Management Discussion and Analysis for the Quarter 1/2026 ended 31 March 2026

Overview of Thailand's import and export

Economic Overview – Thailand and Global Economy:

In 2025, the Thai economy expanded by 2.4%, primarily driven by exports and overall investment, which grew by 12.7% and 4.9%, respectively. The expansion was supported by strong global demand for industrial and technology-related products, particularly in the electronics sector, which benefited from the growth of Data Centers and AI-related industries. In the first quarter of 2026, the Thai economy continued to expand, supported by exports of technology products, private consumption, private investment, and public spending. However, toward the end of the quarter, the economy began to face increasing pressure from geopolitical conflicts, particularly in the Middle East, which affected energy prices, global trade, and certain segments of the tourism sector.

For 2026, the Ministry of Finance projects Thailand's economic growth at 1.6%, representing a slowdown from the previous year. This reflects the deceleration of exports of goods and services, which are expected to grow by only 2.4%, as well as weaker private consumption. The Thai economy continues to face pressure from prolonged geopolitical conflicts, persistently high energy and food prices, and U.S. import tariff policies, which have increased uncertainty in global trade. These factors are expected to weigh on Thailand's economic growth in 2026, although the economy may continue to receive partial support from public investment and the relocation of manufacturing bases in certain industries.

The global economy in 2026 continues to face elevated uncertainty arising from trade tensions and geopolitical conflicts, particularly the situation in the Middle East, which has affected major energy transportation routes such as the Strait of Hormuz. The Strait accounts for approximately 20% of global oil consumption transported worldwide, increasing risks to energy supply and contributing to higher volatility in oil prices, transportation costs, and global commodity prices. Such developments may place additional pressure on inflation and purchasing power across many countries, particularly energy-importing nations. Nevertheless, the IMF projects that the global economy will grow by 3.1% in 2026 and 3.2% in 2027, reflecting continued global economic expansion despite vulnerabilities associated with elevated energy costs, trade policies, and ongoing geopolitical risks that require close monitoring.

Industry Overview – Logistics and Maritime Shipping:

The maritime transportation industry in the first quarter of 2026 began to recover from the slowdown experienced in 2025. The Shanghai Containerized Freight Index (SCFI) increased from approximately 1,300 points at the end of 2025 to around 1,900–2,000 points in May 2026, reflecting a recovery in freight rates amid short-term tightening supply conditions, despite continued cautious growth in global trade demand. Key contributing factors included geopolitical tensions in the Middle East, particularly risks associated with major energy transportation routes around the Strait of Hormuz, as well as ongoing instability in the Red Sea region. These developments continued to pressure many shipping lines to avoid routes through the Suez Canal and instead reroute vessels via the Cape of Good Hope, resulting in longer transit times, higher fuel costs, and increased insurance premiums.

Nevertheless, despite the improvement in freight rates from the low levels recorded in the previous year, the industry continues to face structural pressure from the gradual delivery of new vessels, which may contribute to excess supply in the medium term. In addition, uncertainty in the global economy, trade protectionist measures, and volatility in energy prices remain significant risk factors affecting market stability. As a result, the industry's recovery remains fragile. Logistics and maritime transportation operators therefore need to focus on cost management, route optimization, and operational flexibility in order to capture opportunities arising from the recovery in freight rates while mitigating risks associated with geopolitical tensions and potential oversupply conditions that may once again pressure the industry.

Key factors contributing to the steep decline in freight rates include:

Management has assessed significant events occurring during and subsequent to the accounting period for Q1/2026 that may affect the Group's operational direction, financial position, and future business outlook. The key matters are summarized as follows:

1. Geopolitical Conflicts in the Middle East

The escalation of tensions between Iran and Israel in 2026, which has affected restrictions on maritime transportation through key energy shipping routes such as the Strait of Hormuz, represents a significant risk factor to the global economy and the logistics sector. Such developments have contributed to upward pressure on oil and energy prices, increased transportation and insurance costs, and may lead to higher downstream product prices, potentially affecting purchasing power and demand for certain categories of goods, particularly price-sensitive products. This is consistent with the broader trend of global trade facing risks of deceleration due to rising costs and uncertainty surrounding trade policies.

Management has closely monitored geopolitical developments and changes in global trade policies, while continuously assessing their potential impact on supply chains, operating costs, and business opportunities. The Group has also prepared risk management measures and operational strategies aimed at maintaining business flexibility amid potential market volatility.

At the same time, these developments have highlighted the increasing importance of the security and defense industry, which is expected to attract greater attention from various countries seeking to strengthen strategic capabilities and national security. The Company recognizes potential opportunities arising from such trends, which are aligned with its business expansion strategy through its subsidiary, GDS, to support projects related to security and defense. This may serve as an additional driver for generating new revenue streams and diversifying business risks over the long term.

