



1. Business Overall

Thai Parcels Public Company Limited ("the Company") operated primarily in the domestic logistics business. The main services provided by the Company which included receiving goods or items from the Company's dropping point throughout the country or directly from customers, and then collecting and sorting at the Company's hub for delivery to the destination points: warehouses, factory, shop, customer's home, or the Company's branches. The Company also offered Cash on Delivery (COD) service, allowing customers to track their delivered goods through the Company's Parcel Tracking system. In addition, the Company provided supplementary services to enhance convenience and efficiency in customer service such as; Proof of Delivery (POD) service for returning delivery documents to the customer, packing service for packaging goods, and fulfillment service for preparing product set for distribution. These additional services were primarily offered to business customers. Currently, the Company's main customer groups consisted of three categories: B2B customer, C2C customer, and B2C customer.

2. Performance

In the first quarter ended on March 31st, 2023, the Income from rendering of services decreased by 8.45% compared to the same period in 2021. It was a decreasing in every customer segments due to highly competitive and promotional activities reduction from major B2C platform online provider customer. For C2C customer group, the Company adjusted new service rate due to fuel cost that highly raised in 2022, so that it led to less customer came to the Company's services along with major B2B customer's need for the Company's delivery services reduction, this caused the Company's revenue overall decreasing when it was compared to 2021. However, the Company was successfully in managing costs. Even the Company's revenue did decrease, the net profit did not drastically decrease by 0.98% or 0.21 million baht.

List	2021		2022		Increase/ (decrease)	%
	Thousand baht	%	Thousand baht	%		
Income from rendering of services	525,116	100.00%	480,754	100.00%	(44,362)	-8.45%
Cost of services rendered	(428,115)	81.54%	(387,512)	80.61%	(40,647)	-9.49%
Gross profit	96,956	18.46%	93,242	19.39%	(3,715)	-3.83%
Other income	8,857	1.69%	5,451	1.13%	(3,406)	-38.46%
Selling expenses	(8,657)	1.65%	(7,226)	1.50%	(1,431)	-16.53%
Administrative expenses	(68,491)	13.04%	(63,058)	13.12%	(5,433)	-7.93%
Financial costs	(6,594)	1.26%	(5,140)	1.07%	(1,454)	-22.05%
Profit before income tax	22,072	4.20%	23,269	4.84%	1,197	5.42%
Income tax expense	(751)	0.14%	(2,158)	0.45%	1,406	-187.15%
Profit for the period	21,320	4.06%	21,111	4.39%	(209)	-0.98%

3. Revenue

Revenue Structure	2021		2022		Increase/(Decrease)	
	MB	Percentage	MB	Percentage	MB	Percentage
B2B Revenue	177.54	33.81%	160.25	33.33%	-17.29	-9.74
C2C Revenue	179.20	34.13%	173.37	36.06%	-5.83	-3.25
B2C Revenue	168.38	32.07%	147.14	30.61%	-21.24	-12.61

Revenue Structure	2021		2022		Increase/(Decrease)	
	MB	Percentage	MB	Percentage	MB	Percentage
Total	525.12	100.00%	480.75	100.00%	-44.36	-8.45

In 2022, the Company had an income from rendering of services decreased by 8.45% when it was compared to 2021. The Company gained less revenue from B2B customer segment by 9.74% when it was compared to 2021 because of major B2B customer's need for the Company's delivery services reduction in which it tended to continuously decrease from internal logistic processing adjustment. Thus, tasks from government customer segment tended to decrease compared to 2021 because government purchase processing started to be back in normal when it was compared to 2021.

In C2C customer segment, the company's revenue decreased by 3.25% compared to 2021 from pricing and service providing area competitive from the Company's major entrepreneur rival while the Company still managed in adjusting service rate since fuel cost raised that cause the Company's customer decreasing.

In B2C customer segment, the company's revenue decreased by (12.61%) compared to 2021 from the E-commerce market growth overall reduction, other service provider competition, and platform online delivering vehicle investment. Promotional activities reduction from major B2C platform online customer also affected the company's revenue decreasing too.

