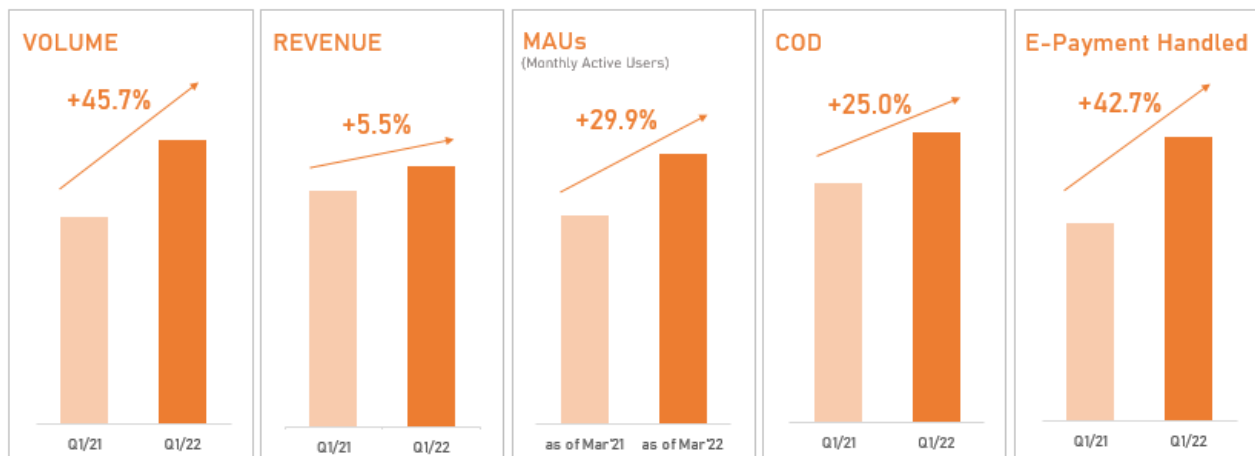


KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS Q1/2022

RECORD-BREAKING DELIVERY VOLUME WITH AGGRESSIVE PRICING APPROACH AND DIVERSE PARTNERSHIPS, RESULTING IN IMPROVED PERFORMANCE

- Express-focus continues to be KEX's top strategy aiming at growing our market leadership relentlessly. With the **AGGRESSIVE PRICING APPROACH, DELIVERY VOLUME SOARS OVER 46%** compared to Q1/2021, despite the low seasonality and intense competition in the market. As a result, revenue in Q1/2022 totalled THB 4,416.0 million, rising by 5.5% from Q1/2021, though slightly dipped by 6.0% from the previous quarter which was a high season. Pricing strategy sharpens KEX's competitive edge, **UPLIFTS B2C CUSTOMERS' DELIVERY VOLUME ON E-COMMERCE PLATFORMS**, and **SIGNIFICANTLY RAISES AWARENESS ON ECONOMY SEGMENT** over other players in the market.
- Following the **INDUSTRIALISATION OF KEX** and the **PLATFORM UPGRADE** initiated last year, we have streamlined our workflows especially in sorting hubs and distribution centres, as well as route planning and resource optimisation to enhance operational standardisation and efficiency. As a result, cost and expenses have continually dropped amidst the latest upsurge in oil prices. Additionally, costs and expenses of **SPARE RESOURCES** prepared for the COVID-19 pandemic saw declining trend as the COVID-19 situation bounced back. KEX's overall earnings improved from Q4/2021.
- The Company has **DIVERSIFIED BUSINESS TO WELCOME NEW REVENUE STREAMS, FOSTERING HEALTHY MARGINS**. After announcing a strategic partnership with Betagro Group, we launched a cold delivery platform under the brand **KERRY COOL** in October last year. KERRY COOL is currently serving customers in Bangkok, the metropolitan areas, and the southern region while nationwide expansion is underway. In February, we announced our partnership with Central Retail to launch **KERRY XL**, a delivery platform for bulky items for Central retail's partners and customer groups to fulfill the needs of a fast-growing market with high-potential growth rate.
- KEX has introduced Thailand's first "Instant Door-to-Door Pickup" service in collaboration with **GRAB THAILAND** to support the growing customers with purchasing power who are keen to pay for convenient and fast services that are travel-free and have minimal delivery risks. In addition, we have implemented **RESELLER MODEL** through 4PL (fourth-party logistics) partners to endorse and offer economical services under the brand **ORANGE EXPRESS** to penetrate into local communities and pursue greater delivery volume. At the end of Q1/2022, KEX has over 31,000 service locations across the country, a jump of 19.5% from the end of 2021.
- More than 20 million customers in March 2022 used KEX services, amassing 29.9% compared to the same period in 2021. This is in line with the aggressive pricing approach which **CONTINUOUSLY PENETRATE INTO ALL SEGMENTS**, including THE FASTEST-GROWING POOL OF **LONGTAIL CUSTOMERS**.



