

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.

List	First quarter, 2022		First quarter, 2023		Increase/(decrease)	%
	Thousand baht	%	Thousand baht	%	Thousand baht	
Income from rendering of services	116,944	100.0%	128,366	100.0%	11,422	9.8%
Cost of services rendered	(95,852)	82.0%	(104,102)	81.1%	8,249	8.6%
Gross profit	21,092	18.0%	24,265	18.9%	3,173	15.0%
Other income	345	0.3%	5,958	4.6%	5,613	1625.9%
Selling expenses	(1,705)	1.5%	(1,637)	1.3%	(68)	-4.0%
Administrative expenses	(16,233)	13.9%	(15,525)	12.1%	(709)	-4.4%
Financial costs	(1,123)	1.0%	(1,826)	1.4%	704	62.7%

Profit before income tax	2,375	2.0%	11,234	8.8%	8,859	372.9%
Income tax expense	35	0.0%	(2,112)	1.6%	2,147	6062.1 %
Profit for the period	2,411	2.1%	9,123	7.1%	6,712	278.4%

2. Performance

For the quarter ended on March 31st, 2023, the Income from rendering of services increased by 9.8% compared to the same period in 2022. This revenue growth primarily came from the business customer segment, including both the B2B and B2C customer groups. As a result, the initial profit margin was increased by 15.0%, and the overall profit for the period was increased by 278.4%. The main factors contributing to this significant growth were the increase in the Gross profit margin and the revenue from the sale of the Company's vehicles, which was reflected in the other income section of the financial statements.

3. Revenue

Revenue Structure	Quarter 2022		Quarter 2023		Increase/(Decrease)	
	MB	Percentage	MB	Percentage	MB	Percentage
B2B Revenue	37.1	31.73	42.97	33.47	5.87	15.82
C2C Revenue	44.84	38.94	40.00	31.16	-4.84	-10.79
B2C Revenue	35.00	29.93	45.4	35.37	10.40	29.71
Total	116.94	100	128.37	100	11.43	9.77

For the quarter ended on March 31st, 2023, the Income from rendering of services increased by 9.77% compared to the same period in 2022. This revenue growth was driven by the business customer segment, including both the B2B and B2C customer groups. The B2B group's revenue increased by 15.82% compared to the same period in 2022, while the B2C group's revenue increase of 29.71% compared to the same period in 2022. This growth was a result of the Company's efforts to diversify its customer base, particularly in new business sectors such as the pharmaceutical industry. Additionally, there was a revenue boost from customers, online platform service providers. The promotional activities conducted by major B2C customers in March 2023 led to increase utilization of the Company's services.

For the C2C customer group, the Company had continued to face price competition from major express delivery service providers. However, the Company had still remained focusing on delivering oversize, overweight, and odd-size packages that required regular delivery schedules. As a result, revenue from the C2C customer group decreased when it was compared to the same period in 2022. However, the Company did not engage in price competition with other operators but focused on improving service quality for specific customer groups instead. This included conducting sales promotion activities with special service rates exclusively for specific subgroups of customers who consistently utilized the Company's services. Additionally, some branches extended their service hours to 7 days a week, starting from the end of 2022.

4. Service cost

For the quarter ended on March 31st, 2023, the cost of services rendered increased by 8.6% or 8.25 million baht compared to the same period in 2022. The details of the service costs were as followed:

During the first quarter of 2023, there were sales of some 6-wheel and 10-wheel trucks, which resulted in insufficient transportation capacity to meet the increased sales demand by 9.77%. Therefore, additional trucks must be hired, leading to a 38.0% or 10.34 million baht increasing in the cost of the subcontract truck in the first quarter of 2023 compared to the same period in 2022. This increasing was mainly because of the hiring of subcontract trucks for goods delivery and line haul transportation.

At the same time, the Company experienced 8.78% or 1.67 million baht increasing in fuel costs. This was the result of continuously adjusting fuel prices, including changes based on the increased sales volume of the Company in 2022.

Meanwhile, the employee benefits expenses decreased by 8.43% or 2.56 million baht. This reduction was the result of the Company's employment policy adjustments to better align with the Company's ongoing improvements throughout 2022. The effects of these adjustments became more obvious in the second half of the year and continued into the first quarter of 2023.

5. Gross profit and gross profit margin

For the quarter ended on March 31st, 2023, Gross profit were increased from 21.09 million baht to 24.26 million baht together with the Gross profit margin rising from 18.0% to 18.9%. The main reason for this improvement was the effective control of employee costs to align with the workload efficiently as well as revenue growth through expanding the customer base into new business segments, where higher price rate could be offered.

6. Other income

For the quarter ended on March 31st, 2023, the Company gained other income in the amount of 5.96 million baht, increased from 0.35 million baht in the same period of 2022. The main components of this income

were profits from the sale of used vehicles which consisted of 6-wheel trucks, 10-wheel trucks, and trailers, totaling 5.73 million baht.

7. Selling and business expense

For the quarter ended on March 31st, 2023, management expense was 15.53 million baht, slightly decreasing from 16.23 in the same period of 2022. This came from employee's benefit expense decreasing which was a result of hiring policy adjustment that aimed to hire employee to the right task, and also the Company slowed recruiting new employee down when there was employee's resignation.

8. Financial cost

For the quarter ended on March 31st, 2023, financial cost was 1.83 million baht, increasing from 1.12 million baht in the same period of 2022 because Thai Parcels took on loan from financial institution for buying new vehicle during the first quarter of 2023.

