

## Triple i Logistics Public Company Limited

## Management Discussion and Analysis for the year ending 31 December 2023

## Management Discussion and Analysis

Record-high performance for 3 consecutive years and continue setting target to grow with "Logistics and Beyond" concept

The Company has reported continuous growth in its operating results in the year 2023. It could achieve continuous growth for three consecutive years in a row. The Company's net profit was Baht 866.2 million, an increase of 8.9% when compared to the previous year, and net profit (excluding extra items) grew by 18.2% amid pressure from various uncertain factors, including economic and industrial slow down and geopolitical conflicts. Such success comes from the fact that the Company has set a strategy for growth through business expansion and new investments in logistics-related businesses within the country and abroad under the concept of "Logistics and Beyond." Such concept focuses on diversification to secure new and diversified sources of income without relying primarily on any one source of income to create strong and sustainable growth amidst present and future uncertainties. In addition, the Company has successfully led Asia Network International Co., Ltd. (ANI), a subsidiary which operates general sales agents for airlines business (GSA), to be listed on the Stock Exchange of Thailand. This makes ANI the first and only GSA company to be listed on a stock exchange in Asia.

## Summary of Operating Performance for the year 2023

Unit : Million Baht	2022	2023	Change	% change + / (-)
Revenues from sales and services	2,788.8	1,764.5	(1,024.3)	(36.7%)
Costs of sales and services	2,177.3	1,383.2	(794.1)	(36.5%)
Gross profit	611.5	381.3	(230.2)	(37.7%)
<b>Gross profit margin</b>	<b>21.9%</b>	<b>21.6%</b>		<b>(0.3%)</b>
Other income	89.6 <sup>1/</sup>	9.5 <sup>2/</sup>	(80.1)	(89.4%)
Selling expenses	61.0	49.7	(11.2)	(18.4%)
Administrative expenses	377.1	256.2	(120.9)	(32.1%)
Gain (loss) on exchange rates - net	5.1	(2.7)	(7.8)	(152.3%)
Finance costs	33.7	33.4	(0.3)	(0.7%)
Share of profits from investments in associates and joint ventures <sup>2/</sup>	624.0	824.0	200.0	32.1%

Income tax	62.8	6.6	(56.2)	(89.5%)
Net profit for the period	795.7	866.2	70.6	8.9%
<b>Net profit margin</b>	<b>28.5%</b>	<b>49.1%</b>		<b>20.6%</b>
Special item from ANI <sup>2/</sup>	321.7	305.9	(15.8)	(4.9%)
Adjusted net profit from special item from ANI (Normalized Profit)	474.0	560.4	86.4	18.2%

Remarks: 1/ The Company recorded a profit from the sale of investment in TAC to ANI in the amount of Baht 66.4 million and a profit from the sale of investment in Shipsmile to Sabuy Speed Company Limited in the amount of Baht 16.2 million.

2/ In Quarter 4/2023, the Company realized a profit from reduction of its shareholding in ANI in the amount of Baht 305.9 million from ANI's initial public offering (IPO) on 14 December 2023. Under the audited financial statements, this profit was recorded as other income. Under the above table, the management presented the profit as share of profit from investments in associates and joint ventures for the 2023 financial analysis.

In Quarter 4/2023, the Company realized a profit from adjustment of the investment value in Asia GSA (M) in the amount of Baht 321.7 million due to acquisition of 20% shareholding in Asia GSA (M) at the beginning of 2022 at a price lower than fair value, compared to acquisition of the remaining 80% shareholding at the end of 2022. This was in line with the restructuring plan of air freight business unit and filing for listing on the Stock Exchange of Thailand.

In respect of operating performance for the year 2023, the Company's net profit was Baht 866.2 million, an increase of 8.9% from the same period of last year. This was mainly due to continuous growth in return from investments in related businesses, both domestically and abroad. Share of profits from investments in associates and joint ventures was in the amount of Baht 824.0 million, an increase of over 32.1% when compared to the same period of last year from growth of ANI's operating performance, which was partly due to ANI's acquisition of the additional 80% shareholding in Asia GSA (M) at the end of Quarter 4/2022 and returns from ground handling service business, AOT Ground Aviation Services Company Limited (AOTGA) of which the Company has invested through SAL Group (Thailand) Company Limited, which had good performance and continuous growth due to growth of the airline business. In Quarter 4/2023, the Company recorded a profit from reduction of its shareholding in ANI in the amount of Baht 305.9 million from ANI's IPO on 14 December 2022, resulting in decrease in the Company's shareholding in ANI from 51.66% to 36.15%.

In 2023, the Company's total income was Baht 1,764.5 million, a decrease of 36.7% from the same period of last year, which was a decrease in income in every business unit. This was mainly due to lower air and sea freight rates. The Company's gross profit in 2023 was Baht 381.3 million, a decrease of 37.7% from the same period of last year, which was consistent with the decreased income. However, the air freight business unit had a higher gross profit compared to the previous year, which was mainly due to warehouse service in Don Mueang Airport having increasing service volume and improved profit margin from cost management.

Selling and administrative expenses decreased by 30.2% compared to the same period of last year from efficient management of expenses. Such factor has contributed to growth in the Company's operating results compared to the previous year.

