



**Thai Parcels Public Company Limited บริษัท ไทยพาร์เซล จำกัด (มหาชน)**

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Management Discussion and Analysis of the Company's Performance

for the year ended September 30, 2023

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Re: To clarify the financial statements as of 30 September 30, 2023

To: President

The Stock Exchange of Thailand

Thai Parcels Public Company Limited (the "Company") submitted its separate financial statement for the third quarter of 2023 ended on September 30, 2023 which were reviewed by the auditor. The Company hereby clarifies the performance as follows:

## 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

### Statement of comprehensive income

List	Q3'2022	Q3'2023	Increase/(decrease)		9M'2022	9M'2023	Increase/(decrease)	
	Thousand baht	Thousand baht	Thousand baht	%	Thousand baht	Thousand baht	Thousand baht	%
Income from rendering of services	118,614	117,717	(897)	(0.76%)	350,846	364,959	14,113	4.02%
<i>B2B Revenue</i>	45,236	39,760	(5,477)	(12.11%)	122,056	122,043	(13)	(0.01%)
<i>B2C Revenue</i>	31,123	50,024	18,900	60.73%	99,745	147,130	47,385	47.51%
<i>C2C Revenue</i>	42,255	27,934	(14,321)	(33.89%)	129,045	95,786	(33,259)	(25.77%)
Cost of services rendered	(93,818)	(106,162)	(12,344)	13.16%	(285,051)	(316,001)	(30,949)	10.86%
<b>Gross profit</b>	<b>24,796</b>	<b>11,555</b>	<b>(13,241)</b>	<b>(53.40%)</b>	<b>65,795</b>	<b>48,958</b>	<b>(16,836)</b>	<b>(25.59%)</b>
Other income (other expenses)	2,985	(309)	(3,295)	(110.36%)	4,073	5,907	1,834	45.03%
Selling expenses	(1,885)	(1,707)	179	(9.47%)	(5,496)	(4,858)	638	(11.60%)
Administrative expenses	(16,829)	(17,477)	(648)	3.85%	(47,917)	(52,349)	(4,433)	9.25%
Finance costs	(1,240)	(1,504)	(263)	21.24%	(3,512)	(5,418)	(1,906)	54.25%
<b>Profit (loss) before income tax</b>	<b>7,827</b>	<b>(9,442)</b>	<b>(17,269)</b>	<b>(220.64%)</b>	<b>12,943</b>	<b>(7,760)</b>	<b>(20,703)</b>	<b>(159.96%)</b>
Income tax (expenses) revenue	(867)	2,335	3,203	(369.22%)	(606)	5,739	6,345	(1,046.77%)
<b>Profit (loss) for the periods</b>	<b>6,959</b>	<b>(7,107)</b>	<b>(14,066)</b>	<b>(202.12%)</b>	<b>12,337</b>	<b>(2,021)</b>	<b>(14,357)</b>	<b>(116.38%)</b>



For the overview of Q3 performance for the nine-month period in 2023, the Company experienced a 4.02% increase in revenue from service provision when compared to the same period in 2022. This increase was primarily driven by the growth in the business segment customers, specifically from the B2C customer group. However, the gross profit margin decreased by 25.59%. This decline was primarily due to the Company's sale of some of its 6-wheel and 10-wheel trucks, resulting in a profit from the sale of old vehicles amounting to 5.73 million Baht, which is categorized as 'Other Income' in the financial statement. This transaction led to an insufficient number of primary transportation vehicles at certain times to meet the sales demand, resulting in an additional expenditure of 31.88 million Baht, which is included in the cost of services in the financial statement. Furthermore, the Company incurred expenses related to financial advisory and public relations for its initial public offering (IPO), as this was the first quarter in which the company registered with the securities market. Consequently, the profit for the nine-month period decreased by 122.92%.

## Revenue

In the nine-month period ending on September 30, 2023, the Company saw a 4.02% increase in revenue from service provision when compared to the same period in 2022. This increase was primarily attributed to the growth in the business segment customers, especially from the B2C customer group. The B2C group's revenue increased by 47.51% when compared to the same period in 2022. The increase in B2C revenue was driven by the Company's efforts to expand its customer base into new business segments, particularly in the pharmaceutical and healthcare sector. Additionally, revenue from customers who utilize the online platform grew due to sales promotion activities for large B2C customers in the second and third quarters of 2023. As for the B2B customer group, there was a slight decrease of 0.01% in revenue when compared to the same period in 2022. The Company continues to face price competition from large-scale operators in the express delivery services segment. The Company's focus remains on delivering large and heavy items with various shapes, which require regular delivery schedules, resulting in a reduction in revenue from the C2C customer group compared to the same period in 2022. It is important to note that the company does not engage in price competition with other operators but instead concentrates on improving service quality tailored to specific customer segments. This includes promoting sales activities by offering special service rates to specific subgroups of customers with a regular and consistent delivery pattern, as well as expanding the opening hours of some branches to seven days a week, starting from the end of 2022.

