



บริษัท ไทยพาร์เซิล จำกัด (มหาชน) THAI PARCELS PUBLIC COMPANY LIMITED

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**Management Discussion and Analysis of the Company's Performance**  
**for the year ended 30 JUNE 2023**

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## 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

List	First half year, 2022		First half year, 2023		Increase/(decrease)	
	Thousand baht	%	Thousand baht	%	Thousand baht	%
Income from rendering of services	232,232	100.00%	247,242	100.00%	15,010	6.46%
Cost of services rendered	(191,233)	82.35%	(209,839)	84.87%	(18,605)	9.73%
<b>Gross profit</b>	<b>40,999</b>	<b>17.65%</b>	<b>37,403</b>	<b>15.13%</b>	<b>(3,595)</b>	<b>-8.77%</b>
Other income	1,087	0.93%	6,216	4.84%	5,129	471.62%
Selling expenses	(3,610)	3.09%	(3,151)	2.45%	459	-12.72%
Administrative expenses	(31,088)	26.58%	(34,872)	27.17%	(3,784)	12.17%
Finance costs	(2,272)	1.94%	(3,914)	3.05%	(1,642)	72.27%
<b>Profit before income tax</b>	<b>5,116</b>	<b>4.37%</b>	<b>1,682</b>	<b>1.31%</b>	<b>(3,434)</b>	<b>-67.12%</b>
Income tax revenue	261	0.22%	3,404	2.65%	3,143	1,202.97%
<b>Profit for the periods</b>	<b>5,377</b>	<b>4.60%</b>	<b>5,086</b>	<b>3.96%</b>	<b>(291)</b>	<b>-5.42%</b>

Overall performance in the first half year ended June 30<sup>th</sup>, 2023, the Income from rendering of services increased by 6.46% compared to the same period in 2022. This revenue growth primarily came from the business customer segments, including both the B2B and B2C customer groups. while gross profit decreased by 8.77%. The main reason was the partial sale of some company's 6-wheeler and 10-wheeler trucks, generating profit Baht 5.73 million from the sale of used vehicles. These profits were reflected in the other income in the profit and loss statement. As a result, the transport vehicles on the main routes during certain periods are insufficient to meet the demand. Therefore, there must be more subcontract truck hires. As for the net profit for the six-month period, it decreased by 5.42 percent due to the company's administrative expenses, such as financial advisory fees and public relations expenses for the sale of IPO shares, since it was the first quarter that the company was listed on the stock exchange.

### 3. Revenue

Revenue Structure	First half Year 2022		First half Year 2023		Increase/(decrease)	
	MB	%	MB	%	MB	%
B2B Revenue	76.82	33.08%	82.28	33.28%	5.46	7.11%
C2C Revenue	86.79	37.37%	67.85	27.44%	(18.94)	(21.82%)
B2C Revenue	68.62	29.55%	97.11	39.28%	28.48	41.51%
<b>Total Revenue</b>	<b>232.23</b>	<b>100.00%</b>	<b>247.24</b>	<b>100.00%</b>	<b>15.01</b>	<b>6.46%</b>

For the first half year ended on June 30<sup>th</sup>, 2023, the Income from rendering of services increased by 6.46% 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 5.46% compared to the same period in 2022, while the B2C group's revenue increase of 28.48% 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 first half year 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. Cost of services rendered

For the first half year ended on June 30<sup>th</sup>, 2023, the cost of services rendered increased by 9.73% or Baht 18.61 million compared to the same period in 2022. The details of the service costs were as followed:

During the first half year 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 6.46%. Therefore, additional trucks must be hired, leading to a 39.83% or Baht 21.46 million increasing in the cost of the subcontract truck in the Second 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.

Meanwhile, the employee benefits expenses decreased by 4.80% or Baht 2.88 million. 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 Second quarter of 2023.

#### 5. Gross profit and gross profit margin

For the first half year ended on June 30<sup>th</sup>, 2023, gross profit increased from Baht 41.00 million to Baht 37.40 million together with the Gross profit margin declined from 17.65% to 15.13%. The main reason for this increase in the cost of the subcontract truck in the first half year of 2023. As mentioned in clause 4.

#### 6. Other income

For the first half year ended on June 30<sup>th</sup>, 2023, the Company gained other income in the amount of Baht 6.22 million, increased from Baht 5.13 million 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 Baht 5.73 million.