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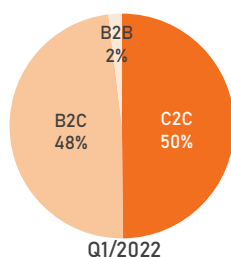
Q1/2022 FINANCIAL PERFORMANCE

Table 1: Selected Indicators for Operational Results

(Unit: Million THB)	Q1/2021	Q4/2021	Q1/2022	YoY % +/-	QoQ % +/-
Volume growth (%)				46%	
Sales and services income	4,187.7	4,699.4	4,416.0	5.5%	-6.0%
Cost of sales and services	-3,491.3	-5,117.4	-4,630.4	32.6%	-9.5%
Gross profit	696.4	-418.1	-214.4	-130.8%	48.7%
Selling and administrative expenses	-315.1	-374.9	-430.0	36.5%	14.7%
EBITDA	979.4	-110.2	39.5	-96.0%	135.8%
EBIT	408.9	-750.5	-605.3	-248.0%	19.3%
Net profit attributable to owners of the Company	302.8	-604.3	-491.1	-262.2%	18.7%
EPS (THB/Share)	0.174	-0.347	-0.282		
Gross Profit Margin (%)	16.6%	-8.9%	-4.9%		
EBITDA Margin (%)	23.4%	-2.3%	0.9%		
EBIT Margin (%)	9.8%	-16.0%	-13.7%		
Net Profit Margin (%)	7.4%	-12.9%	-11.1%		

Remark: As shown in financial statement, excluding non-controlling interests

Table 2: Revenue by Segment



Segment	YoY % +/-	QoQ % +/-
Sales and Services Income	6.4%	-6.0%
B2B	8.6%	-12.9%
B2C	8.3%	-3.1%
C2C	4.5%	-8.5%
Advertising Income	-96.3%	22.9%
Total Sales and Services Income	5.5%	-6.0%

SUCCESSFUL PRICING STRATEGY AND COOPERATION WITH PARTNERS CULMINATING IN THE HIGHEST VOLUME GROWTH

- KEX reported total revenue of THB 4,416.0 million, recording a surge of 5.5% from Q1/2021 despite a minor drop of 6.0% from the previous quarter, which was a high season. This is consistent with revenue from all segments which bears no substantial change except for B2C customers that we have attracted from the aggressive pricing approach and the best-in-class express delivery services that are penetrated into the economy market. Meanwhile, we noticed that the e-commerce market campaigns and sales promotions have successfully boosted purchase demand in online shopping at the beginning of the year. In addition, domestic consumption saw gradual yet constant improvement as COVID-19 cases drop in Thailand.
- Cost of sales and services was THB 4,630.4 million in Q1/2022, up by 32.6% from Q1/2021 and down by 9.5% from the previous quarter. It is worth noting that the increase in total cost compared to that of the same period last year was lower than the exponential growth in delivery volume of 46%. The industrialisation of KEX and the constant platform upgrade have enabled the Company to effectively manage the total costs amidst tightening labour market and rising oil prices in this quarter. In this regard, KEX continued to make short-term investments to provide spare resources to futureproof our operation from pandemic-induced issues and global supply chain crisis in order to ensure the Company's service quality is thoroughly maintained without delivery disruption or shift in brand loyalty. These expenses have consequently and gradually evaporated as daily Covid-19 infections in Thailand continue to fall in the past quarter and are expected for a further decline.
- Selling and administrative expenses (SG&A) grew from Q1/2021 and the previous quarter by 36.5% and 14.7% respectively as a result of higher administrative expenses in our core competency reinforcement

KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS Q1/2022

and business expansion since the beginning of Q1/2022, following the execution of the Company's market leadership and diversification strategy.

