

## Management Discussion and Analysis

### Performance for Quarter 3/2020

WICE Logistics Public Company Limited

#### Performance

Unit : million baht

Statement of financial position	Q3/2020	Q3/2019	YOY	9M/2020	9M/2019	YOY
Service revenue	905.64	590.71	53.31%	2,588.84	1,609.44	60.85%
Gross profit	164.54	98.70	66.71%	433.60	252.42	71.78%
Other income	10.75	-	100.00%	17.57	9.84	78.56%
Expenses of sales	8.31	8.22	1.09%	22.66	25.40	-10.79%
Expenses of management	69.76	59.30	17.64%	184.61	183.80	0.44%
Expenses of financial	6.03	1.92	214.06%	12.23	4.59	166.45%
Expenses of tax income	13.28	8.12	63.55%	29.99	14.16	111.79%
Net income	77.91	21.14	268.54%	201.68	34.31	487.82%
<b>Profit sharing</b>						
Attributed to the shareholders of the company	56.16	27.54	103.92%	141.69	48.62	191.42%
Attributed to the stakeholders with non-controlling capability in subsidiary companies	21.75	- 6.40	439.84%	59.99	- 14.30	519.51%

The Thai economy in Q3/2020 improved from the previous quarter. In accordance with the relaxation of city shutdown measures both at home and abroad Which results in more economic activity to be carried out the indicators for private consumption have returned to the same level as the same period last year. After a high contraction in the previous quarter the factor of income and consumer confidence has gradually improved.

For the value of the export of goods Private investment indicators and manufacturing production shrinks less According to exports in almost all product categories In line with the demand of trading partners recovering. Especially electrical appliances that continued to expand electronics and machinery and equipment that can return to expand Meanwhile, motor vehicles and parts contracted less and manufacturing production contracted less due to improved production in almost all product categories. Corresponds to the direction of exports and domestic spending. And had a low base effect last year in the automotive and petroleum sectors. (Reference information from BOT News No. 75/2020)

In the Q3/2020, the company performed consistently good performance from the previous quarter. The transportation of electronic products has also increased significantly. In addition, products in the automotive industry have recovered. As a result, ocean freight began to resume playing a role in the Company's operating results. Cross Border Service is an alternative service that is very popular with customers now. There are new customers from the referral of

existing customers and after the COVID-19 period, China has relocated production base to Southeast Asian countries. As a result, Cross Border Service sales grew 94% over the previous year.

By results of operations The company had revenue for the first nine months of 2020 equal to 2,601.41 million baht, an increase of 987.13 million baht or 60.96% of the revenue for the same period of the previous year. The increase in income resulted in the net profit for the first nine months of 2020 equal to 141.69 million baht, an increase of 93.07 million baht or equivalent to 191.42% of the net profit for the same period of the previous year. This was due to the performance of the company according to the established strategies and from the performance of the subsidiaries continuously improved.

The net profit for Q3/2020 was 56.16 million baht, compared to Q3/2019, an increase of 103.92% due to the increase in service income as follows: Service income Q3/2020 is 905.64 million baht, compared to Q3/2019, an increase of 53.31%, mainly from revenue from subsidiary, WICE Logistics (Singapore) Pte. Ltd. / WICE Logistics (Hong Kong) Limited and Euroasia Total Logistics (Malaysia), which increased incomes from electronics customers and also increased revenue from the continual increase in freight prices, although in the third quarter The freight starts to decline, but still not going back to normal.

Gross profit Q3 / 2020 was 164.54 million baht, compared to Q3 / 2019, an increase of 66.71% in the third quarter. The company has estimated doubtful debt of 4 million baht, recorded in the financial statements in accordance with the accounting standard Financial Issue No. 9 - Financial Instruments (TFRS9), thus, the Company has a net profit of 56.16 million baht. All such debts will be settled within December, which in the fourth quarter the company will reverse the doubtful debts into the financial statements.

## Performance by segment

Unit : million baht

Service income	Q3/ 2020	%	Q3/ 2019	%	Change	9M/ 2020	%	9M/ 2019	Change
Sea freight	162.62	18%	168.23	28%	-3.33%	435.87	16%	502.43	30%
Air freight	436.33	47%	214.80	35%	103.13%	1,361.24	51%	581.25	35%
Cross border service	242.42	26%	126.14	21%	92.18%	607.42	23%	313.28	19%
Logistics management	83.00	9%	99.26	16%	-16.38%	253.30	10%	273.74	16%
<b>Gross profit</b>									
Sea freight	38.45	24%	30.96	18%	24.19%	100.12	23%	98.41	20%
Air freight	73.18	17%	52.48	24%	39.44%	191.25	14%	111.43	19%
Cross border service	37.33	15%	-5.06	-4%	837.81%	95.13	16%	-1.01	0%
Logistics management	15.58	19%	20.32	20%	-23.33%	47.10	19%	43.59	16%

Revenue from Sea Freight for the first nine months of 2020 was 435.87 million baht, a decrease of 66.56 million baht or 13.25% of revenue for the same period last year and in Q3/2020, revenue was 162.62 million baht, a decrease of 3.33%. Of income for the same period in the previous year Due to the decline in shipping volume of automotive parts and Solar Panel customers, and the customers who use ocean freight services, the revenue from ocean shipping has decreased this year. But at the end of this third quarter, customers in the automotive parts group began to return to use the service. It can be seen the revenue from ocean shipping has already started to be paid in. The gross profit from ocean freight for the first nine months of 2020 was 100.12 million baht, an increase of 1.71 million baht or 1.74% of the gross profit for the same period of the previous year and in Q3/2020 there was a Marine freight was 38.45 million baht, an increase of 24.19% of gross profit for the same period last year due to an adjustment in freight prices. Sea Freight increased in line with higher demand, allowing the company to manage to generate revenue and increased profits according to market mechanisms