#### 7. Administrative expenses

For the first half year ended on June 30<sup>th</sup>, 2023, administrative expense was Baht 34.82 million, increased from Baht 3.78 million in the same period of 2022. The main reason for this increase was the expenses incurred during the second quarter of 2023. The company's main expenses were related to financial consulting fees and costs associated with the initial public offering (IPO) stock issuance. These expenses were particularly significant during the first quarter of 2023, which coincided with the company's registration on the securities market.

#### 8. Financial cost

For the first half year ended on June 30<sup>th</sup>, 2023, financial cost was Baht 3.91 million, increasing from Baht 1.64 million in the same period of 2022 because The company took on loan from financial institution for buying new vehicle during the first quarter of 2023.

## 9. Income tax revenue

For the first half year ended on June 30<sup>th</sup>, 2023, the company's taxable income amounted to Baht 3.40 million, which increased by Bath 3.14 million compared to the same period in 2022 from the accumulated tax loss that the company recognized as deferred tax assets when there were deferred tax assets. It is probable that there will be future taxable profits that can be used for tax purposes.

## 10. Net profit

For the first half year ended on June 30<sup>th</sup>, 2023, the company had a net profit of Baht 5.09 million, a decrease of Baht 0.29 million in the same period of 2022 as a result of the company selling some 6-wheel and 10-wheel vehicles of the company. There was a profit from the sale of old vehicles Baht 5.73 million, resulting in insufficient demand for transport vehicles on some main routes, together with a 6.46% increase in sales, requiring more subcontract trucks. Moreover, there is an increase in administrative expenses from financial advisory fees and public relations fees for selling IPO shares since it was the first quarter that the company was listed on the stock exchange. As a result, the net profit margin decreased compared to the same period of 2022.

## 11. Financial position statement

### 11.1 Asset

(Unit : Million Baht)

Asset	December 31st, 2022	June 30th, 2023	Increase/(Decrease)	%
<b>Current assets</b>				
Cash and cash equivalents	21.23	410.99	389.77	1,836.30%
Trade and other current receivables	32.12	42.21	10.09	31.42%
Current contract assets	29.00	30.06	1.06	3.64%
Other current assets	0.09	0.33	0.24	264.56%
<b>Total current assets</b>	<b>82.43</b>	<b>483.59</b>	<b>401.16</b>	<b>486.64%</b>
<b>Non-current assets</b>				
Bank deposits – pledged as collateral	2.17	2.17	0.00	0.00%
Property, plant and equipment	472.78	499.98	27.20	5.75%
Right-of-used assets	68.06	60.49	-7.57	-11.13%
Intangible assets	5.35	4.79	-0.56	-10.46%
Deferred tax assets	1.45	4.85	3.40	234.81%
Deposits and guarantees	2.34	2.02	-0.31	-13.43%
Other non-current assets	6.29	8.03	1.75	27.81%
<b>Total non-current assets</b>	<b>558.43</b>	<b>582.34</b>	<b>23.91</b>	<b>4.28%</b>
<b>Total assets</b>	<b>640.86</b>	<b>1,065.93</b>	<b>425.07</b>	<b>66.33%</b>

The Company' total assets increased Baht 425.07 million or calculating as 66.33% growth rate, raising more than in 2022. Current asset is currently Baht 401.16 million or calculating as 486.64% growth rate. Non-current asset is Baht 23.91 million or calculating as 4.28% growth rate. The main reasons behind these growths shows as follows below:

- Cash and cash equivalent increases by 1,836.30% or Baht 389.77 million from 2022. which was cash received from the capital increase of the company, which received a net of Baht 396.00 million.
- Trade and other current receivables increases by 31.42% or Baht 10.09 million from 2022, mainly due to the increase in service revenue during May-June 2023 by Baht 7.24 million, which is still in the normal credit term. An increase in claim receivables of Baht 1.54 million due to the increase in the volume of transported goods in the latter quarter, and a rise of Baht 0.93 million in insurance prepayments due to the purchase of insurance for 70 new vehicles, as well as the renewal of insurance for existing vehicles with expiring terms in the early months of 2023.
- Current contract assets increases by 3.64% or Bath 1.06 million from 2022. The company gains more service revenue in the late second quarter which occurs from revenue recognition according to revenue recognition principle during conducting time period (over time) and accrued income that the company already finishes delivery task but does not issued invoice.
- Property, plant and equipment raise to 5.75% or Bath 27.20 million from 2022 because investing in new vehicles: 70 pickup trucks, Bath 39.20 million in total to replace old vehicles that nearly meet their limit and increase the company's vehicle numbers rather than relying on the subcontract pick-up truck.
- Right-of-use asset decreases 11.13% or Bath 7.57 million from 2022. It comes from amortizing vehicle right-of-use assets
- Deferred tax assets increased by 234.81% or Bath 3.40 million from the accumulated tax losses recognized as deferred tax assets when it was probable that future taxable profits could be utilized.