## Financial Position Analysis

Unit : Million Baht

Statement of Financial Position	31 December 2022	31 December 2023	Increase (Decrease)	%
Total assets	3,679.7	4,641.1	961.4	26.1%
Total liabilities	1,008.0	878.5	(129.6)	(12.9%)
Shareholders' equity	2,671.7	3,762.6	1,090.9	40.8%

### Total assets

The Company's total assets as of 31 December 2023 was Baht 4,641.1 million, an increase from the total assets as of 31 December 2022 by Baht 961.4 million. The increase was mainly due to increase in ANI's capital to finance the acquisition of Asia GSA (M) at the beginning of 2023 in the amount of Baht 968.0 million.

### Total liabilities

The Company's total liabilities as of 31 December 2023 was Baht 878.5 million, a decrease by Baht 129.6 million from the total liabilities as of 31 December 2022. This was mainly due to repayment of long-term loan in the amount of Baht 156.0 million.

### Shareholders' equity

The Company's shareholders' equity as of 31 December 2023 was Baht 3,762.6 million, an increase by Baht 1,090.9 million from that as of 31 December 2022 due to operating results in 2023 and an increase in share premium in the amount of Baht 906.6 million from allotment of 46,165,510 newly issued ordinary shares to existing shareholders (Right Offering) and capital increase from exercise of warrants to purchase 69,055,226 ordinary shares, and in 2023, the Company repurchased 22,571,700 shares in accordance with the share repurchase program for financial management for the total amount of Baht 247.0 million.

The Company has strong financial ratios, having a debt-to-equity ratio (D/E) of 0.23 times and an interest-bearing debt to equity ratio (IBD/E) of 0.14 times.

## Significant development in the year 2023

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

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- 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.

### Exercise of warrants to purchase newly issued ordinary shares (III-W1) no. 6

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- On 11 May 2023, there was the sixth and final exercise of III-W1 to convert into 69,055,226 ordinary shares of the Company, resulting in the total amount of proceeds from the conversion of III-W1 of Baht 410,202,644.04. For all six exercises of III-W1, the aggregate number of shares arising from the exercises was 152,279,835 shares and the aggregate amount of proceeds from the conversion of III-W1 was Baht 909,550,298.24.

### Dividend payment

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- The Company paid dividends for the year 2023 to shareholders at the rate of Baht 0.60 per share, totaling Baht 456,206,241.60, consisting of annual dividend payment for the year 2022 at the rate of Baht 0.40 per share on 16 May 2023, totaling Baht 295,479,157.60, and interim dividend payment at the rate of Baht 0.20 per share on 8 September 2023, totaling Baht 160,727,084.00.

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### Capital increase in Makesend Express Company Limited (MSE)

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- The Company increased capital in MSE on 30 June 2023. Through such capital increase, the Company would maintain the existing shareholding of 30%. The newly issued ordinary shares subscribed by the Company was 780,000 shares with a total investment value of Baht 15.60 million.

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### Share repurchase for financial management (Treasury Stock)

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- The Board of Directors' Meeting of the Company held on 8 August 2023 resolved to approve share repurchase program (Treasury Stock) in the amount of not exceeding Baht 300 million and the number of shares to be repurchased of not exceeding 25,000,000 million shares or 3.10% of the total issued shares. The share repurchase shall be made through the Stock Exchange of Thailand. The share repurchase program has ended on 10 January 2024. The Company has repurchased a total of 25,000,000 shares, representing 3.10% of the Company's total issued shares, with a total value of Baht 270,745,310.

### Industry Trends in 2024

In respect of the industry forecast for 2024, the Company expects that air and sea freight volumes will improve from the last year due to expansion of the world economy, particularly economic growth opportunities of the Asian region and China. This is in line with the World Economic Outlook Update, January 2024 of the International Monetary Fund (IMF). It is estimated that world trade volume would expand by 3.3% in the year 2024 from the year 2023, which expanded by 0.8%. This is in line with global economic expansion which is expected to expand by 3.1%, especially expansion of Asia and China by 5.2% and 4.6% respectively. Such factors reflect increased logistics demand. This is a positive factor for air and sea freight rates in the year 2024, having a better direction from last year.

Airline business and related logistics business are expected to continuously expand from last year from increase in the number of tourists, flight volumes, and activities within Thailand's airports. Based on information from the Economic Analysis Center of TMB Thanachart, it is expected that the number of foreign tourists traveling to Thailand in 2024 will be 33.1 million tourists, an increase of 22.6% from the previous year's figure of 27.0 million tourists, due to the government's policy of attracting tourists and generating income from tourism in the year 2024.

Based on industry trends in 2024 and the Company's growth strategy under the concept of "Logistics and Beyond" which focuses on expansion and investment in new logistics-related business by relying on

expertise in logistics to expand the business and create synergy by building an ecosystem for business networks within the group of companies. This is also to expand service network, develop and create new business growth opportunities, and create efficient cost management within the group of companies. Therefore, the Company believes that it will be able to create sustainable growth in operating performance for the four main business units, which provide complete logistics services, and growth from investment in new logistics-related businesses.

Yours sincerely,

Triple i Logistics Public Company Limited

(Mr. Tipp Dalal)

Chief Executive Officer