

## Triple i Logistics Public Company Limited

### Management Discussion and Analysis for Quarter 2/2024 ending 30 June 2024

#### Management Discussion and Analysis

The Company reported net profit of Baht 102.7 million and revenue of Baht 538.4 million in Quarter 2/2024

In Quarter 2/2024, the Company's total revenue increased by 22.0% compared to the same period of last year due to continuous growth in the four core business units, particularly growth in air freight business of which revenue represented 58.2% of the total revenue. The growth in air freight business was mainly from air wholesale freight forwarding business in which the Company focuses on providing air freight services by utilizing Thailand as a regional hub for collecting goods from China and other ASEAN countries for distribution to destination countries. The business has benefited from expansion of e-Commerce market and recovery of the global economy. Such factors have resulted in continuous growth in the Company's four core business units for the third consecutive quarter.

The Company's net profit in Quarter 2/2024 was Baht 102.7 million, a decrease by 34.9% compared to the same period of last year due to decrease in share of profits from investments by 35.6% compared to the same period of last year. This was because ANI's operating performance was affected from high demand in transit routes to Europe, America, and certain routes in Asia, especially in major hubs such as Bangkok, Tokyo, and Hong Kong, but limited air freight supply for such routes. Most of the company's service routes are in Asia which have lower profit margins than Europe and America. Due to these challenges, ANI has planned to increase its capacity and expects to improve performance in the remaining quarters of the year. In addition, there was a short-term impact on net profit from AOTGA's increased investments in development of equipment and personnel to support the anticipated increase in number of tourists and flights during the peak season in Quarter 3 and 4 of this year and accommodate opportunities for business expansion and provision of services in the future.

However, the decline in performance in this quarter is expected to be the lowest performance of the year because the second half of the year is a high season for tourism and international freight forwarding businesses. The demand for freight, freight rates, and flight volume are expected to increase throughout the rest of the year. As a result, operating performance of the four core business units and the new business invested by the Company are expected to improve compared to the first half of the year, especially ANI and AOTGA, which are expected to benefit from the industry which shows a sign of growth in the second half of the year. In addition, the Company has a plan to expand its four core business units and newly invested business by

utilizing synergy within the group of companies to increase original sources of income and secure new sources of income as follows:

- Increase of revenue from air freight business
  - Air wholesale freight forwarding business in respect of multimodal transportation services by acting as a regional hub to collect goods from China and other ASEAN countries for distribution to destination countries through synergy between iii and ANI in utilizing the customer base and shared freight capacity.
  - Airport warehouse business in which the Company officially began providing multimodal warehouse services at Suvarnabhumi Airport in July through synergy between iii and AOTGA, with the right to lease warehouse space to support multimodal transportation.
- In collaboration with ANI, developing cargo airlines to increase air freight supply on routes with high freight demand and high freight rates and reduce air freight shortages on routes with excess freight demand.

#### Summary of Operating Performance for Quarter 2/2024

| Unit : Million Baht  | Quarter<br>2/2023 | Quarter<br>2/2024 | % change<br>+ / (-) | Quarter<br>1/2024 | Quarter<br>2/2024 | % change<br>+ / (-) |
|--|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
| Revenues from sales and services                                   | 441.3             | 538.4             | 22.0%               | 499.7             | 538.4             | 7.7%                |
| Costs of sales and services  | 349.9             | 435.4             | 24.4%               | 401.4             | 435.4             | 8.5%                |
| Gross profit   | 91.3              | 103.0             | 12.7%               | 98.2              | 103.0             | 4.9%                |
| Gross profit margin  | 20.7%             | 19.1%             | (1.6%)              | 19.7%             | 19.1%             | (0.5%)              |
| Other income   | 2.8               | 2.7               | (2.6%)              | 1.6               | 2.7               | 65.7%               |
| Selling expenses   | 12.4              | 10.6              | (14.7%)             | 11.5              | 10.6              | (7.7%)              |
| Administrative expenses  | 57.6              | 71.9              | 24.8%               | 65.3              | 71.9              | 10.1%               |
| (Loss) gain on exchange rates - net                                | 1.8               | 1.3               | (26.4%)             | 4.4               | 1.3               | (70.7%)             |
| Finance costs  | 8.5               | 8.1               | (4.0%)              | 7.4               | 8.1               | 9.5%                |
| Share of profits from investments in associates and joint ventures | 145.7             | 93.8              | (35.6%)             | 102.8             | 93.8              | (8.8%)              |
| Income tax   | 5.3               | 7.4               | 39.6%               | 6.2               | 7.4               | 19.3%               |
| Net profit for the period  | 157.8             | 102.7             | (34.9%)             | 116.6             | 102.7             | (11.9%)             |
| Net profit margin  | 35.8%             | 19.1%             | (16.7%)             | 23.3%             | 19.1%             | (4.3%)              |

