

27 February 2023

 Subject: Management Discussion and Analysis (MD&A) for the 4<sup>th</sup> Quarter and the year ended 31<sup>st</sup> December 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 4<sup>th</sup> Quarter and the year ended 31<sup>st</sup> December 2023 as the following details.

**Highlight: Now, the company is entering another cycle of recovery to regain service revenue and operating profit. In Q4/2023, the net profit (Owners of the parent) was 29.4 MB increased 293% when compared to Q4/2022 which was 7.5 MB and increased 80% when compared to Q3/2023 which was 16.3 MB. The company's total revenue in Q4/2023 increased 12% from Q3/2023. The revenue in Q4/2023 was 364.0 MB when the total revenue in Q3/2023 was 325.9 MB. The gross profit in Q4/2023 was 121.9 MB increased 7.6 MB or 7% when compared to Q3/2023 which was 114.3 MB. The Company has strategically managed and begun recognizing revenue from rail transportation between Thailand, Laos, and China in cooperation with LaneXang Express, as well as revenue from selling frozen Durian to China through Leo Sourcing and Supply Chain, both of which are JV within the group. These factors have contributed to an improvement in its gross profit margin in 2023 to 34% compared to 20% in 2022.**

The company is confident that in 2024, with the F.A.S.T.24 business plan, it will achieve continuous and robust growth in both gross profits and operating results. Especially in Q1/2024, the company will benefit from the positive impact of the Israel-Hamas war, which has led to the Red Sea Crisis and subsequently boosted sea freight to the Middle East, Europe, and America by 3-4 times. The company could earn much higher gross profit, similar to the situation during the Covid-19 pandemic in 2021-2022. In addition to the mentioned positive impacts, in 2024, the company will recognize revenue from several new business units, including rail transportation to Laos and China as well as domestically, the Bonded Cold Chain Logistics Center at Saha Thai Port, and Self-Storage Project #3 at Rama 4 Road, which will commence operations in Q2/2024. Furthermore, there will be additional revenue recognition from other JV projects initiated in 2023, such as Leo Sourcing & Supply Chain, LaneXang Express, and Logicam-Leo (Cambodia), which are expected to significantly contribute to the company's revenue growth in 2024. Moreover, the company has several JV and M&A projects in the pipeline that are planned for implementation within this year.

### Summary of Financial Performance

Unit : Million Baht (MB)	2023	2023	2022	% Change		2023	2022	%
	Q4	Q3	Q4	Q-o-Q	Y-o-Y	12 Months	12 Months	Change
Revenues-Service and Other income	364.0	325.9	485.8	12%	-25%	1,372.9	4,495.3	-69%
Gross Profit (GP)	121.9	114.3	127.9	7%	-5%	458.5	885.3	-48%
Gross Profit Margin (%)	34%	35%	26%			34%	20%	
Net Profit (NP)	26.4	15.0	6.3	76%	318%	76.4	306.1	-75%
Net Profit (NP) : Owners of the parent	29.4	16.3	7.5	80%	293%	83.5	304.6	-73%
Net Profit Margin (%)	7.3%	4.6%	1.3%			5.6%	6.8%	

In Q4/2023, The Company's total revenues were 364.0 MB increased 38.1 MB or 12% from Q3/2023 because of increasing in revenue from freight and other services when compared to Q4/2022 decreased 121.8 MB or 25%. For 12 months period comparison between 12M/2023 and 12M/2022, the total revenues decreased 3,122.4 MB or 69%. Although the total revenues decreased due to declining freight rates, the Company has been able to strategically manage its operations to improve its gross profit margin, the gross profit margin for 12 months period comparison between 12M/2023 and 12M/2022 a significant increased from 20% to 34%.

The Company's Gross profit in Q4/2023 was 121.9 MB increased 7.6 MB or 7% from Q3/2023 when compared to Q4/2022 decreased 6.0 MB or 5%. For 12 months period comparison between 12M/2023 and 12M/2022 decreased 426.8 MB or 48%. The gross profit margin in Q4/2523 was 34% decrease 1% when compared to Q3/2023 which was 35% and higher than Q4/2565 which was 26%.

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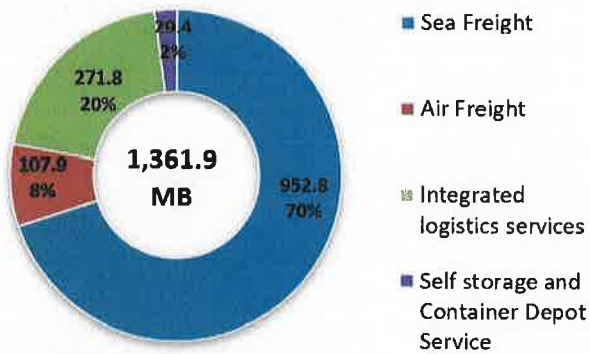
THE SMART LOGISTICS SOLUTION

Net Profit (Owners of the parent) in Q4/2023 was 29.4 MB. increased 13.1 MB or 80% from Q3/2023 when compared to Q4/2022 increased 21.9 MB or 293%. For 12 months period, the net profit in 12M/2023 decreased 221.1 MB or 73 % when compared to 12M/2022.

