1,317	(3,912)	(75%)

Service income structure 9M2022



Service income structure 9M2023



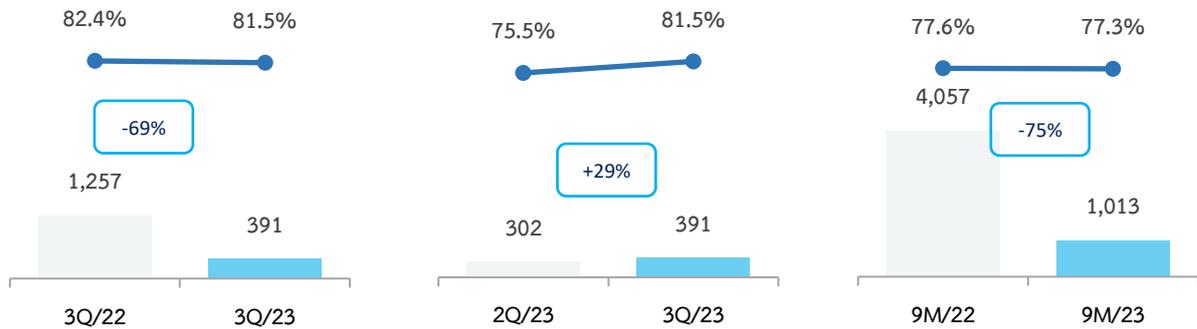
Remark: Percentage of Service income

Other income

In the 3rd quarter of 2023, the other income was THB 1 million, a decrease of THB 12 million or 92% from the same period of 2022, and for the 9 months-period of 2023, the other income was THB 10 million, a decrease of THB 18 million or 65% from the same period of 2022 mainly due to a reduction in profit from exchange rates.

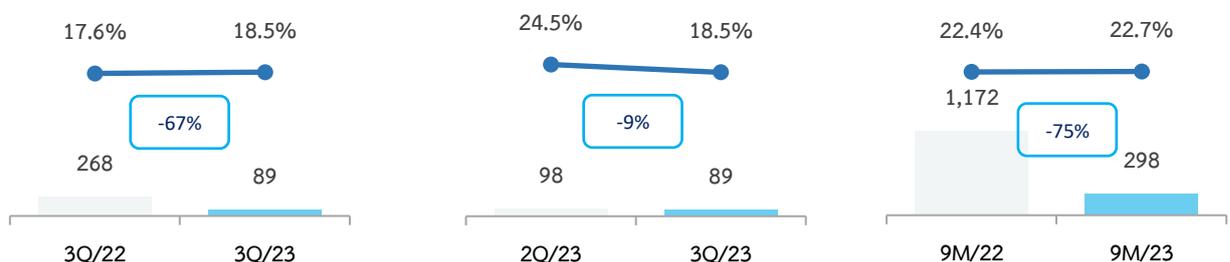
Cost of services	Q3/2022	Q2/2023	Q3/2023	YoY		QoQ	
				Change		Change	
Service income	1,526	400	480	(1,045)	(69%)	80	20%
Cost of services	1,257	302	391	(866)	(69%)	89	29%
Gross Profit	268	98	89	(180)	(67%)	(9)	(9%)

Cost of services	9 Months-Period		Change	
	2022	2023		
Service income	5,229	1,310	(3,919)	(75%)
Cost of services	4,057	1,013	(3,044)	(75%)
Gross Profit	1,172	298	(874)	(75%)



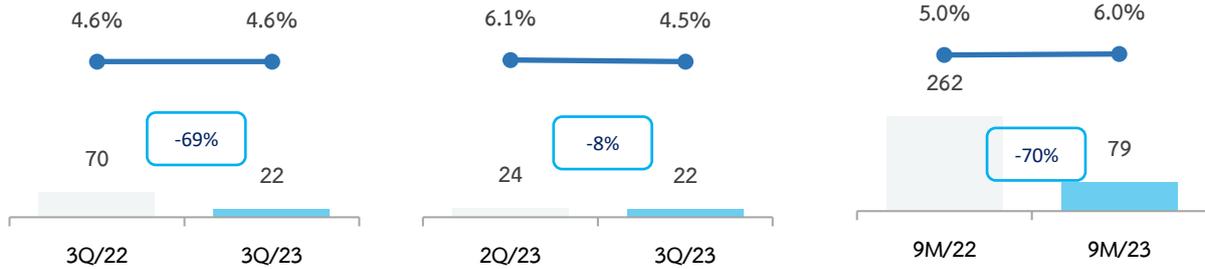
In the 3rd quarter of 2023, the cost of services was THB 391 million, a decrease of THB 866 million or 69% from the same period of 2022, and for the 9 months-period of 2023, the cost of services was THB 1,013 million, a decrease of THB 3,044 million or 75% from the same period of 2022 mainly due to lower freight rate. The freight rate had been decreasing since the second quarter of 2022 until the third quarter of 2023.