### **Cost of services rendered**

In the nine-month period ending on September 30, 2023, the Company's service costs increased by 10.86% or 30.95 million Baht when compared to the same period in 2022. The detailed breakdown of service costs is as follows:

During this period, the Company sold some of its 6-wheel and 10-wheel trucks. As a result, there were certain timeframes when the primary transportation vehicles were insufficient to meet the increased demand, which grew by 4.02% when compared to the same period in 2022. This necessitated the outsourcing of additional transportation services, leading to a 40.33% increase or 31.88 million Baht in the cost of hiring additional vehicles in 2023 when compared to the same period in 2022. This increase primarily resulted from the outsourcing of cargo and line haul transportation services. At the same time, the fuel cost expenses decreased by 4.89% or 2.99 million Baht.

### **Gross profit and gross profit margin**

For the nine-month period ending on September 30, 2023, the Company's gross profit decreased from 25.59 million Baht to 16.84 million Baht. The gross profit margin also decreased from 18.75% to 13.42%. The primary reason for this decrease was the increase in service costs, as previously mentioned in the 'Cost of Service rendered' section.

### **Other income**

For the nine-month period ending on September 30, 2023, the Company had other income totaling 5.91 million Baht, an increase from 1.83 million Baht in the same period in 2022. The main source of this income was the profit from selling old vehicles, including 6-wheel trucks, 10-wheel trucks, trailers, and pickup trucks, amounting to 5.27 million Baht in 2023, compared to 2.64 million Baht in 2022.

### **Administrative expenses**

For the nine-month period ending on September 30, 2023, administrative expenses amounted to 52.35 million Baht, increasing by 4.43 million Baht compared to the same period in 2022. The main reason for this increase was due to financial advisory and public relations expenses related to the Company's IPO, as this was the first quarter when the Company registered with the securities market.

### **Financial cost**

For the nine-month period ending on September 30, 2023, financial costs amounted to 5.18 million Baht, an increase of 1.91 million Baht compared to the same period in 2022. This increase was due to the Company taking loans from financial institutions to invest in additional vehicles during the early part of the previous year.

### Income tax revenue

For the nine-month period ending on September 30, 2023, the income tax revenue amounted to 5.74 million Baht, an increase of 6.35 million Baht compared to the same period in 2022. This increase was due to the recognition of accumulated tax losses as a deferred tax asset, which the Company could potentially utilize in the future to reduce its tax liability.

### Net profit

For the nine-month period ending on September 30, 2023, the Company incurred a net loss of 2.02 million Baht, a decrease of 14.36 million Baht compared to the same period in 2022. This loss resulted from the sale of some of the Company's 6-wheel and 10-wheel trucks. However, the Company had a profit from selling old vehicles, amounting to 5.73 million Baht, which contributed to other income. This situation led to an insufficient number of primary transportation vehicles during certain periods to meet the increased demand, which grew by 4.02% when compared to the same period in 2022. This necessitated the outsourcing of additional transportation services, leading to an increase in costs. The increase in costs was also related to financial advisory and public relations expenses due to the Company's IPO registration in the first quarter, significantly impacting the net profit margin for the second and third quarters of 2023 when compared to the same period in 2022.

## 3. Financial position statement

### 3.1 Asset

Assets	December 31st, 2022	September 30th, 2023	Increase/(Decrease)	
	Million Baht	Million Baht	Million Baht	%
<b>Current assets</b>				
Cash and cash equivalents	21.23	332.74	311.52	1,467.65%
Trade and other current receivables	32.12	36.23	4.11	12.81%
Current contract assets	29.00	31.68	2.68	9.24%
Other current assets	0.09	0.37	0.28	311.56%
<b>Total current assets</b>	<b>82.43</b>	<b>401.03</b>	<b>318.60</b>	<b>386.49%</b>
<b>Non-current assets</b>				
Bank deposits – pledged as collateral	2.17	2.17	0.00	0.11%
Property, plant and equipment	472.78	493.53	20.75	4.39%
Right-of-used assets	68.06	63.31	(4.75)	(6.98%)
Intangible assets	5.35	4.52	(0.83)	(15.57%)
Deferred tax assets	1.45	7.19	5.74	395.91%
Deposits and guarantees	2.34	2.01	(0.32)	(13.77%)
Other non-current assets	6.29	9.06	2.78	44.15%
<b>Total non-current assets</b>	<b>558.43</b>	<b>581.79</b>	<b>23.36</b>	<b>4.18%</b>
<b>Total assets</b>	<b>640.86</b>	<b>982.82</b>	<b>341.96</b>	<b>53.36%</b>

The Company's total assets increased by 341.96 million Baht, representing a growth rate of 53.36% compared to the year 2565. Within this increase, current assets rose by 318.60 million Baht, reflecting a growth rate of 386.49%. Conversely, non-current assets increased by 23.36 million Baht, accounting for a growth rate of 4.18%. This change can be attributed to the following factors:

