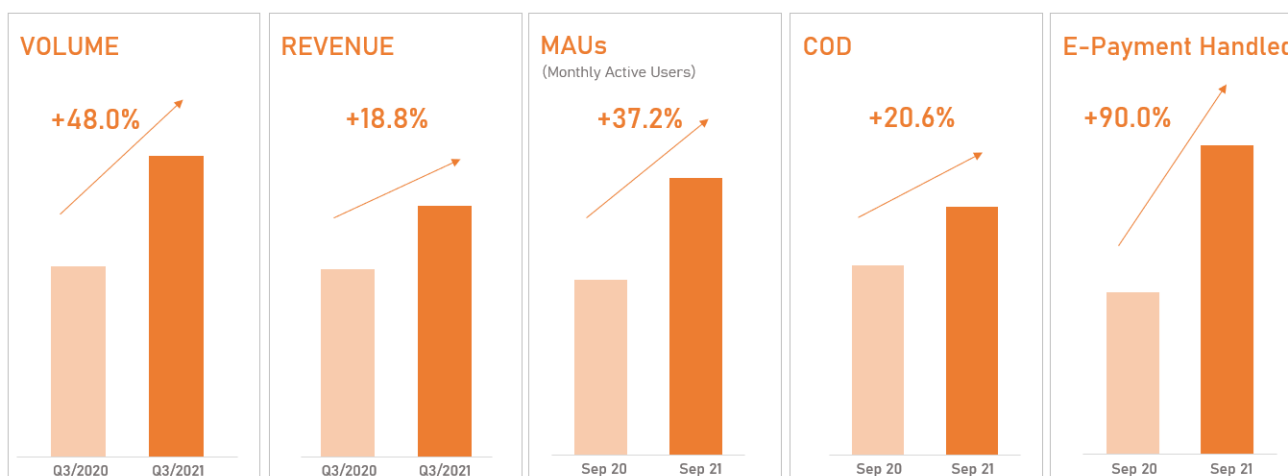


KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS Q3/2021

RECORD-HIGH DELIVERY VOLUME AND REVENUE WHILE CONTINUING TO BE NUMBER ONE PROVIDING EXCELLENT SERVICES AMIDST THE PANDEMIC

- **EXPRESS-FOCUS** continues to be our top uncompromised strategy aiming at widening our leadership position and dominance.
- Successful **AGGRESSIVE PRICING APPROACH** results in unparallel growth in volume, revenue, and number of active users. KEX posts **SOLID GROWTH IN DELIVERY VOLUME** and reports **STRONGER REVENUE** of THB 5,331 million during Q3/2021, rising by 18.8% YoY following the strong entrance to the **ECONOMY SEGMENT** which attracts a big pool of customers who were not able to afford KEX's services.
- More than 7.5 million **UNIQUE NEW CUSTOMERS** use KEX services for the first time in Q3/2021. And the number of customers who uses KEX services for at least 3 times a month has increased by 58% YoY.
- Economies of scale and **IMPROVED EFFICIENCY** brought by platform upgrade continue to keep normalised operating costs in check. Extra temporary costs and expenses inevitably incurred to establish **SPARE RESOURCES** amidst higher labour & fuel cost during the pandemic, along with **NEW CAPACITY PREPARATION**. Impact is expected to gradually decline as COVID situation recedes and volume acquisition accelerates.
- **SERVICE QUALITY** continues to excel with major quality indices reported record-high. Despite spiking shortages of labour & random disruption on workforces, KEX remains **RESILIENT** by putting in spare operating resources to maintain service excellence with **ZERO DOWNTIME**.



INTACT SERVICE QUALITY & ZERO OPERATIONAL DISRUPTION AMIDST THE PANDEMIC

Despite several adverse factors that directly impact the delivery industry during the past quarter, such as countrywide COVID-19 crisis, tightening labour market and rising oil price, KEX has been able to flex our networks to support our 365-day operations, while service excellence has not been compromised, thanks to extra preparations including the planning and management of spare resources; manpower, sorting hubs, distribution centres, service locations and fleets. For example, in September alone, an extra 2,890 delivery routes, 4 spare sorting hubs with over 62,000 sq.m. of space were prepared to cope with the planned and random new demand

Additionally, uncompromised hygiene protocols and measures have been put in place, including travel ban, social gathering ban, and work-from-home protocol. And with the wellbeing of customers and employees as our top priority, KEX has encouraged company-wide vaccination through KerryPrompt, Thailand's

KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS Q3/2021

biggest vaccine motivation programme. As a long-standing supporter of the Thai people and the community, KEX have collaborated with Thai Red Cross Society and major donors to distribute COVID-relief boxes to patients and field hospitals nationwide.

