

September 19, 2023

Subject Management Discussion and Analysis for the 6-month period ended June 30, 2023

Attention President

The Stock Exchange of Thailand

Sino Logistics Corporation Public Company Limited (“the Company”) provides Management Discussion and Analysis for the 6-month period ended June 30, 2023, as follows:

### Operating Results

Consolidated Statement of Comprehensive Income	For the 6-month period ended June 30				Change	
	2022		2023			
	THB million	%	THB million	%	THB million	%
Service income	3,703.42	100.00	830.34	100.00	(2,873.08)	(77.58)
Cost of services	2,799.66	75.60	621.14	74.81	(2,178.52)	(77.81)
<b>Gross profit</b>	<b>903.76</b>	<b>24.40</b>	<b>209.20</b>	<b>25.19</b>	<b>(694.56)</b>	<b>(76.85)</b>
Other income	15.08	0.41	8.71	1.05	(6.37)	(42.24)
Selling expenses	191.92	5.18	56.95	6.86	(134.97)	(70.33)
Administrative expenses	64.45	1.74	94.24	11.35	29.79	46.22
Share-based payment	-	-	-	-	-	-
<b>Profit before finance cost and income tax expenses</b>	<b>662.47</b>	<b>17.89</b>	<b>66.72</b>	<b>8.04</b>	<b>(595.75)</b>	<b>(89.93)</b>
Finance income	-	-	-	-	-	-
Finance cost	4.91	0.13	7.37	0.89	2.46	50.10
<b>Profit before income tax expenses</b>	<b>657.56</b>	<b>17.76</b>	<b>59.35</b>	<b>7.15</b>	<b>(598.21)</b>	<b>(90.97)</b>
Income tax expenses	131.33	3.55	13.38	1.61	(117.95)	(89.81)
<b>Net profit</b>	<b>526.23</b>	<b>14.21</b>	<b>45.97</b>	<b>5.54</b>	<b>(480.26)</b>	<b>(91.26)</b>

### Service income

For the 6-month period of 2022 – 2023, the service income was THB 3,703.42 million and THB 830.34 million, respectively. This signifies a decrease of THB 2,873.08 million or 77.58% compared to the same period of the previous year. The decrease in income comes primarily from income from the decline in sea freight service. The decrease in sea freight income in the 6-month period of 2023 was primarily attributed to a decrease in freight rate, following market price dynamics due to reduced demand for international sea freight services

caused by the global economic slowdown. This was further compounded by increased market competition, leading to reduced freight rate and volumes. For the 6-month period of 2022 – 2023, the service income was divided into the following type of service:

Service Income	For the 6-month period ended June 30				Change	
	2022		2023			
	THB million	%	THB million	%	THB million	%
Sea freight service	3,638.54	98.25	749.87	90.31	(2,888.67)	(79.39)
Air freight service	15.19	0.41	18.86	2.27	3.67	24.16
Warehouse rental service	9.04	0.24	17.25	2.08	8.21	90.82
Logistics support service	40.65	1.10	44.36	5.34	3.71	9.13
<b>Total service income</b>	<b>3,703.42</b>	<b>100.00</b>	<b>830.34</b>	<b>100.00</b>	<b>(2,873.08)</b>	<b>(77.58)</b>

#### Other income

For the 6-month period of 2022 – 2023, the service income was THB 15.08 million and 8.71 million, respectively. This signifies a decrease of THB 6.37 million or 42.24% compared to the same period of the previous year. The decrease comes from a reduction in profit from exchange rates.

#### Cost of services

For the 6-month period of 2022 – 2023, the cost of services was THB 2,799.66 million and THB 621.14 million, respectively. This signifies a decrease of THB 2,178.52 million or 77.81% compared to the same period of the previous year. The decrease in cost came primarily from the decrease in sea freight service cost. The decrease in sea freight service cost in the 6-month period of 2023 was primarily due to lower freight rate. The freight rate had been decreasing since the second quarter of 2022 until the second quarter of 2023. This reduction also encompassed the volume of freight transportation services provided during the 6-month period of 2023, which was lower compared to the same period of the previous year. This decline was attributed to the economic conditions and ongoing issues such as Over Stock in the United States, which had not yet been effectively resolved. As a result, the cost of services of the Company decreased.

#### Gross profit

For the 6-month period of 2022 – 2023, the gross profit was THB 111.28 million and THB 209.20 million, respectively, or equivalent to gross profit margin of 24.40% and 25.19%, respectively. The increase in gross profit margin in the 6-month period of 2023 is a result of the reduction in the cost. Although selling prices have also adjusted downward, the Company was able to maintain its gross profit margin through its pricing policy.

### Selling expenses

For the 6-month period of 2022 – 2023, the selling expenses were THB 191.92 million and THB 56.95 million, respectively. This signifies a decrease of THB 134.97 million or 70.33% compared to the same period of the previous year. The decrease in selling expenses in the 6-month period of 2023 is due to the decrease in employee and Sales Agent commissions, which are performance-based compensations. In the 6-month period of 2023, the Company had an operational performance that was adjusted downward, aligning with the decrease in commissions for employees and Sales Agents.