Gross Profit



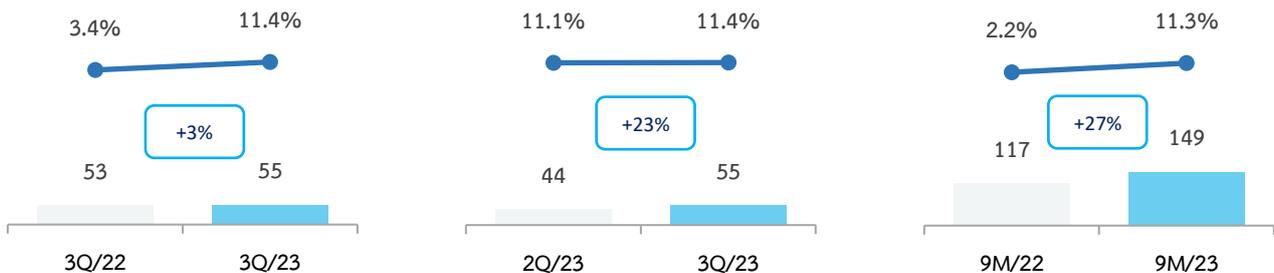
In the 3rd quarter of 2023, the gross profit was THB 89 million, a decrease of THB 180 million or 67% from the same period of 2022, and for the 9 months-period of 2023, the gross profit was THB 298 million, a decrease of THB 874 million or 75% from the same period of 2022 mainly due to the reduction in the cost. Although selling prices have also adjusted downward, the Company was able to maintain its gross profit margin through its pricing policy.

Selling Expenses



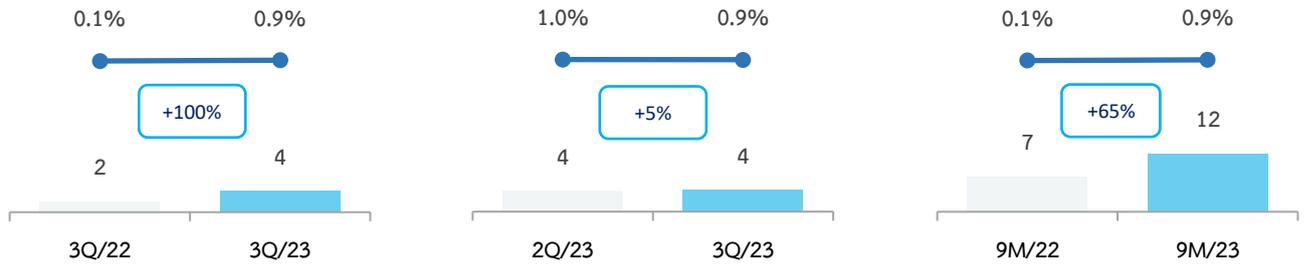
In the 3rd quarter of 2023, the selling expenses were THB 22 million, a decrease of THB 48 million or 69% from the same period of 2022, and for the 9 months-period of 2023, the selling expenses were THB 79 million, a decrease of THB 183 million or 70% from the same period of 2022 mainly due to the decrease in employee and Sales Agent commissions, which are performance-based compensations aligning with the decrease in commissions for employees and Sales Agents.