4. Service costs

The Company's service costs reduced by 9.71% or 41.69 million baht in 2022 when it was compared to 2021. The details of the service costs reducing were as followed:

The Company's employee beneficial expenses reduced by 9.45% or 12.30 million baht in 2022 when it was compared to 2021 since work amount decreasing affected employee payment that relied on work amount, such as overtime payment. Another reason was the Company's employment policy adjustments that suited to the Company's working process by slowing down recruitment after employee's resignation and recruiting daily employee for abnormally heavy work amount instead of monthly employee, such as warehouse staff. Using more facilities in working process also led to this reduction too.

Subcontract truck expense in 2022 reduced by 14.03% or 18.27 million baht. It was according to the Company's revenue reduction.

The Company's depreciation and amortization decreased by 15.81% or 6.63 million baht in 2022 when it was compared to 2021. The main reason behind this decreasing came from right-of-use asset depreciation in term of land since the Company decided to purchase former rental land to be the Company's property. Thus, some vehicle already met its depreciation limit, so that depreciation year expensed was reduced. Therefore, in

2022, the Company constructed new warehouse in headquarter area and started its depreciation in the 3rd quarter of 2022, so this did not significantly affect the Company's depreciation and amortization in 2022.

5. Gross profit and gross profit margin

The Company's gross profit decreased from 96.96 million baht in 2021 to 93.24 million baht in 2022; however, the gross profit margin tended to increase. Gross profit margin in 2022 was 19.18% which was raised from 18.16% in 2021 because The Company was succeed in cost control over revenue reduction even though the Company gained less rendering service income by 8.45% at that time. The Company's overall service cost decreased by 9.49% from work amount reduction, so the Company could manage delivering vehicle to meet up with service providing, and also be able to reduce affiliated subcontract truck hiring that tended to raise its expense due to continuously increasing fuel price in 2022. Moreover, The Company did have the Company's employment policy adjustment that aligned with work amount and facilities for employee's convenience and speed at work. So, it did not only reduce employee beneficial expense, but also make more gross profit margin in 2022.

6. Other income

The Company's other income did decrease by 38.46% or 3.41 million baht in 2022 when it was compared to 2021. The decreasing main income was a profit from land, building, and headquarter rental contract termination which was a special income that occurred in 2021 in the total of 3.35 million baht.

7. Selling expense

The Company's other selling expense did decrease by (16.53%) or 1.43 million baht in 2022 when it was compared to 2021 from sale decreasing that caused agent and employee payment reduction.

8. Administrative expense

The administrative expense in 2022 did decrease by 7.93% from 2021. The Company tried to reduce some expense; moreover, the Company's vehicle and office equipment was at its limit, such as computer, and barcode scanner. It reduced a depreciation in 2022.

9. Financial cost

The financial cost did decrease by 22.05% or 1.45 million baht since the Company gradually invested in purchasing land and building for the headquarter to be the Company's property. It caused no debt interest expenses record according to purchased rental contract, and also continuously affected the Company's financial cost reduction.

10. Net profit

In 2022, the Company still faced negative factors in revenue and continually raising fuel price from 2021. It affected the Company's net profit in the total of 21.11 million baht and gross profit margin in the total of 4.34%. However, even the Company's net profit did decrease, the gross profit margin still increase since the Company could adjust new service rate aligning with raising fuel price, and also adjust new service rate for C2C customer segment. Moreover, Thai Parcels could efficiently improve internal working process and control over costs. The Company's employee beneficial expense reduced since work amount decreasing affected employee payment that relied on work amount, such as overtime payment. Another factor was better improvement in the Company's employment policy aligned with work amount and using more facilities that suited to working process. Thai Parcels could successfully control over expenses, so it gained both gross profit and gross profit margin in 2022 higher than in 2021.