Defense Support Business (New Business)

The expansion into the defense support industry represents one of the Company's key strategic initiatives and is expected to serve as an important growth driver for the Group in the next phase. This business expansion builds upon the Company's core expertise in logistics and import operations by extending into a higher value-added industry through leveraging its experience in supply chain management, international transportation, and coordination of complex projects. These capabilities are considered key competitive advantages that enhance the Company's ability to participate in projects related to security and defense.

The defense industry is expected to continue expanding amid ongoing geopolitical uncertainty, prompting many countries to increase security and military expenditures. Global military spending in 2025 increased by approximately 2.5% compared to the previous year. In Thailand, the Ministry of Defense budget (excluding confidential expenditures) increased from Baht 199,721 million in fiscal year 2025 to Baht 204,434 million in fiscal year 2026, representing an increase of 2.4%. This reflects continued demand for procurement, maintenance, and support services related to defense equipment and systems, which is considered a positive supporting factor for the Company's business opportunities and may contribute to generating new and more stable revenue streams over the long term.

Golden Supply Co., Ltd., a wholly owned subsidiary of NCL International Logistics Public Company Limited, has begun recognizing partial revenue from a cooperation agreement with Navantia, a leading state-owned shipbuilding company in Spain. Under such agreement, the Company acts as a project management and support provider in Thailand, covering engineering personnel sourcing, coordination with relevant authorities, as well as logistics and supply chain support services. This cooperation has contributed to generating new revenue streams for the Group and reflects the Company's capability to expand into higher value-added services while strengthening long-term revenue stability through partnerships with internationally recognized players in the defense industry.

The overview on company performance

Statement of Profit or Loss (Million Baht)	Consolidated Financial Statements			Separate Financial Statements		
	31 March 2026	31 March 2025	%QOQ	31 March 2026	31 March 2025	%QOQ
Revenue						
Service income	103.1	133.5	-23%	27.5	73.6	-63%
Other income	1.1	1.8	-42%	14.4	0.5	3019%
Total revenues	**104.2**	**135.3**	**-23%**	41.9	74.1	-43%
Expenses						
Cost of services	(77.4)	(124.0)	-38%	(30.2)	(64.0)	-53%
Selling and distribution expenses	(3.7)	(10.8)	-65%	(3.2)	(8.6)	-63%
Administrative expenses	(32.0)	(33.7)	-5%	(21.9)	(23.4)	-6%
Total expenses	**(113.1)**	**(168.5)**	**-33%**	(55.3)	(96.0)	-42%
Net Profit (Loss) from operating activities	**(8.9)**	**(33.2)**	**72%**	**(13.4)**	**(21.9)**	**39%**
Other expenses	(1.2)	-	100%	(0.8)	-	100%
Loss on impairment of assets	(1.3)	-	100%	(1.3)	-	100%
Finance income	1.6	0.5	220%	2.3	0.9	156%
Finance costs	(3.6)	(6.0)	-39%	(3.6)	(4.6)	23%
Net Profit (Loss) before finance cost and income tax expense	**(13.4)**	**(38.7)**	**65%**	(16.8)	(25.6)	34%
Income Tax Expense	(1.7)	15.1	-111%	**-**	**3.1**	**-100%**
Net Profit (Loss) for the Period	**(15.1)**	**(23.6)**	**-36%**	(16.8)	(22.5)	25%
Non-controlling interests of subsidiaries	-	-	-	-	-	-
Equity attributable to Owners of the Parent	**(15.1)**	**(23.6)**	**36%**	**(16.8)**	**(22.5)**	25%
Other comprehensive income (loss)						
Exchange differences on translation of financial statements in foreign currency	(1.7)	2.1	-181%	-	-	-
Gain on revaluation of land - net	16.2	-	100%	16.2	-	100%
Total comprehensive income (loss) for the perioc	**(0.6)**	**(21.5)**	**97%**	**(0.6)**	**(22.5)**	**97%**

For the first quarter of 2026, the Company reported total revenue of Baht 104.2 million, representing a decrease of Baht 31.0 million or 23% compared to the same period of the previous year. The decrease was mainly attributable to (1) a decline in revenue from the logistics business segment of Baht 79.0 million as a result of the economic conditions during the past period and geopolitical conflicts in the Middle East, which intensified market competition and reduced customer volumes. In addition, the Group streamlined the size of its logistics team to enhance operational efficiency. Meanwhile, the Company recognized revenue from the defense support business segment amounting to Baht 50.1 million, which has been recognized since the second quarter of 2025.