Administrative expenses



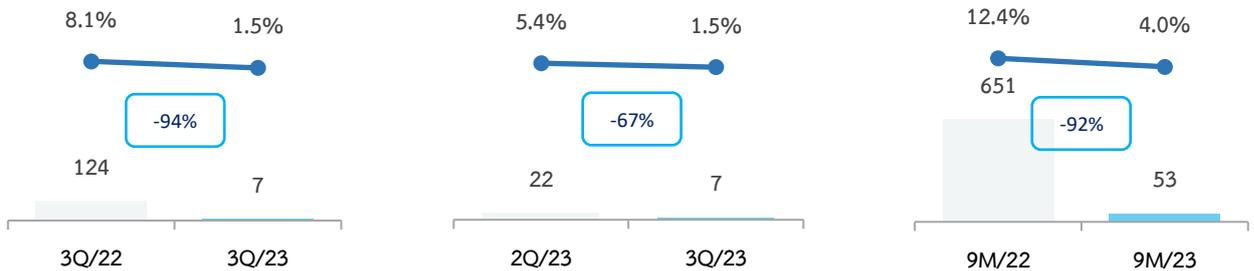
In the 3rd quarter of 2023, the administrative expenses were THB 55 million, an increase of THB 2 million or 3% from the same period of 2022, and for the 9 months-period of 2023, the selling expenses were THB 149 million, a decrease of THB 32 million or 27% from the same period of 2022 mainly due employee salaries and benefits. Additionally, during the 9-month period of 2023, the Company reversed certain expected credit loss due to the receipt of payments from a specific debtor.

Finance cost



In the 3rd quarter of 2023, the finance cost was THB 4 million, an increase of THB 2 million or 100% from the same period of 2022, and for the 9 months-period of 2023, the finance cost was THB 12 million, an increase of THB 5 million or 65% from the same period of 2022 mainly due interest expenses incurred from higher lease liabilities.

Net Profit



In the 3rd quarter of 2022, the company had a net profit of THB 7 Million, a decrease of THB 117 Million or 94% from the same period last year, Net profit margin decreased from 6.6% in the 3rd quarter of 2022 to 1.5% in the 3rd quarter of 2022. And for the 9 months-period of 2023, the company had a net profit of THB 53 Million, a decrease of THB 597 Million or 92% from the same period last year, Net profit margin decreased from 8.4% in the for the 9 months-period of 2022 from 12.4% to 4.0% in the 9 months-period of 2023. This was mainly due to the decline in service income, coupled with the fact that a significant portion of administrative expenses are fixed costs that do not vary with income. As a result, the net profit of the Company decreased.

However, the company is affected by non-recurring expenses, including unrealized foreign exchange losses, expenses for listing on SET, and allowances for expected credit losses. If such items are excluded, in the 3rd quarter of 2023, the company would have a net profit of THB 16 million, a decrease of THB million or 19% from the same period last year the company's net profit margin would be of 3.4%. For the 9 months-period of 2023, the company would have a net profit of 62 million baht and a net profit margin of 4.7%, a decrease of THB 595 million or 91% from the same period last year.

Financial Position

Consolidated Statement of Financial Position	December 31, 2022		September 30, 2023		Change	
	THB million	%	THB million	%	THB million	%
Total assets	1,208.34	100.00	1,378.75	100.00	170.41	14.10
Total liabilities	560.36	46.37	511.19	37.08	(49.17)	(8.77)
Total shareholder's equity	647.98	53.63	867.55	62.92	219.57	33.89

Assets

As of December 31, 2022, and September 30, 2023, the Company's total assets were THB 1,208.34 million and THB 1,378.75 million, respectively. As of September 30, 2023, the Company's total assets increased by THB 170.41 million or 14.10% compared to 2022. The primary reasons due to the increase in the (1) other current financial assets of THB 222.50 million and (2) right-of-use assets of THB 134.39 million. Additionally, there was a decrease in (1) cash and cash equivalents of THB 194.55 million and (2) trade and other receivables of THB 6.26 million

Liabilities

As of December 31, 2022, and September 30, 2023, the Company's total liabilities were THB 560.36 million and THB 511.19 million, respectively. As of September 30, 2023, the Company's total liabilities decreased by THB 49.17 million or 8.77% compared to 2022. The primary reasons are the decrease in the trade and other payables of THB 123.05 million and income tax payable of THB 43.37 million. Additionally, there was an increase in lease liabilities of THB 176.29 million.

Shareholder's equity

As of December 31, 2022, and September 30, 2023, the Company's total shareholder's equity was THB 647.98 million and THB 867.55 million, respectively. As of September 30, 2023, the Company's total shareholder's equity increased by THB 219.57 million or 33.89% compared to 2022. The primary reason is the funding from the initial public offering in the Stock Exchange of Thailand of THB 324.75 million.

Sincerely yours

-Mr. Nanmanus Witthayasakpant-

(Mr. Nanmanus Witthayasakpant)

Chief Executive Officer