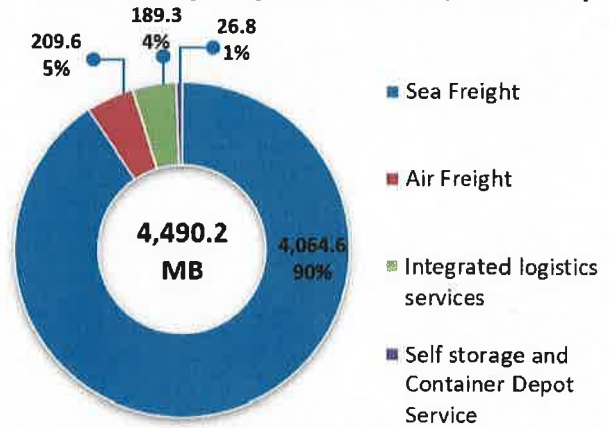
**Service income and portion by segment.**

Segment	2023	2023	2022	% Change		2023	Portion	2022	Portion	%
	Q4	Q3	Q4	Q-o-Q	Y-o-Y	12 Months	%	12 Months	%	Growth
1. Sea Freight	235.9	225.6	408.8	5%	-42%	952.8	70%	4,064.6	90%	-77%
2. Air Freight	23.4	22.4	32.9	4%	-29%	107.9	8%	209.6	5%	-48%
3. Integrated logistics services	95.4	66.7	35.9	43%	166%	271.8	20%	189.3	4%	44%
4. Self storage and Container Depot Service	5.8	8.3	6.3	-29%	-7%	29.4	2%	26.8	1%	10%
<b>Total</b>	<b>360.5</b>	<b>323.0</b>	<b>484.0</b>	<b>12%</b>	<b>-26%</b>	<b>1,361.9</b>	<b>100%</b>	<b>4,490.2</b>	<b>100%</b>	<b>-70%</b>

**Revenue (MB)-Year 2023 (Jan-Dec)**



**Revenue (MB)-Year 2022 (Jan-Dec)**



**In 2023, the service income was 1,361.9 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 952.8 MB. or 70% of total service income.
- 2) Air Freight Services:** the company's revenues from air freight was 107.9 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 271.8 MB. or equivalent to 20% 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 29.4 MB. or about 2% of total service income.

**Performance Analysis**

**1.Sea Freight Service**

In Q4/2023, the income increased by 4.5% when compared to Q3/2023 due to the increased volume of container transportation but decreased 42% when compared to Q4/2022. For 12 months period compared between 2023 and 2022, in 12M/2023 revenue decreased 77% from 12M/2022 due to lower freight rates and the slowdown in exports from Thailand.

**2.Air Freight Service**

In Q4/2023, the income increased 4.3% because air transport volumes are recovering when compared to Q3/2023 and decreased 29% when compared to Q4/2022. For 12 months period when compared between 2023 and 2022, in 12M/2023 revenue decreased 48% from 12M/2022 because of the decline in air freight rates, global economic stagnation, and the slowdown in international trade worldwide.

### 3.Integrated Logistics Services

#### 3.1Transportation Services

Income in Q4/2023 slightly decreased from Q3/2023 but increased 26% from Q4/2022. For 12 months period, in 2023 revenue increased 7% when compared to 2022 according to the continuous increase in volume of land transportation.

#### 3.2 Customs Clearance & other Services

The income from customs clearance and other services in Q4/2023 increased 93% from Q3/2023 and increased 583% compared to Q4/2022. For 12 months period, in 12M/2023 increased 123 % when compared to 12M/2022. The growth in the volume of imports and exports, along with increased income from Project Cargoes for plant relocation and new business ventures for providing rental services of temperature-controlled containers (Reefer Containers), has contributed to this improvement.

### 4.Self Storage and Container Depot Services

For businesses in this group, the total revenue in Q4/2023 was 5.8 MB decreased 29% from Q3/2023 and decreased 7% from Q4/2022. When comparing 12M/2023 which was 29.4 MB to 12M/2022 which was 26.8 MB, it increased by 10% due to income from Self-Storage grow up, as detailed below.

