

9 August 2024

No. SINO IR 003/2567

Subject Management Discussion and Analysis for the 2nd quarter of 2024 and the 1st half of 2024

To The President

The Stock Exchange of Thailand

We, Sino Logistics Corporation Public Company Limited (“the company”), are pleased to provide you our management discussion and analysis for the 2nd quarter of 2024 and the 1st half of 2024, as follows:

Business Overview

In the second quarter of 2024, the company achieved total revenue of THB 736 million, an increase of THB 332 million, or 82%, compared to the same period of last year. This growth was driven by higher freight rates due to geopolitical factors. Although the volume of shipments slowed down as a result of these impacts, leading to a shortage of shipping space and containers, the company efficiently managed these challenges. This resulted in an improvement in the gross profit margin to 13% this quarter, up from 11% in the previous quarter, and a net profit of THB 13 million in the 2nd quarter of 2024, a 138% increase from the previous quarter.

In terms of export volume, the company has achieved goals. According to Datamyne, the company currently ranks 3rd among freight forwarders in the world in terms of TEU (twenty-foot equivalent unit) volume for sea cargo transportation on the Thailand-USA route.

Looking ahead to the 2nd half of 2024, the company plans to continue growth by expanding international freight volumes through strategic partnerships in Thailand and across the ASEAN region. The company is also planning to expand its business by opening a new office, focusing on other Southeast Asian countries, following the successful establishment of an office in Malaysia in the second quarter. This expansion will enhance the company's ability to meet customer demand in the region, further strengthening the company's competitive position and supporting sustainable growth in the future.

Financial Performance

Statement of comprehensive income	Q2/2023	Q1/2023	Q2/2024	YoY		QoQ	
				Change	Change	Change	Change
Unit : Million Baht							
Service income	400	774	735	335	84%	(39)	(5%)
Other income	3	4	1	(2)	(73%)	(3)	(82%)
Total revenues	403	778	736	333	82%	(42)	(5%)
Cost of services	302	687	638	336	111%	(49)	(7%)
Selling expenses	24	28	28	4	15%	1	2%
Administrative expenses	45	53	50	5	12%	(3)	(7%)
Total expenses	371	768	716	345	93%	(52)	(7%)
Operating Profit	32	10	20	(12)	(38%)	10	90%
Finance Cost	4	4	4	0	(13%)	0	(5%)
Profit before income tax expenses	28	6	16	(12)	(42%)	16	168%
Income tax expenses	6	1	3	(3)	(42%)	2	161%
Profit for the period	22	5	13	(9)	(42%)	8	138%

Statement of comprehensive income	1H/2023	1H/2024	YoY	
			Change	
Unit : Million Baht				
Service income	830	1,509	679	82%
Other income	9	5	(4)	(45%)
Total revenues	839	1,513	674	80%
Cost of services	621	1,325	704	113%
Selling expenses	57	56	(1)	(2%)
Administrative expenses	94	103	9	9%
Total expenses	772	1,483	711	92%
Operating Profit	67	30	(37)	(55%)
Finance Cost	7	7	0	(2%)
Profit before income tax expenses	59	23	(37)	(62%)
Income tax expenses	13	5	(9)	(65%)
Profit for the period	46	18	(28)	(61%)

Financial Performance Analysis

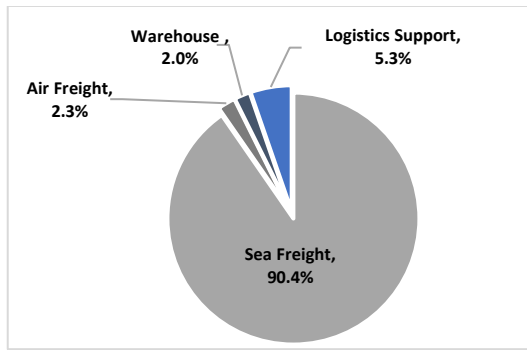
Service Income

For the 2nd quarter of 2024, the company had service income of THB 735 million, an increase of THB 334 million or 84% from the same period of 2023, and for 1st half of 2024, the service income were THB 1,509 Million, an increase of THB 679 Million or 82% from the same period of 2023. This was mainly due to the increase in the sea freight income from, a rise in freight rate, driven by an increase in freight rates due to the situation in the Red Sea, coupled with an increase in the volume of sea freight shipment compared to the same period in the previous year. This was attributed to the company's proactive strategy in presenting its services directly to foreign importers. For the 2nd quarter and 1st half of 2023 – 2024, the service income was divided into the following type of service:

Service Income	Q2/2023	Q1/2023	Q2/2024	YoY		QoQ	
				Change		Change	
Unit : Million Baht							
▪ Sea Freight Service	363	728	704	341	94%	(24)	(3%)
▪ Air Freight Service	6	5	3	(3)	(50%)	(2)	(40%)
▪ Warehouse	11	15	3	(8)	73%	(12)	(80%)
▪ Logistics support Service	20	26	25	5	25%	(1)	4%
Total Service income	400	774	735	335	84%	(39)	(5%)

Service Income	1H/2023	1H/2024	YoY	
			Change	
Unit : Million Baht				
▪ Sea Freight Service	750	1,432	682	91%
▪ Air Freight Service	19	8	(11)	(58%)
▪ Warehouse	17	18	1	6%
▪ Logistics support Service	44	51	7	16%
Total Service income	830	1,509	679	82%

Service income structure 1H/2023



Service income structure 1H/2024



Remark: Percentage of Service income

Other income

In the 2nd quarter of 2024, the other income was THB 1 million, a decrease of THB 2 million or 73% from the same period of year 2023, and for the 1st half of 2024, the other income was THB 5 million, a decrease of THB 4 million or 45% from the same period of 2023.