- Cash and cash equivalents increased by 1,467.65% or 311.52 million Baht from 2022, mainly due to proceeds from the issuance of common shares.
- Trade accounts receivable and other current receivables increased by 12.81% or 4.11 million Baht from 2022, primarily attributed to higher freight income during the period from August to September 2023, which is still in regular credit terms. The increase in trade accounts receivable was also due to a 1.15 million Baht increase in claims for goods, reflecting increased shipping volume in the last quarter, while prepaid insurance expenses decreased by 0.38 million Baht due to regular expiration.
- Assets arising from contracts – current assets increased by 9.24% or 2.68 million Baht from 2022. This increase was driven by increased revenue from services in the third quarter, resulting from recognizing revenue over time and recognizing revenue from completed delivery services that had not been invoiced.
- Land, buildings, and equipment increased by 4.39% or 20.75 million Baht from 2022. This increase was due to investments in new vehicles, including 70 pickup trucks with a total value of 39.20 million Baht, to replace aging vehicles and to augment the fleet for the replacement of leased vehicles, as well as a decrease in regular depreciation expenses.
- Right-of-use assets decreased by 6.98% or 4.75 million Baht from 2022. This decrease was primarily due to recognizing the depreciation of right-of-use assets related to vehicle lease agreements.

### 3.2 Liability

Liability	December 31st, 2022	September 30th, 2023	Increase/(Decrease)	
	Million Baht	Million Baht	Million Baht	%
<b>Current liabilities</b>				
Bank overdrafts and short-term loans				
from financial institution	16.60	0.51	(16.09)	(96.94%)
Trade and other current payables	45.42	41.91	(3.52)	(7.74%)
Current portion of long-term loans	15.97	17.38	1.41	8.80%
Current portion of lease liabilities	23.46	21.56	(1.89)	(8.07%)
Other current liabilities	1.08	0.56	(0.52)	(47.71%)
<b>Total current liabilities</b>	<b>102.54</b>	<b>81.93</b>	<b>(20.61)</b>	<b>(20.10%)</b>
<b>Non-current liabilities</b>				
Long-term loans from financial institution	66.57	53.22	(13.35)	(20.05%)
Lease liabilities	26.04	21.57	(4.46)	(17.13%)
Provision for employee benefits	2.85	3.87	1.02	35.81%
Other non-current liabilities	7.02	8.20	1.18	16.76%
<b>Total non-current liabilities</b>	<b>102.47</b>	<b>86.86</b>	<b>(15.61)</b>	<b>(15.24%)</b>
<b>Total liabilities</b>	<b>205.01</b>	<b>168.78</b>	<b>(36.23)</b>	<b>(17.67%)</b>

The Company's total liabilities decreased by 36.23 million Baht, representing a decrease of 17.67% compared to the year 2022. Within this decrease, current liabilities decreased by 20.61 million Baht, reflecting a reduction of 20.10%. At the same time, non-current liabilities decreased by 15.61 million Baht, accounting for a decrease of 15.24%. The primary reasons for these changes are as follows:

- Overdrafts and short-term borrowings from financial institutions decreased by 96.94% or 16.09 million Baht from 2022. This decrease is due to the Company's repayment of short-term borrowings from financial institutions (promissory notes) used during the year to reduce interest costs.
- Trade payables and other current payables decreased by 7.74% or 3.52 million Baht. This reduction is attributed to the Company receiving advance payments for services rendered under Cash-On-Delivery (COD) terms to B2C customers, with a decrease in activities promoting sales to large B2B customers in late September 2023.
- Long-term borrowings from financial institutions decreased by 14.74% or 11.94 million Baht. This decrease resulted from debt repayments as per loan agreements.
- Lease agreement liabilities decreased by 12.84% or 6.35 million Baht. The primary reason for this reduction is the repayment of lease agreement liabilities for vehicle purchases.

### 3.3 Shareholder's Equity

Shareholder's equity	December 31st, 2022	September 30th, 2023	Increase/(Decrease)	
	Million Baht	Million Baht	Million Baht	%
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	41.82	(2.02)	(4.61%)
<b>Total shareholder's equity</b>	<b>435.85</b>	<b>814.03</b>	<b>378.18</b>	<b>86.77%</b>

As of September 30, 2023, the Company reported that the shareholders' equity increased by 86.77% or 378.18 million Baht.

- Registered capital issued and fully paid increased by 29.70% or 60.00 million Baht. This increase is attributed to the Company's initial public offering (IPO) of common shares to the general public, where 120,000,000 shares with a par value of 0.50 Baht each were offered between June 22 and June 26, 2023.
- The increase in the additional paid-in capital by 183.48% or 320.20 million Baht is a result of the Company's first-time offering of common shares to the general public. In this offering, the company issued 120,000,000 common shares at a price of 3.30 Baht per share. After deducting the expenses associated with the share offering, the company realized an excess of 320.20 million Baht.
- The accumulated unallocated earnings decreased, likely due to operating profits earned during the nine-month period ending on September 30, 2023.

Please be informed accordingly.

Sincerely yours,

Thai Parcels Public Company Limited



(Mr. Roengsak Sae-eung)

Chief Financial Officer