The Company's total revenue in Quarter 2/2024 was Baht 538.4 million, an increase of Baht 97.1 million or 22.0% from the same period of last year and an increase of Baht 38.7 million or 7.7% from the previous quarter. This was caused by an increase in revenue from air freight business and chemical and dangerous good logistics business units. Revenue from air freight business unit had increased from increase in revenue from air wholesale forwarding business as a result of various factors, including increase in transport volume of general goods and e-Commerce goods, expansion of logistics service in the form of multimodal transportation by the Company, and increase in freight rates and air freight volume from expansion of major trading partners and the global economy.

The Company's gross profit in Quarter 2/2024 was Baht 103.0 million, an increase of Baht 11.6 million or 12.7% from the same period of last year and an increase of Baht 4.8 million or 4.9% from the previous quarter. Such increase was in line with the increase in total revenue.

The Company's share of profits from investments in associates and joint ventures in Quarter 2/2024 was Baht 93.8 million, a decrease of 35.6% compared to the same period of last year and a decrease of 8.8% compared to the previous quarter. The decrease compared to the same period of last year was caused by decline in ANI's performance, despite higher revenue and service volume, as a result of high demand for freight, which led to a shortage of freight on its high-margin long-haul routes, resulting in less freight available to meet customers' demands and dilution effect after ANI was listed on the stock exchange as the Company's shareholding in ANI decreased from 51.66% to 36.15%. The decrease compared to the previous quarter was mainly caused by slowdown in performance of AOT Ground Aviation Services Company Limited (AOTGA), in which the Company invested through SAL Group (Thailand) Company Limited. The slowdown was only for a short-term as AOTGA had increased expenses from hiring employees and depreciation from purchasing tools and equipment to expand service capabilities to accommodate the expected increase in the number of tourists and flight volume during the peak season in Quarters 3 and 4 of this year and prepare for opportunities to expand business and provide services in the future. In addition, the second quarter is a low season for the tourism industry with less airport activities compared to the previous quarter.

Selling and administrative expenses was Baht 82.5 million, an increase by Baht 12.5 million or 17.8% compared to the same period of last year and an increase by Baht 5.7 million or 7.4% compared to the previous quarter. Such increase was in line with the increase in total revenue.

The Company's net profit in Quarter 2/2024 was Baht 102.7 million, a decrease by Baht 55.1 million or 34.9% compared to the same period of last year and a decrease by Baht 13.9 million or 11.9% from the previous quarter. This was mainly caused by decrease in share of profits from investments in associates and joint ventures.

## Operating Performance for the First Six Months of 2024

| Unit : Million Baht  | 6M23  | 6M24    | change | % change<br>+ / (-) |
|--|-------|---------|--------|---------------------|
| Revenues from sales and services                                   | 878.3 | 1,038.0 | 159.7  | 18.2%               |
| Costs of sales and services  | 695.3 | 836.8   | 141.5  | 20.4%               |
| Gross profit   | 183.0 | 201.2   | 18.2   | 10.0%               |
| Gross profit margin  | 20.8% | 19.4%   |        | (1.5%)              |
| Other income   | 5.2   | 4.3     | (0.9)  | (17.2%)             |
| Selling expenses   | 25.5  | 22.1    | (3.4)  | (13.4%)             |
| Administrative expenses  | 123.9 | 137.2   | 13.3   | 10.8%               |
| (Loss) gain on exchange rates - net                                | 0.3   | 5.7     | 5.4    | 1572.8%             |
| Finance costs  | 16.5  | 15.6    | (0.9)  | (5.4%)              |
| Share of profits from investments in associates and joint ventures | 286.4 | 196.5   | (89.8) | (31.4%)             |
| Income tax   | 7.4   | 13.6    | 6.2    | 84.1%               |
| Net profit for the period  | 301.7 | 219.4   | (82.3) | (27.3%)             |
| Net profit margin  | 34.4% | 21.1%   |        | (13.2%)             |