### Administrative expenses

For the 6-month period of 2022 – 2023, the administrative expenses were THB 64.45 million and THB 94.24 million, respectively. This signifies an increase of THB 29.79 million or 46.22% compared to the same period of the previous year. The increase in administrative expenses in the 6-month period of 2023 is attributed to employee salaries and benefits, vehicle and travel expenses, as well as depreciation and amortization expenses. Additionally, during the 6-month period of 2023, the Company reversed certain expected credit loss due to the receipt of payments from a specific debtor.

### Finance cost

For the 6-month period of 2022 – 2023, the finance cost was THB 4.91 million and THB 7.37 million, respectively. This signifies an increase of THB 2.46 million or 50.10% compared to the same period of the previous year. The increase in finance cost in the 6-month period of 2023 is attributed to interest expenses incurred from higher lease liabilities.

### Net profit

For the 6-month period of 2022 – 2023, the net profit was THB 526.23 million and THB 45.97 million, respectively, or equivalent to net profit margin of 14.15% and 5.48%, respectively. The decrease in net profit margin in the 6-month period of 2023 is attributed to the decline in service income, coupled with the fact that a significant portion of administrative expenses are fixed costs that do not vary with income. As a result, the net profit of the Company decreased.

### Financial Position

Consolidated Statement of Financial Position	December 31, 2022		June 30, 2023		Change	
	THB million	%	THB million	%	THB million	%
Total assets	1,208.34	100.00	1,074.33	100.00	(134.01)	(11.09)
Total liabilities	560.36	46.37	510.37	47.51	(49.99)	(8.92)

Consolidated Statement of Financial Position	December 31, 2022		June 30, 2023		Change	
	THB million	%	THB million	%	THB million	%
Total shareholder's equity	647.98	53.63	563.96	52.49	(84.03)	(12.97)

### Assets

As of December 31, 2022, and June 30, 2023, the Company's total assets were THB 1,208.34 million and THB 1,074.33 million, respectively. As of June 30, 2023, the Company's total assets decreased by THB 134.01 million or 11.09% compared to 2022. The primary reasons due to the decrease in the (1) cash and cash equivalents of THB 369.38 million (2) trade and other receivables of THB 38.79 million and (3) advances for services of THB 8.63 million. Additionally, there was an increase in (1) right-of-use assets of THB 159.57 million and (2) other current financial assets of THB 121.38 million.

### Liabilities

As of December 31, 2022, and June 30, 2023, the Company's total liabilities were THB 560.36 million and THB 510.37 million, respectively. As of June 30, 2023, the Company's total liabilities decreased by THB 49.99 million or 8.92% compared to 2022. The primary reasons are the decrease in the trade and other payables of THB 125.74 million and income tax payable of THB 41.87 million. Additionally, there was an increase in lease liabilities of THB 162.37 million.

### Shareholder's equity

As of December 31, 2022, and June 30, 2023, the Company's total shareholder's equity was THB 647.98 million and THB 563.96 million, respectively. As of June 30, 2023, the Company's total shareholder's equity decreased by THB 84.03 million or 12.97% compared to 2022 from the following changes: (1) Net profit for the period of THB 45.97 million, and (2) Dividend payment, which were approved by the Annual General Meeting of Shareholders for the year 2023 held on March 31, 2023, a resolution was passed to pay dividends of THB 100.00 million. Additionally, a resolution of the Company's board of directors on May 10, 2023, was passed to approve an interim dividend payment of THB 30.00 million. This results in a total dividend payment of THB 130.00 million.

### Key Financial Ratios

Items	Unit	For the year ended December 31, 2022	For the 6-month period ended June 30, 2023
Current ratio	(times)	2.13	2.33
Cash cycle	(days)	19	14

Items	Unit	For the year ended December 31, 2022	For the 6-month period ended June 30, 2023
Return on equity	(%)	134.29	34.82
Debt to equity ratio	(times)	0.86	0.90

#### Current ratio

As of December 31, 2022, and June 30, 2023, the Company had a current ratio of 2.13 times and 2.33 times, respectively. As of June 30, 2023, the Company's current ratio improved compared to 2022 due to a decrease in trade and other payables and income tax payable.

#### Cash cycle

As of December 31, 2022, and June 30, 2023, the Company had a cash cycle of 19 days and 14 days, respectively. For the 6-month period of 2023, the Company's cash cycle was 14 days, a decrease from 2022. The decrease was due to the average collection period decreasing from 34 days in 2022 to 28 days in 2023.

#### Return on equity

As of December 31, 2022, and June 30, 2023, the Company had a Return on Equity (ROE) of 134.29% and 34.82%, respectively. For the 6-month period of 2023, the Company's ROE decreased due to the reduction in net profit.

#### Debt to equity ratio

As of December 31, 2022, and June 30, 2023, the Company had a debt to equity ratio of 0.86 times and 0.90 times, respectively. For the 6-month period of 2023, the Company's debt to equity ratio increased due to a decrease in the equity portion resulting from dividend payments in that period.

Sincerely yours

*-Mr. Nanmanus Witthayasakpant-*

(Mr. Nanmanus Witthayasakpant)

Chief Executive Officer