**4.1 Income from Self storage service** in Q4/2023 decreased 2% when compared to Q3/2023 and increased 34% compared to Q4/2022. For 12 months period, in 12M/2023 which was 13.6 MB compared to 12M/2022 which was equal to 8.8 MB increased by 54% 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. The company has also fully operated both 2 branches, on Rama 3 Road and in Chinatown. As a result, revenue has been consistently increasing.

**4.2 Income from container depot** in Q4/2023 was 50% decreased from Q3/2023 and decreased 36% from Q4/2022, For 12 months period, when compared between 12M/2023 which was 15.8 MB and 12M/2022 which was 18.0 MB, the income decreased 12%. The volume of containers sent to the yard and repair revenue were lower due to the need for improvement in container depot site#1, which could not provide services to customers. Additionally, the newest container depot site #2 had just started providing services, causing delays as customers needed to register in their system to access our services.

#### Other income

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

Other income	2023 (Jan-Dec)	2022 (Jan-Dec)	% Change
1.Dividend	6,183,489	2,617,464	136%
2.Interest Income	3,273,532	1,530,917	114%
3.Income from rental/service	650,625	212,379	206%
4.Other income	888,342	738,103	20%
<b>Total</b>	<b>10,995,989</b>	<b>5,098,862</b>	<b>116%</b>

#### Selling and Administrative expenses

The selling and administrative expenses (SG&A) for Q4/2023 decreased 10% when compared to Q3/2023, when compared to Q4/2022 also decreased 28%. For the 12-month period, in 2023 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 expenditure to an appropriate level.

Additionally, in 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 Q4/2023 was decreased 25% from Q3/2023 when compared to Q4/2022 decreased 24% and when compared between 12M/2023 and 12M/2022 increased 36%. Financial cost mainly increased from interest payment 11.7 MB for bonds which prepared for new investments in JV and M&A projects. In addition, there were financial costs related to the increase in lease contracts and long-term loan interest from construction of a new Self-Storage project.



**Net Profit**

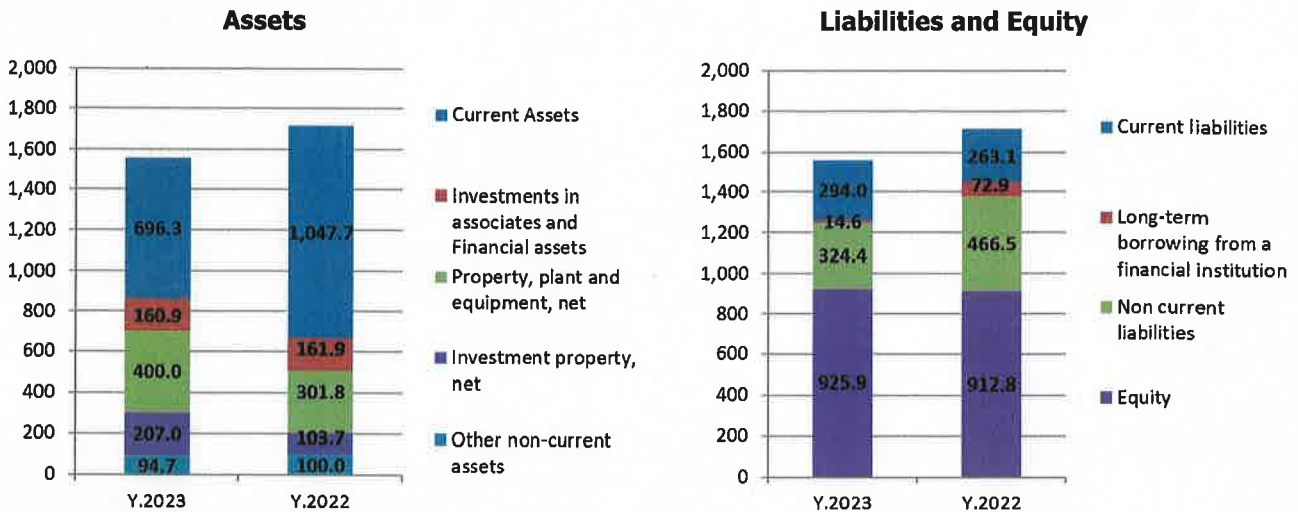
Net profit (Owners of the parent) in Q4/2023 was 29.4 MB, which increased 13.1 MB or 80% compared to Q3/2023 and increased 21.9 MB or 293% from Q4/2022 due to higher revenue from freight services. The net profit (Owners of the parent) in 12M/2023 decreased by 221.1 MB or 73% when compared to 12M/2022 resulting from reduced freight rates in both sea and air, as well as the overall weakened global economic and international transportation.

The company was able to continually increase its net profit margin in the Q4/2023 to 7.3% which was higher than the Q3/2023 and Q4/2022 which were 4.6 % and 1.3 % respectively.