The Company's revenue for the first six months of 2024 was Baht 1,038.0 million, an increase by Baht 159.7 million or 18.2% from the same period of last year. The increase was mainly caused by growth in air freight business which focused on expanding multimodal transportation services and growth of the overall air freight industry.

Gross profit was Baht 201.2 million, an increase by Baht 18.2 million or 10.0% from the same period of last year, which was in line with revenue growth. Gross profit margin was 19.4%, which was slightly decreased from 20.8%.

Selling and administrative expenses was Baht 159.3 million, an increase by Baht 9.9 million or 6.6% compared to the same period of last year, which was in line with increased revenue and service volume.

Share of profits from investments in associates and joint ventures for the first six months of 2024 was Baht 196.5 million, a decrease by Baht 89.8 million or 31.4% compared to the same period of last year. The decrease was caused by dilution effect after ANI was listed on the stock exchange as the Company's shareholding in ANI decreased from 51.66% to 36.15%.

The Company's net profit for the first six months of 2024 was Baht 219.4 million, a decrease by Baht 82.3 million or 27.3% compared to the same period of last year. This was mainly due to decrease in share of profits from investments in associates and joint ventures.

## Financial Position Analysis

Unit : Million Baht

| Statement of Financial Position | 31 December 2023 | 30 June 2024 | Increase (Decrease) | %     |
|---------------------------------|------------------|--------------|---------------------|-------|
| Total assets                    | 4,641.1          | 4,835.0      | 193.9               | 4.2%  |
| Total liabilities               | 878.5            | 1,018.9      | 140.4               | 16.0% |
| Shareholders' equity            | 3,762.6          | 3,816.1      | 53.5                | 1.4%  |

### Total assets

The Company's total assets as of 30 June 2024 was Baht 4,835.0 million, an increase from the total assets as of 31 December 2023 by Baht 193.9 million. The increase was mainly due to additional investment in SAL Group (Thailand) Company Limited (SAL) of 2.96% of the total paid-up capital of SAL with the investment amount of Baht 172.2 million at the end of February 2024. Consequently, the Company's current shareholding in SAL is 25.46%.

### Total liabilities

The Company's total liabilities as of 30 June 2024 was Baht 1,018.9 million, an increase by Baht 140.4 million from the total liabilities as of 31 December 2023. This was mainly due to an increase in short-term loan from financial institution in the amount of Baht 250 million for utilization as working capital.

### Shareholders' equity

The Company's shareholders' equity as of 30 June 2024 was Baht 3,816.1 million, an increase by Baht 53.5 million from that as of 31 December 2023 due to operating performance in the year 2024. The Company has paid dividends in the amount of Baht 140.1 million on 16 May 2024.

The Company has strong financial ratios, having a debt-to-equity ratio (D/E) of 0.27 times and an interest-bearing debt to equity ratio (IBD/E) of 0.18 times.

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## Significant Development in Quarter 2/2024

### Annual dividend payment for the year 2023

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- The 2024 Annual General Meeting of Shareholders resolved to approve dividend payment for the year 2023 at the rate of Baht 0.18 per share, totaling Baht 140,895,561.60. The date of determining shareholders who would be entitled to receive dividends (Record Date) was 2 May 2024 and the dividend payment date was 16 May 2024.

Yours sincerely,

Triple i Logistics Public Company Limited

(Mr. Tipp Dalal)

Chief Executive Officer