Cost of services	Q2/2023	Q1/2023	Q2/2024	YoY		QoQ	
				Change	Change	Change	Change
Unit : Million Baht							
Service income	400	774	735	335	84%	(39)	(5%)
Cost of services	302	687	638	336	111%	(49)	(7%)
Gross Profit	98	87	97	(1)	(1%)	10	11%

Cost of services	1H/2023	1H/2024	YoY	
			Change	Change
Unit : Million Baht				
Service income	830	1,509	678	82%
Cost of services	621	1,325	704	113%
Gross Profit	209	184	(25)	(12%)

Cost of services

In the 2nd quarter of 2024, the cost of services was THB 638 million, an increase of THB 336 million or 111% from the same period of year 2023, and for the 1st half of 2024, the cost of services were THB 1,325 million, an increase of THB 704 million or 113% from the same period of 2023 mainly due to higher freight rate.

Gross Profit

For the 2nd quarter of 2024, the gross profit was THB 97 million, a decrease of THB 1 million or 1% from the same period of year 2023, and for the 1st half of 2024, the gross profit was THB 184 million, a decrease of THB 25 million or 12% from the same period of 2023 mainly due to the rise in the cost and increased competition in the market.

Selling Expenses

For the 2nd quarter of 2024, the selling expenses were THB 28 million, a decrease of THB 4 million or 15% from the same period of 2023, and for the 1st half of 2024, the selling expenses were THB 56 million, a decrease of THB 1 million or 2% from the same period of 2023 mainly due to the increase in salaries, which resulted in increased employee expenses and benefits. Additionally, in the year 2024, there was an estimation for setting bonuses to be paid for subsidiary companies.

Administrative expenses

For the 2nd quarter of 2024, the administrative expenses were THB 50 million, an increase of THB 5 million or 12% from the same period of 2023, and for the 1st half of 2024, the administrative expenses were THB 103 million, an increase of THB 9 million or 9% from the same period of 2023. This increase was mainly due to the rise in salaries, which resulted in increased employee expenses and benefits, as well as financial consulting fees for business Due Diligence.

Finance cost

For the 2nd quarter of 2024, the finance cost was THB 3.5 million, a decrease of THB 0.5 million or 13% from the same period of 2023, and for the 1st half of 2024, the finance cost was THB 7 million, about the same as the same period of 2023 mainly due interest expenses incurred from higher lease liabilities. The company's finance costs are primarily interest recognized on lease liabilities, not interest from financial borrowings.

Net Profit

For the 2nd quarter of 2024, the company had a net profit of THB 13 million, a decrease of THB 9 million or 42% from the same period of 2023, Net profit margin decreased from 3.7% in the 2nd quarter of 2023 from 5.5% to 1.7% in the 2nd quarter of 2024. And for the 1st half of 2024, the company had a net profit of THB 18 million, a decrease of THB 28 million or 61% from the same period last year, Net profit margin decreased from 4.3% in the 1st half of 2023 from 5.5% to 1.2% in the 1st half of 2024. This was mainly due to the increased adjustment in service costs, particularly in terms of freight rates, coupled with the predominantly fixed management expenses that did not vary with revenue. Therefore, the company's net profit decreased.

Financial Position

Consolidated Statement of Financial Position	December 31, 2023		June 30, 2024		Change	
	THB million	%	THB million	%	THB million	%
Total assets	1,372.85	100.00%	1,470.91	100.00%	98.06	7.14%
Total liabilities	510.72	37.20%	605.69	41.18%	94.97	18.60%
Total shareholder's equity	862.14	62.80%	865.21	58.82%	3.07	0.36%

Assets

As of December 31, 2023, and June 30, 2024, the Company's total assets were THB 1,372.85 million and THB 1,470.91 million, respectively. As of June 30, 2024, the Company's total assets increased by THB 98.06 million or 7.14% compared to the year ended of 2023. The main reasons due to the increase in cash and cash equivalents of THB 63.85 million, (2) trade receivables and other receivables of THB 206.10 million and (3) prepayments for services of THB 78.13 million. This increase was offset by a decrease in other current financial assets of THB 219.40 million and intangible assets of THB 30.20 million.

Liabilities

As of December 31, 2023, and June 30, 2024, the Company's total liabilities were THB 510.72 million and THB 605.69 million, respectively. As of June 30, 2024, the Company's total liabilities increased by THB 94.98 million or 18.60% compared to the year ended of 2023. The main reasons for this increase were a decrease in trade payables and other payables of THB 19.40 million, and outstanding income tax payable of THB 93.50 million, along with an increase in lease liabilities of THB 24.33 million.

Shareholder's equity

As of December 31, 2023, and June 30, 2024, the Company's total shareholder's equity was THB 862.14 million and THB 865.21 million, respectively. As of June 30, 2024, the Company's total shareholder's equity increased by THB 3.08 million or 0.36% compared to the year ended of 2023 from an increase of net profit.

Sincerely yours

-Mr. Nanmanus Witthayasakpant-

(Mr. Nanmanus Witthayasakpant)

Chief Executive Officer