- The Company and its subsidiaries reported a net loss attributable to owners of the Company of THB 491.1 million, regaining an upward momentum of 18.7% when compared to Q4/2021. The narrowing loss significantly benefited from the pricing strategy to underscore our market leadership as well as our strong determination to enhance our operating efficiency while maintain service quality. Thanks to our market-driven adaptability and collaboration with diverse partners in offering services and generating new revenue streams, we are able to keep up with the boom of online retail spending in the present while adding more service access at reasonable prices to cover all groups of customers.

FINANCIAL POSITION AND LIQUIDITY

Figure 1: Financial Position

(Unit: Million THB)

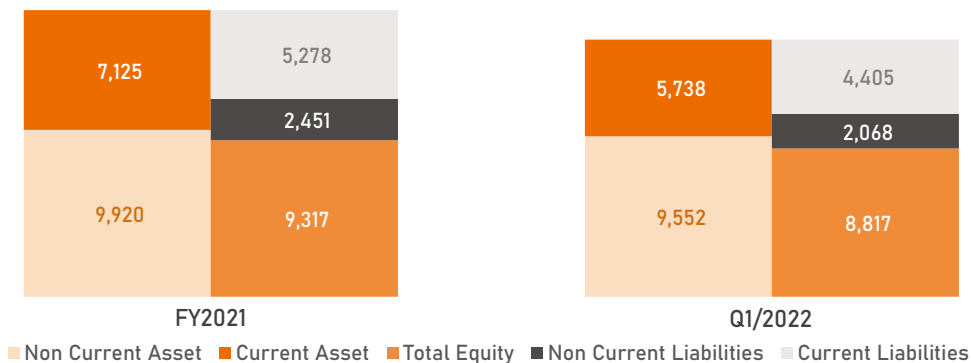


Table 3: Asset Breakdown

(Unit: Million THB)	FY2021	Q1/2022	Change % +/- (-)
Cash and investment in liquid financial assets	7,294.9	5,824.0	-20.2%
Trade and other receivables	1,612.7	1,694.1	5.0%
Plant and equipment	2,244.2	2,161.5	-3.7%
Right-of-use assets	4,897.1	4,466.5	-8.8%
Other assets	996.7	1,144.6	14.8%
Total Assets	17,045.6	15,290.7	-10.3%

Table 4: Liabilities and Shareholders' Equity

(Unit: Million THB)	FY2021	Q1/2022	Change % +/- (-)
Trade and other payables	1,977.1	1,408.8	-28.7%
Cash on delivery payable	723.7	578.8	-20.0%
Current portion of lease liabilities	2,502.0	2,342.0	-6.4%
Lease liabilities	2,256.1	1,863.6	-17.4%
Other liabilities	269.8	280.2	3.9%
Total Liabilities	7,728.7	6,473.3	-16.2%
Total Shareholders' Equity	9,316.9	8,817.3	-5.4%
Total Liabilities and Equity	17,045.6	15,290.7	-10.3%

HEALTHY BALANCE SHEET AND SOLID LIQUIDITY POSITION

- We continue to maintain solid financial health and ample liquidity with a debt-free balance sheet. The Company continued to maintain a large portion of its excess cash in low-risk fixed income funds with high liquidity and corporate debentures in line with our investment direction with the main purpose set on yield enhancement, capital preservation, and high liquidity.

KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS Q1/2022

- Following our expansion strategy to prudently diversify our portfolio and create additional revenue streams, KEX has been selective and remained cautious with our investment plans as the road to Thailand's economic recovery is still unclear and is far from its pre-COVID levels as well as the domestic consumptions that is still steadily rebounding.