Total expenses amounted to Baht 113.5 million, decreasing by Baht 55.0 million or 33% compared to the same period of the previous year. The decrease was mainly due to (1) a reduction in cost of services of Baht 46.6 million or 38%, primarily resulting from a decrease in logistics business costs of Baht 69.9 million in line with lower logistics revenue, partially offset by an increase of Baht 24.0 million in costs related to the defense support business segment; and (2) a decrease in selling and distribution expenses of Baht 7.1 million or 65%, as well as a reduction in administrative expenses of Baht 1.3 million or 4%, in line with the decline in logistics business revenue and the implementation of internal management efficiency improvement measures, improving the Company's ability to control expenses. For the first quarter of 2026, the Company reported a net loss of Baht 15.1 million. However, the net loss decreased significantly compared to the previous year's net loss of Baht 23.6 million, representing an improvement of Baht 8.5 million or 36%. The improvement was mainly driven by revenue growth from the new business segment, together with cost restructuring and more efficient expense management.

Financial Position (Million Baht)	As at the end of the period 31 December 2025	As at the end of the period 31 December 2026	Change (Million Baht)
Cash and Cash equivalents	7.5	15.5	8.0
Trade and other current receivables	96.5	118.2	21.7
Contract assets	85.3	88.2	2.9
Receivables from disposal of investments due within one year	23.4	-	(23.4)
Work in progress	4.1	3.8	(0.3)
Current income tax assets	5.6	1.0	(4.6)
Other current assets	9.2	8.8	(0.4)
Total current assets	**231.6**	**235.5**	**3.9**
Restricted bank deposits	0.5	0.5	-
Investment properties	7.5	7.4	-
Land, buildings and equipment	154.6	169.4	14.8
Right-of-use assets	40.5	29.3	(11.2)
Intangible assets	13.9	14.2	0.3
Goodwill	43.4	43.4	-
Deferred tax assets	100.5	96.7	(3.7)
Other non-current assets	1.6	7.1	5.5
Total non-current assets	**362.5**	**368.0**	**(5.7)**
Total assets	**594.1**	**603.5**	**9.6**
Bank overdrafts and short-term borrowings from financial institutions	1.5	2.6	1.1
Defaulted liabilities	215.8	218.2	2.4
Trade and other current payables	158.1	169.1	11.0
Contract liabilities	9.6	11.3	1.7
Short-term borrowings	6.0	5.7	(0.3)
Current portion of liabilities due within one year	35.5	34.9	(0.6)
Other current liabilities	14.2	16.2	0.5
Total current liabilities	**440.7**	**458.0**	**17.3**
Long-term borrowings	32.9	29.3	(3.6)
Lease liabilities	21.8	17.1	(4.7)
Provision for litigation liabilities	54.8	54.8	-
Other non-current liabilities	12.2	13.2	1.0
Total current liabilities	**121.7**	**114.4**	**(7.3)**
Total liabilities	**562.4**	**572.4**	**2.7**
Total equity	**30.9**	**30.3**	**(0.4)**
Non-controlling interests	**0.8**	**0.8**	**-**
Total liabilities and equity	**594.1**	**603.5**	**9.6**

Financial Position

As at 31 March 2026, the Group had total assets of Baht 603.7 million, an increase of Baht 9.6 million or 1.6% compared to year-end 2025. The increase was mainly attributable to (1) an increase in trade and other receivables of Baht 21.7 million, resulting from more efficient receivables management and credit control in the logistics segment, as well as receivables not yet due from the defense support business segment; and (2) a decrease in receivables from disposal of investments due within one year of Baht 23.4 million, following full collection during the quarter. (3) Property, plant and equipment increased by Baht 14.8 million, mainly due to the revaluation of land following a change in accounting policy from the cost model to the revaluation model, with a revaluation surplus of Baht 20.3 million recognized to reflect current fair value as appraised by an independent valuer, which more than offset depreciation for the period. . (4) Right-of-use assets decreased by Baht 11.2 million, mainly due to the gradual return of containers under lease agreements.

Total liabilities amounted to Baht 572.4 million, increasing by Baht 2.7 million or 0.5% compared to year-end 2025. The increase was mainly due to (1) an increase in liabilities in default of Baht 2.4 million from accrued interest recognition; (2) an increase in trade and other payables of Baht 11.0 million, in line with business activities and higher revenue; and (3) a decrease in lease liabilities of Baht 4.7 million due to repayments under lease agreements and the gradual return of right-of-use assets.

Total equity of the Group as at the end of the period amounted to Baht 30.5 million, decreasing by Baht 0.4 million or 0.1% compared to year-end 2025, mainly due to a net loss of Baht 8.5 million. However, during the period, the Group recognized a revaluation surplus of land, net of deferred tax, amounting to Baht 16.2 million.