Revenue from Air Freight for the first nine months of 2020 was 1,361.24 million baht, an increase of 779.99 million baht or 134.19% of the revenue for the same period last year and in Q3/2020, revenue was 436.33 million baht, an increase of 103.13%. Of income for the same period in the previous year Due to the increasing adaptation of the electronics industry The customers of the company, most of which are electronic customers. There is an increase in the use of air freight services. In addition to the adjustment in freight prices, Air Freight has continued to increase in line with rising demand. Although in the third quarter, the freight began to decline, but still has not returned to normal. As a result, the Company's revenue from air freight increases. Gross profit from air freight for the first nine months of 2020 was 191.25 million baht, an increase of 79.82 million baht or 71.63% of the gross profit for the same period of the previous year and in Q3/2020 there was air cargo transportation was 73.18 million baht, an increase of 39.44%, with the increase in gross profit due to increased revenue.

Revenue from Cross Border Service for the first nine months of 2020 was 607.42 million baht, an increase of 294.14 million baht or 93.89% of the revenue for the same period last year and in Q3/2020 the revenue was 242.42 million baht. An increase of 92.18% of revenue for the same period last year. The revenue generated from the management of Euroasia Total Logistics Co., Ltd. cross-border transport services are very popular with customers at this time. In the situation of shipping by sea and air, there are transport restrictions. The gross profit from land transportation for the first nine months of 2020 was 95.13 million baht, an increase of 96.14 million baht or 9518.81% of gross profit for the same period last year and in Q3/2020 there was a gross profit. Cross-border land transport was 37.33 million baht, an increase of 837.81%, with a relatively high gross profit resulting from efficient return trip cost management. Making the company profitable, with the gross margin for the first nine months of 2020 equal to 15%, an increase from the same period last year

Revenue from Logistics Management for the first nine months of 2020 was 253.30 million baht, a decrease of 20.44 million baht or 7.47% of revenue for the same period last year and in Q3/2020, revenue was 83.00 million baht, a decrease of 16.38%. Of income for the same period in the previous year as customers in the automotive parts segment reduced their production capacity, resulting in fewer jobs. The gross profit from logistics services for the first nine months of 2020 was 47.10 million baht, an increase of 3.51 million baht or 8.06% of the gross profit for the same period last year and in Q3 / 2020 there was a profit. Gross costs from logistics services was 15.58 million baht, a decrease of 23.33%.

## Analysis of financial position

Unit : million baht

Statement of financial	30 SEP 2020	31 DEC 2019	CHANGE
Asset	1,751.86	1,573.51	11.33%
Liabilities	839.32	686.91	22.19%
Shareholders 'equity	912.54	886.60	2.93%

The Company had total liabilities as of September 30, 2020 and December 31, 2019, equal to 839.32 million baht and 686.91 million baht, respectively, an increase of 152.41 million baht or 22.19% due to the increased service cost, causing the trade payable to increase. And the company has a list of liabilities under the lease agreement. Coming into the financial statements this year According to the financial reporting standard No. 16, it has resulted in increased liabilities in the financial statements. In addition, Euro Asia Total Logistics Co., Ltd. has expanded its work, resulting in insufficient working capital. The company has to borrow more money. And the company has borrowed money to buy the remaining 30% of WICE Logistics (Singapore) Pte. Ltd. shares, thus increasing the debt.

## Company milestones in the Q3/2020

### **Establishment of a subsidiary of Euroasia Total Logistics Co., Ltd.**

On September 10, 2020, the Company established Euroasia Transport Co., Ltd. with a registered capital of 5,000,000 baht, par value of 10 baht per share, which has already paid 1,250,000 baht, with Euroasia Total Logistics Co., Ltd. holding shares.

### **Executive views on trends and strategies in the 4Q/2020**

The company considers the transportation to cover all services including sea, air, land and all types of logistics services. To meet all the needs of customers The company has invested in developing information systems in order to increase the efficiency of the system to work properly and quickly. And work together with the entire WICE branch network to deal with various logistics issues for customers. Keep up with changing situations Customer transportation must be handled. The company has expanded new investments. The company aims to expand the logistics service to cover all forms. And expand branches to strengthen the competition

In the Q4/2020 customers in the electronics industry There is still continuous transportation, so the company expects Air freight is likely to continue. And in the auto parts customer segment Beginning back in the end of the third quarter, which will bring the company's marine freight revenue back in. In terms of Cross Border Service, it is now a very popular alternative service. The company expects Cross Border Service to continue to grow. And the company has established Euro Asia Transport Co., Ltd. to support future growth. Because the company sees that Cross-border freight forwarding (CBS) is a popular alternative service and a market where the company has the expertise to manage competitive strategies. This is a strength that the company must create to grow. There will be more investments to increase the competitiveness to meet the needs of the customers. Therefore, in the fourth quarter, the company will continue to grow. And it is expected that this year the company will definitely achieve its goals.