Q3/2021 FINANCIAL PERFORMANCE

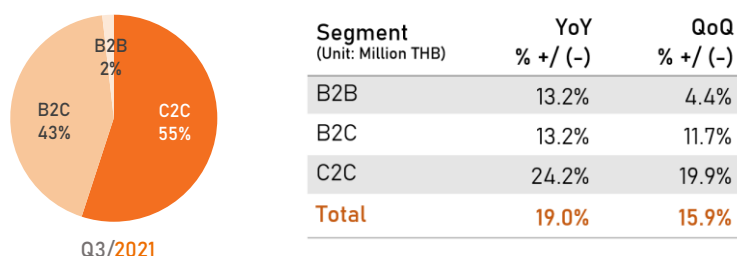
Table 1: Selected Indicators for Operational Results

(Unit: Million THB)	Q3/2020	Q2/2021	Q3/2021	YoY % +/- (-)	QoQ % +/- (-)
Parcel volume (million)				48.0%	
Sales and services income	4,488.6	4,600.0	5,330.7	18.8%	15.9%
Cost of sales and services	-3,805.2	-3,891.2	-4,978.5	30.8%	27.9%
Gross profit	683.5	708.8	352.2	-48.5%	-50.3%
Selling and administrative expenses	-307.0	-327.7	-361.9	17.9%	10.5%
EBITDA	1,043.8	986.6	600.4	-42.5%	-39.1%
EBIT	396.9	428.2	27.4	-93.1%	-93.6%
Net profit for the period	292.1	335.6	12.8	-95.6%	-96.2%
EPS (THB/Share)*	0.20	0.19	0.01	-96.3%	-96.1%
Gross Profit Margin (%)	15.2%	15.4%	6.6%		
EBITDA Margin (%)	23.3%	21.4%	11.3%		
EBIT Margin (%)	8.8%	9.3%	0.5%		
Net Profit Margin (%)	6.5%	7.3%	0.2%		

Remark: As shown in financial statements, excluding minority interests

*Weighted average number of shares post-IPO is greater than during pre-IPO, and this number is used as the denominators.

Figure 1: Revenue by Segment (excluding advertising income)



NEW VOLUME GROWTH RECORDED BY SUCCESSFUL PRICING STRATEGY & CAPACITY EXPANSION FOR GREATER GROWTH

- KEX marked the highest record of delivery volume in Q3/2021, with 48% growth YoY and revenue of THB 5,331 million, increasing 18.8% YoY and 15.9% QoQ, owing to our successful proactive marketing strategy. Revenue from all customer segments grew, especially those from C2C segment, thanks to the successful penetration into the economy segment and social communities. In addition, KEX has been able to secure contract renewals with its major B2B and B2C customers, laying solid foundation for volume and revenue growth in coming quarters.
- Costs of sales and services rose by 30.8% YoY and 27.9% QoQ in line with higher delivery volume growth. Though normalized unit cost was kept in check during the quarter, KEX had to make short-term investment in its margins to prepare extra operating resources for service quality assurance during COVID-19 crisis and new capacity expansion to handle increases in volume during coming months. The pandemic has piled operations complications on top of other challenges including global supply chain disruption, labour supply shortages and demand forecast difficulties. Such temporary incidents have layered on more costs for KEX to establish spare resources. Such preparations include the expansion

KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS Q3/2021

of spare operating resources including vehicles and equipment, as well as spare sorting hubs, distribution centres, and service locations nationwide. Without advance preparation, failures in resource management and planning could result in monetary loss, service quality deficiency and brand damage. We expect such expenses to gradually decline as COVID-19 situation recedes and our parcel volume acquisition accelerates.

- Net profit was reported at THB 12.8 million with 0.2% margin, as a result of our market leadership and aggressive pricing strategies as well as investment in margins to prepare extra resources to uphold service excellence, prevent operation seizure, and build up new capacity. We expect such aforementioned temporary expenses to gradually decline, as volume acquisition accelerates in line with the company's strategic actions.

FINANCIAL POSITION AND LIQUIDITY

Figure 2: Financial Position

Unit: Million THB

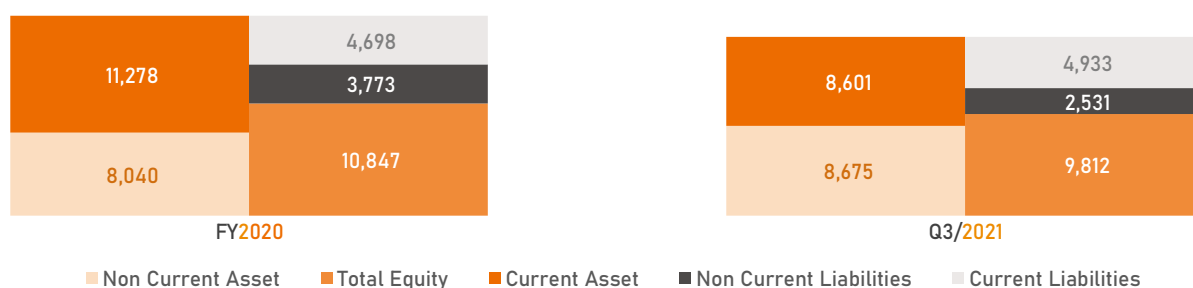


Table 2: Assets Breakdown

(Unit: Million THB)	FY2020	Q3/2021	Change % +/- (-)
Cash and cash equivalents	9,696.8	2,035.8	-79.0%
Short-term investments	-	4,570.4	N/A
Trade and other receivables	1,466.8	1,789.0	22.0%
Plant and equipment	2,258.5	2,015.5	-10.8%
Right-of-use assets	5,320.6	4,767.9	-10.4%
Other Assets	575.6	2,097.3	264.4%
Total Assets	19,318.2	17,275.9	-10.6%