11. Financial position statement

11.1 Asset

(Million baht)

Asset	December 31st, 2021	December 31st, 2022	Increase/ (Decrease)	%
Cash and cash equivalents	15.70	21.22	5.52	26.01
Trade and other current receivables	33.78	32.12	1.66	- 5.17
Current contract assets	28.70	29.00	0.30	1.03
Other current assets	-	0.09	0.09	100.00
Total current assets	78.18	82.43	4.25	5.16
Bank deposits – pledged as collateral	2.16	2.17	0.01	0.46
Property, plant and equipment	438.71	472.78	34.07	7.21
Right-of-used assets	85.29	68.06	- 17.23	- 25.32
Intangible assets	4.87	5.35	0.48	8.97
Other non-current assets	8.16	10.07	1.91	18.97
Total non-current assets	539.19	558.43	19.24	3.45
Total assets	617.37	640.86	23.49	3.67

Thai Parcels' total assets did increase by 23.49 million baht, calculated as 3.67% growth rate from 2021. Current assets raised to 4.25 million baht, calculated as 5.16% growth rate while non-current assets raised to 19.24 million baht or be calculated as 3.44 growth rate. The detail would be explained as followed:

- Cash and cash equivalent increased by 26.01% or 5.52 million baht from 2021. It came business operating cashflow.
- Trade and other current receivables decreased by 5.16% or 1.66 million baht from 2021. It was because of sale reducing in 4th quarter of 2022, compared to the same period in 2021.
- Property, plant and equipment did increase by 7.21% or 34.06 million baht from 2021. The Company invested in constructing sorting and distribution center in the headquarter and other infrastructures in the total of 50.28 million baht, which was already finished the construction in late 3rd quarter of 2022. This affected work decreasing during the construction in the total of 13.76 million baht, and there was vehicle and equipment purchasing in the total of 2.37 million baht. After depreciation deduction occurred in recent year, the Company had Land, building, and equipment in the total of 472.78 million baht at the end of period.
- Right-of-use asset had changed because investment in vehicle hire-purchase contract in the total of 14.68 million baht, and the Company made a land and building rental contract for the Company's 12 branches in the total of 5.53 million baht. The right-of-use asset did decrease from 85.29 million baht to 68.06 million baht after depreciation, amortization, and transfer transaction from vehicle proprietary right transferring.

11.2 Liabilities

(Million baht)

Liabilities	December 31st, 2021	December 31st, 2022	Increase/(Decrease)	%
Bank overdrafts and short-term loans from financial institution	9.56	16.60	7.04	42.41
Trade and other current payables	41.02	45.42	4.40	9.69
Current portion of long-term loans	12.40	15.97	3.57	22.35
Current portion of lease liabilities	28.60	23.46	- 5.14	- 21.91
Other current liabilities	0.69	1.08	0.39	36.11
Total current liabilities	92.26	102.53	10.27	10.02
Long-term loans from financial institution	60.30	66.57	6.27	9.42
Lease liabilities	34.53	26.04	- 8.49	- 32.60
Other non-current liabilities	16.37	9.87	- 6.50	- 65.86

Liabilities	December 31st, 2021	December 31st, 2022	Increase/(Decrease)	%
Total non-current liabilities	111.20	102.48	- 8.72	- 8.51
Total liabilities	203.46	205.01	1.55	0.76

Thai Parcels' total liabilities did increase by 1.55 million baht, calculated as 0.76% growth rate from 2021. Total current liabilities raised to 10.27 million baht, calculated as 10.02% growth rate while non-current liabilities decreased to 8.72 million baht or be calculated 8.51 growth rate. The detail would be explained as followed:

- Bank overdrafts and short-term loans from financial institution increased by 1.55 million baht or 7.04 million baht from 2021 because the Company did take more short-term loan for current business processing fund.
- Trade and other current payables increased by 9.69% or 4.40 million baht because the Company received more deferred Income from cash-on-delivery (COD) service provided for B2C customer. This income still not deliver to the customer due to long year-end holidays.
- Long-term loans from financial institution increased by 9.42% or 6.27 million baht from drawn down for distribution center expansion at Lat Krabang headquarter.
- Lease liabilities decreased by 32.60% or 8.49 million baht. The main reason was vehicle rental contract liability payment.

11.3 Shareholder's Equity

(Million baht)

Shareholder's Equity	December 31 st , 2022	December 31 st , 2023	Increase/(Decrease)	%
Issued and paid-up capital	202.00	202.00	-	-
Premium on share	174.52	174.52	-	-
Legal reserve	14.40	15.50	1.10	7.10
Unappropriated	23.00	43.84	20.84	47.54
Total shareholder's equity	413.92	435.85	21.93	5.03



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As at December 31st, 2022, the Company had shareholder's equity by 5.03 or 21.93 million baht because of an operating profit in 2022.