9. Net profit

For the quarter ended on March 31st, 2023, the Company had a net profit of 9.12 million baht, increasing from 2.41 million baht in the same period of 2022 since there was a profit from selling old vehicle: 5.73 million baht in the total during the first quarter of 2023. The company also had gross profit and gross profit margin higher than before since there were revenue growth factor from business target customer and better cost control; especially in human resource expense. For these reasons mentioned before, Thai Parcels gained more gross profit and gross profit margin in the first quarter of 2023 when it was compared to the same period year before.

10. Financial position statement

10.1 Asset

(Million Baht)				
Asset	December 31 st , 2022	December 31 st , 2023	Increase/ (Decrease)	%
Cash and cash equivalents	21.22	25.24	4.02	15.93
Trade and other current receivables	32.12	38.36	6.24	16.27
Current contract assets	29.00	31.67	2.57	8.43
Other current assets	0.09	0.13	0.04	30.77
Total current assets	82.43	95.40	12.97	13.60
Bank deposits – pledged as collateral	2.17	2.17	-	-

Property, plant and equipment	472.78	505.02	32.24	6.38
Right-of-used assets	68.06	63.45	- 4.61	- 7.27
Intangible assets	5.35	5.07	- 0.28	- 5.52
Other non-current assets	10.07	9.53	- 0.54	- 5.67
Total non-current assets	558.43	585.24	26.81	4.58
Total assets	640.86	680.64	39.78	5.84

The Company' total assets increased 39.78 million baht or calculating as 5.84% growth rate, raising more than in 2022. Current asset was currently 12.97 million baht or calculating as 13.60% growth rate. Non-current asset was 26.81 million baht or calculating as 4.58% growth rate. The main reasons behind these growths showed as followed below:

- Cash and cash equivalent increased by 15.93% or 4.02 million baht from 2022. It came from business operating cashflow.
- Trade and other current receivables increased by 16.27% or 6.24 million baht from 2022. It was because claimed product receivable increasing in the amount of 1.62 million baht since delivery amount was so high during the last quarter, and it was also because of paid-in-advance insurance premium increasing 2.81 million baht from purchasing insurance for new 70 vehicles and renewing vehicle insurance that already due in early 2023.
- Current contract assets increased in the number of 8.43% or 2.67 million baht from 2022. The company gained more service revenue in the late first quarter which occurred from revenue recognition according to revenue recognition principle during conducting time period (over time) and accrued income that the company already finished delivery task but does not issued invoice.
- Property, plant and equipment raised to 6.38% or 32.24 million baht from 2022 because investing in new vehicles: 70 pickup trucks, 39.20 million baht in total to replace old vehicles that nearly met their limit and increase the company's vehicle numbers rather than relying on the subcontract pick-up truck.
- Right-of-use asset decreased by (7.27%) or 4.61 million baht from 2022. It came from amortizing vehicle right-of-use assets

10.2 Liabilities

(Million baht)

Liabilities	December 31st, 2022	March 31st, 2023	Increase/(Decrease)	%
Bank overdrafts and short-term loans from financial institution	16.60	53.27	36.67	68.84
Trade and other current payables	45.42	48.99	3.47	7.10
Current portion of long-term loans	15.97	16.00	0.03	0.19
Current portion of lease liabilities	23.46	22.03	- 1.43	- 6.49
Other current liabilities	1.08	1.86	0.78	41.94
Total current liabilities	102.53	142.05	39.52	27.82
Long-term loans from financial institution	66.57	61.33	- 5.34	- 8.72
Lease liabilities	26.04	22.38	- 3.66	- 16.35
Other non-current liabilities	9.87	10.00	0.13	1.30
Total non-current liabilities	102.48	93.61	- 8.87	- 9.48
Total liabilities	205.01	235.66	30.65	13.01

The company total liability increased to 30.65 million baht or 13.01% from 2022. Total current liability raised to 39.52% or 27.82% while non-current liability drops to 8.87 million baht or 9.48%. Factors that affect this shows below:

- Bank overdrafts and short-term loans from financial institution increased 68.84 or 36.67 million baht from 2022 since the company used short-term loan for business processing fund and purchasing new vehicle by internal cashflow instead of leasing. This caused the company to draw short-term loan for business more than normal. However, The Company did carefully consider about financial cost that using internal cashflow and short-term loan from financial institution was cost much lower than lease contracting with financial institution.
- Trade and other current payables increased by 7.10% or 3.47 million baht since the company receives deferred Income from cash-on-delivery (COD) service for B2C customer. It was mainly because major B2B customer conducts promotional activity during late March, 2023.
- Long-term loans from financial institution decreased to 6.43% or 5.31 million baht from contract loan payment.
- Lease liabilities decreased 10.27% or 5.08 million baht from vehicle lease contract payment.

10.3 Shareholder's Equity

(Million baht)

Shareholder's Equity	December 31 st , 2022	March 31 st , 2023	Increase/(Decrease)	%
Issued and paid-up capital	202.00	202.00	-	-
Premium on share capital	174.52	174.52	-	-
Legal reserve	15.50	15.50	-	-
Unappropriated	43.84	52.96	9.12	17.23
Total shareholder's equity	435.85	444.97	9.12	2.05

As at March 31st, 2023, the Company's shareholders' equity increased by 2.05 percent or 9.12 million baht because of operating profit in the first quarter of 2023.