KEY FINANCIAL RATIOS

Table 5: Key Financial Ratios

		Q1/2021	Q4/2021	Q1/2022
Liquidity ratios				
Current ratio ⁽¹⁾	(times)	2.95	1.35	1.30
Quick ratio ⁽²⁾	(times)	2.93	1.30	1.25
Cash flow liquidity ratio ⁽³⁾	(times)	0.16	0.47	-0.11
Accounts receivable turnover ⁽⁴⁾	(times)	19.20	17.40	17.81
Average collection period ⁽⁵⁾	(days)	19.01	20.98	20.50
Accounts payable turnover ⁽⁶⁾	(times)	30.82	23.97	30.21
Average payment period ⁽⁷⁾	(days)	11.84	15.23	12.08
Cash cycle ⁽⁸⁾	(days)	7.17	5.75	8.42
Profitability ratios				
Gross profit margin ⁽⁹⁾	(%)	16.63	7.12	-4.85
Net profit margin ⁽¹⁰⁾	(%)	7.23	0.25	-11.12
Return on equity ⁽¹¹⁾	(%)	19.54	0.47	-7.49
Efficiency ratios				
Return on total assets ⁽¹²⁾	(%)	9.50	0.26	-4.48
Total asset turnover ⁽¹³⁾	(times)	1.30	1.03	1.14
Financial policy ratios				
Total liabilities to equity ratio ⁽¹⁴⁾	(times)	0.62	0.83	0.73
Interest-bearing debt to EBITDA ratio ⁽¹⁵⁾	(times)	1.21	1.94	2.77
Interest coverage ratio ⁽¹⁶⁾	(times)	31.28	25.36	1.98
Debt service coverage ratio ⁽¹⁷⁾	(times)	2.29	0.98	0.65

Remarks:

(1) Current ratio = total current assets divided by total current liabilities

(2) Quick ratio = sum of cash and cash equivalents, short-term investments and trade and other receivables, divided by total current liabilities

(3) Cash flow liquidity ratio = net cash generated from operating activities divided by average total current liabilities

(4) Accounts receivable turnover = sales and services income divided by average gross trade accounts receivable

(5) Average collection period = 365 divided by accounts receivable turnover

(6) Accounts payable turnover = cost of sales and services divided by average trade account payable

(7) Average payment period = 365 divided by accounts payable turnover

(8) Cash cycle = the difference between the average collection period and the average payment period

(9) Gross profit margin = gross profit divided by sales and services income

(10) Net profit margin = profit (loss) for the period divided by sales and services income

(11) Return on equity = profit (loss) for the period divided by average total equity

(12) Return on total assets = profit (loss) for the period divided by average total assets

(13) Total asset turnover = sales and services income divided by average total assets

(14) Total liabilities to equity ratio = total liabilities divided by total equity

(15) Interest-bearing debt to EBITDA ratio = total interest-bearing debt and lease liabilities divided by EBITDA

(16) Interest coverage ratio = EBITDA divided by interest expense

(17) Debt service coverage ratio = EBITDA divided by the sum of the current portion of short-term loan obligation, lease liabilities due within one year and finance cost

KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS Q1/2022

STRENGTHEN MARKET LEADERSHIP AND STRATEGIC BUSINESS DIVERSIFICATION

We expect intense competition in the market to ease following KEX's tremendous and continued success during the past quarters and the rise in the starting prices of parcel delivery in the market. In the medium term, we foresee **MARKET CONSOLIDATION** of the express delivery industry with premium services at affordable prices becoming the new norm, drawing barriers for new players to enter the market. This vision pertinently aligns with our business direction and various preparations for a sustainable future of the Company. We remain committed to our express delivery business as the core of our operations and strive to strengthen the **LEADER POSITION IN THAI EXPRESS DELIVERY MARKET**.

KEX's investment strategy and diversification into other businesses with new partners to meet the customer-centric demands in different markets will continue to be put into action. **KERRY COOL** will offer full service via KEX and Betagro's service points to cover all market segments across Thailand from this year onwards. **KERRY XL** is set to be launched by H2/2022 with cutting-edge technology, process engineering, and seamless customer experience that are coupled with Central Retail's nationwide customer base. We are confident that we will maintain our market leadership position and leverage our resilience into business expansions, including **KERRY WALLET** a complete e-payment and open platform that will further strengthen KEX's ecosystem. We will continue to seek opportunities through potential **M&A** to build up both the Company's revenues and operations.

KEX continues to expand its customer base through our own channels and through cooperation with partners to ensure that our services **PENETRATE INTO ALL CUSTOMER SEGMENTS** including a large number of longtail customers nationwide for **SOLID AND SUSTAINABLE GROWTH**.

Alex Ng
Chief Executive Officer
Kerry Express (Thailand) Public Company Limited