**Financial Analysis**

**Unit: Million**

**Baht**



**Assets**

As of 31<sup>st</sup> December 2023, the Company had total assets amount 1,559.0 MB decreased 156.2 MB from 31<sup>st</sup> December 2022. The total current assets decreased net 351.4 MB, Cash and cash equivalent decreased 283.6 MB, other current financial assets decreasing 139.7 MB, Trade and other receivables increased 70.7 MB, Other current assets increased 1.2 MB and Non-current assets were net increased 195.2 MB as details below.

- Investments in associated companies, joint ventures, and long-term financial assets collectively decreased by 1.0 MB. This decrease resulted from Acquisition of investments in associates, net 16.5 MB, sales of investments in associates net 15.7 MB and joint ventures 5.0 MB. Moreover, increased from re-valuation of the financial assets measured at fair value through other comprehensive income 1.9 MB.

- Property and equipment net increased 98.2 MB from right of use assets 54.6 MB, container storage yard #2 project 11.7 MB, cold storage warehouse project 13.9 MB, office building 8.5 MB, furniture 8.2 MB and computers 1.3 MB.

- Investment property net increased 103.3 MB from the rental agreement for Self-Storage Project #3

- Other non-current assets net decreased by 5.3 MB. from restricted cash increased 5.1 MB, Receivables - revenue department decreased 0.2 MB, Deferred tax assets increased 2.3 MB, Intangible assets decreased 3.5 MB and other non-current assets decreased 9.0 MB from refunding deposits to customers.

**Liabilities**

As of 31<sup>st</sup> December 2023, the company's total liabilities amount to 633.0 MB, reflecting a decrease of 169.5 MB from December 31<sup>st</sup>, 2022. The main contributing factors for this decrease are outlined below.

- Bank overdrafts and short-term loans from financial institutions increased by 90.4 MB.

- Account payable decreased by 91.5 MB.

- Corporate income tax payable decreased by 22.8 MB.

- Other current liabilities decreased by 0.3 MB from VAT liability

- Other non-current liabilities decreased 145.3 MB from liabilities under finance lease contracts increased 112.3 MB, employee benefit obligations increased 5.9 MB, Long-term loans from financial institutions decreased 9.2 MB and debenture decreased 254.3 MB.

### Equity

As of 31<sup>st</sup> December 2023, the total equity amounted to 925.9 MB, marking a decrease of 13.1 MB from December 31<sup>st</sup>, 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 83.5 MB, other component of equity increased 0.4 MB, Non-controlling interests decreased 8.8 MB, purchase of treasury shares 1.1 MB and decreased 63.0 MB for annual dividend payment.

### Liquidity

Unit : Million Baht	For YEAR 2023
Cash at the beginning of the period	383.0
Net cash flows from operating activities	-50.1
Net cash flows from investing activities	61.1
Net cash flows from financing activities	-296.5
Net increase in cash	-283.6
Cash at the end of the period	99.4

### Cash flows from operating activities.

The Company and subsidiaries used net cash for operating activities in 2023 amount 50.1 MB. The Company generated a net profit amount 76.4 MB, used for accounts receivable increased 69.8 MB and other current assets increased 1.0 MB. Received from non-current assets decreased 9.3 MB, account payable decreased 83.2 MB and other current liabilities decreased 0.6 MB.

### Cash flows from investing activities.

Net cash flows generated from investing activities in 2023 was a net of 61.1 MB. Spend for bank deposits of 5.1 MB, received from invested in short term investment and mutual funds 133.8 MB, purchase of assets used for normal operation 39.4 MB, additional invested in property Investments 48.0 MB, received by sale investments in associates and joint ventures 30.6 MB, invested in associates 16.5 MB, received income from interest earned 2.0 MB and dividends 6.2 MB.

### Cash flows from financing activities.

Net cash flows used in financing activities in 2023 were 296.5 MB, resulting , received from short-term loans from financial institutions 90.5 MB, repayment of bonds of 255.0 MB, repayment of long-term loans for financial institutions of 9.2 MB, received money from non-controlling interests in subsidiaries of 0.8 MB, repurchase of treasury shares 1.1 MB, payment of liabilities under the financial lease of 41.5 MB, interest payment of 18.0 MB and dividend payment amount 63.0 MB.

### Financial Ratio

Financial Ratio	2023 (31/12/2023)	2022 (31/12/2022)
Gross Profit Margin (%)	34%	20%
Net Profit Margin (%)	5.6%	6.8%
Current Ratio (Times)	2.4	4.0
Debt/Equity (Times)	0.7	0.9

Please be informed accordingly.



Best Regards,



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

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