Table 3: Liabilities and Shareholders' Equity

(Unit: Million THB)	FY2020	Q3/2021	Change % +/- (-)
Trade and other payables	1,347.0	1,908.6	41.7%
Cash on delivery payable	615.1	550.7	-10.5%
Current portion of lease liabilities	1,760.6	2,343.9	33.1%
Lease liabilities	3,593.1	2,332.4	-35.1%
Other Liabilities	1,155.1	328.0	-71.6%
Total Liabilities	8,470.8	7,463.6	-11.9%
Total Shareholders' Equity	10,847.5	9,812.4	-9.5%
Total Liabilities and Equity	19,318.2	17,275.9	-10.6%

HEALTHY BALANCE SHEET AND LIQUIDITY POSITION

- KEX continues to maintain solid financial health and abundant liquidity. At quarter end, cash and cash equivalents decreased by 79.0%, mainly led by cash flow used in investing and financing activities, including investments in low-risk funds and debentures, loan redemption and dividend payments.

KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS Q3/2021

- Following KEX's investment direction with the purpose of yield enhancement, capital preservation and high liquidity, KEX mainly invested in low-risk, high-liquidity fixed income funds and debentures as reflected in net cash used in investing activities of THB 5,978 million. KEX continues to remain cautious with our investment plans as uncertainties from COVID-19 situation and economic conditions are yet to be seen.

KEY FINANCIAL RATIOS

Table 4: Key Financial Ratios

		Q3/2020	Q2/2021	Q3/2021
Liquidity ratios				
Current ratio ⁽¹⁾	(times)	0.67	2.88	1.74
Quick ratio ⁽²⁾	(times)	0.64	2.85	1.70
Cash flow liquidity ratio ⁽³⁾	(times)	0.76	0.31	0.50
Accounts receivable turnover ⁽⁴⁾	(times)	18.86	16.52	17.16
Average collection period ⁽⁵⁾	(days)	19.35	22.09	21.27
Accounts payable turnover ⁽⁶⁾	(times)	35.81	24.44	25.63
Average payment period ⁽⁷⁾	(days)	10.19	14.94	14.24
Cash cycle (days) ⁽⁸⁾	(days)	9.16	7.16	7.03
Profitability ratios				
Gross profit margin ⁽⁹⁾	(%)	15.23	15.41	6.61
Net profit margin ⁽¹⁰⁾	(%)	6.51	7.30	0.24
Return on equity ⁽¹¹⁾	(%)	69.58	19.15	17.07
Efficiency ratios				
Return to total assets ⁽¹²⁾	(%)	18.29	9.30	7.36
Total assets turnover ⁽¹³⁾	(times)	2.45	1.25	1.32
Financial policy ratios				
Total liabilities to equity ratio ⁽¹⁴⁾	(times)	3.80	0.59	0.76
Interest-bearing debt to EBITDA ratio ⁽¹⁵⁾	(times)	1.38	1.13	1.30
Interest coverage ratio ⁽¹⁶⁾	(times)	33.89	44.09	28.20
Debt service coverage ratio ⁽¹⁷⁾	(times)	2.28	2.14	1.53

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) Account payable turnover = cost of sales and service 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 to total assets = profit (loss) for the period divided by average total assets

(13) Total assets 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

STRENGTHEN LEADERSHIP WITH VOLUME ACQUISITION, NEW CAPACITY EXPANSION AND ROBUST BUSINESS SYNERGIES

Another quarter of record-breaking parcel volume reflects KEX's successful aggressive pricing strategy, and resilient management. KEX continues to invest in capacity expansion to support expected growth in parcel volume in response to the Company's sales strategy and the improving trend of domestic consumption following the country's opening, 11.11 and 12.12 e-commerce and social commerce promotions.

Thailand is a medium-sized country with the furthest North-South distance on land of approximately 2,000 km, and a population size of approximately 70 million people. In medium term, we expect there will be market consolidation of the express industry or segments. Thailand will be able to accommodate only a few players. Premium-to-good service at affordable price will eventually become the market norm and a best entry barrier, which align with KEX's business direction and preparation expenses. KEX has maintained its sharp focus on express and will continue to do so to further widen the leadership in Thailand's express industry.

Following KEX's business diversification strategy, KEX together with our partners will serve the unmet demand in different market segments, fostering new growth and additional revenue stream. KEX has joined forces with market-leading partners to venture the Cold Delivery, Less-than-truckload (LTL) Delivery, and Kerry Wallet. Such synergies will strengthen KEX's ecosystem and provide the markets with services unseen in the country.

Additionally, with S.F. Holding, one of China's largest express conglomerates, becoming a major shareholder in Kerry Logistics Network, KEX's ultimate shareholder, KEX's competitive edge with platform-related technology and Thailand-China cross border e-commerce will be sharpened, and it will assist KEX's leaping and sustainable growth.

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