## 11.2 Liability

(Unit : Million baht)

Liability	December 31st, 2022	June 30th, 2023	Increase/(Decrease)	%
<b>Current liabilities</b>				
Bank overdrafts and short-term loans from fi	16.60	64.32	47.72	287.47%
Trade and other current payables	45.42	55.43	10.01	22.03%
Current portion of long-term loans	15.97	16.01	0.03	0.20%
Current portion of lease liabilities	23.46	21.17	-2.29	-9.75%
Other current liabilities	1.08	0.60	-0.48	-44.80%
<b>Total current liabilities</b>	<b>102.54</b>	<b>157.53</b>	<b>54.99</b>	<b>53.63%</b>
<b>Non-current liabilities</b>				
Long-term loans from financial institution	66.57	57.24	-9.32	-14.00%
Lease liabilities	26.04	19.44	-6.60	-25.34%
Provision for employee benefits	2.85	3.53	0.68	23.87%
Other non-current liabilities	7.02	7.05	0.02	0.34%
<b>Total non-current liabilities</b>	<b>102.47</b>	<b>87.26</b>	<b>-15.21</b>	<b>-14.85%</b>
<b>Total liabilities</b>	<b>205.01</b>	<b>244.79</b>	<b>39.78</b>	<b>19.40%</b>

The company total liability increases to Bath 39.78 million or 19.40% from 2022. Total current liabilities increased by Bath 54.99 million, representing an increase of 53.63%, while non-current liabilities decreased by Bath 15.21 million, or a decrease of 14.85%, mainly due to the following items:

- Bank overdrafts and short-term loans from financial institutions increase by 287.47% or Bath 47.72 million from 2022 since the company uses short-term loans for business processing funds and purchases new vehicles by internal cashflow instead of leasing. This causes the company to draw short-term loan for business more than normal. However, The Company carefully considers financial cost that using internal cashflow and short-term loan from financial institution is much lower than lease contracting with financial institution.

- Trade and other current payables increases by 22.03% or Bath 10.01 million due to the company's record outstanding expenses related to the IPO. These expenses include underwriting fees, financial advisory fees, and other expenses associated with IPO. These expenses are scheduled to be paid in the third quarter of this year.

- Long-term loans from financial institution decreased by 11.26% or Bath 9.29 million due to the repayment of the loan agreement.

- Lease liabilities decreased by 17.95% or Bath 8.89 million mainly due to the repayment of vehicle hire purchase contracts.

### 11.3 Shareholder's Equity

(Million baht)

Shareholder's Equity	December 31st, 2022	June 30th, 2023	Increase/(Decrease)	%
Issued and paid-up capital	202.00	262.00	60.00	29.70%
Premium on share capital	174.52	494.72	320.20	183.48%
Legal reserve	15.50	15.50	0.00	0.00%
Unappropriated	43.84	48.92	5.09	11.60%
<b>Total shareholder's equity</b>	<b>435.85</b>	<b>821.14</b>	<b>385.29</b>	<b>88.40%</b>

As at June 30<sup>th</sup>, 2023, the Company's shareholders' equity increased by 88.40 percent or 385.29 million baht, mainly due to the following items:

- Issued and paid-up share capital increased by 29.70% or Baht 60.00 million because the Company has offered its ordinary shares from the capital increase, in the number of 120,000,000 shares through its initial public offering during June 22 to 26, 2023 at the par value of Baht 0.5 per share.

- Premium on share capital increased by 183.48% or Baht 320.20 million from the capital increase, in the number of 120,000,000 shares through its initial public at the price of Baht 3.30 per share after deducting expenses related to the offering, resulting in a premium on share capital Baht 320.20 million.

- Unappropriated retained earnings increased Baht 5.09 million due to operating profit for the six-month period ended June 30, 2023