

KERRY  
EXPRESS



# THE GAME CHANGER



ANNUAL REPORT 2021

(FORM 56-1 ONE REPORT)



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# MESSAGE FROM THE CHAIRMAN



Kerry Express or KEX is now listed on the SET for over a year. It was a year in which the management and staff had to face many new and exciting challenges and to continue retaining KEX as the No. 1 express delivery company of Thailand and at the same time growing KEX to an even higher level.

KEX received the honour of being Thailand's No. 1 Brand for the 4<sup>th</sup> consecutive year by a landslide, reaffirming KEX's strong market leadership and service excellence.

Among many other accomplishments, it is worthy to note that the continuing delivery volume growth of 30 per cent higher year on year is performed with the highest quality standard of 99 per cent delivery success. Our couriers and the supporting team have also brought along happiness to many households who in turn entrust us to do more and we shall therefore strive to provide services with even higher quality and innovations to our valued customers.

Going forward into year 2022 we shall implement many new services including door-to-door instant pick-up service as well as launching more social oriented services and deep penetrating into communities of online and marketplace sellers such as delivery of farmers produce directly to consumers and delivering COVID-19 relief kit boxes to patients and volunteer groups, in support of government relief policies.

Our staff are continuing to ensure quality services by innovating into digital platforms with proprietary technologies and automated processes, which would also immensely enhance our operating network efficiency and optimise our cost competitiveness. We have developed the industrialisation of KEX and continue to upgrade operating platform to achieve further standardisation and efficiency enhancement. We will also introduce Kerry Wallet, a neutral open platform, to serve the online lifestyle of customers and to provide the markets with services unseen nationwide. Meanwhile handling the big pool of data, we also crucially prioritise cybersecurity for maximum protection and safety of consumers' data, aligning cybersecurity measures with our digitalisation journey.

KEX is selected as an index component of Thailand Sustainability Investment due to our commitment towards environmental impact management, social responsibility and good corporate governance aimed at strengthening our business operation and providing long term value to shareholders and stakeholders. KEX is also an index component of SET100 and SETWB indices.

Despite the economic headwinds we all face this year and COVID-19 still making headlines in our lives, KEX is committing efforts to delivering stronger results and driving up quality and service capacity for the benefits of all including our staff and stakeholders.

Chairman of the Board of Directors  
**Kledchai Benjaathonsirikul**



## MESSAGE FROM THE CEO



“  
Kerry Express  
has been  
a game changer  
since day one.”

2021 marks another year of challenges for all countries, including Thailand, with hope on the horizon that everything will resume its normal course soon. Despite these challenges and the fierce competition in the express delivery market throughout the year, Kerry Express (KEX) still strives to maintain as a market leader in terms of size and in terms of quality, thanks to our strategic moves to penetrate the low-cost segments throughout Thailand. Our network and service points have significantly been enlarged and we are now available in over 30,000 service locations in Thailand.

KEX has remained resilient during the COVID-19 pandemic. To ensure service quality without disruption, we had prepared extra operating resources and capacity to serve and to expand, especially in the second half of 2021. We have enlarged our market share with a record-breaking delivery volume growth of 30 per cent and monthly active customers (MAU) growth of 32 per cent, compared to 2020.

In our continuing pursuit of growth, KEX has diversified the business to welcome new revenue streams by forming high-value partnerships with top-tier enterprises to enlarge our ecosystem including Kerry Cool, our state-of-the-art cold delivery platform, and a unique and fast delivery platform providing pick-up and delivery services for large and bulky items. KEX's ecosystem will be further strengthened to serve the online lifestyle of customers with quality unseen in the country. These new businesses are expected to be significant revenue streams from the start of 2023.

With our uncompromised market leadership strategies, abundant liquidity, and tremendous supports from key stakeholders, KEX achieved remarkable growth in 2021, and will continue to be the game changer in Thailand's express delivery market to deliver sustainable profitability to all stakeholders in the long run.

Chief Executive Officer

Alex Ng

# VISION, MISSION AND CORE VALUES



## VISION

“Thailand’s forefront express delivery company focusing on delivering utmost quality products and services that exceed customer expectations”



## MISSION

“We are committed to providing quality services, enriching our society, caring for our staff and being responsible to our stakeholders and investors”



## 5-YEAR PRIORITIES

“Develop sustainable growth engines through express market leadership and expansion into new businesses surrounding core business of parcel express”

## CORE VALUES

### HI STEP



#### **H (Honesty)**

We are committed to high ethical standards, operating with transparency and guided by relevant rules and regulations.



#### **I (Innovation)**

We encourage creative solutions and constantly innovate to meet our customers' unmet needs and to enhance value for our customers, employees and our business.



#### **S (Service-minded)**

We strive to deliver the utmost service excellence which exceeds our customers' expectations.



#### **T (Teamwork)**

We value united cooperation towards mutual goals as well as the diverse input of individual contributions.



#### **E (Execution)**

We are result-oriented and put our vision and mission into our everyday actions.



#### **P (Positivity)**

We believe possibilities can be realised and challenges overcome through determination and positive mindsets.

# OPERATIONAL HIGHLIGHTS AND FINANCIAL SUMMARY

As a leading express parcel delivery company in Thailand, KEX offers an extensive range of services to various business sectors including Consumer-to-Consumer (C2C), Business-to-Consumer (B2C), and Business-to-Business (B2B). Through our nationwide network, KEX provides quality services with the utmost convenience at affordable price for its customers.

## OPERATIONAL HIGHLIGHTS\*

### Strong Network with Nationwide Coverage



**2.7M+**

Sorting Capacity  
per Day



**22,000+**

Vehicles in the Fleet  
under our Management



**26,000+**

Service Locations



**1,400+**

Distribution Centres



**13**

Key Sorting Hubs

### Industry-Leading Service Quality



**< 1.2%**

of Parcels Returned



**99.99%**

Next-Day Delivery Service  
Coverage within Thailand



**97.10%**

of Parcels Delivered  
on Time

### One of the Largest Merchant Handling Payment Transaction Value



**7.1 bn (Baht)**

Average Monthly  
Transaction Value



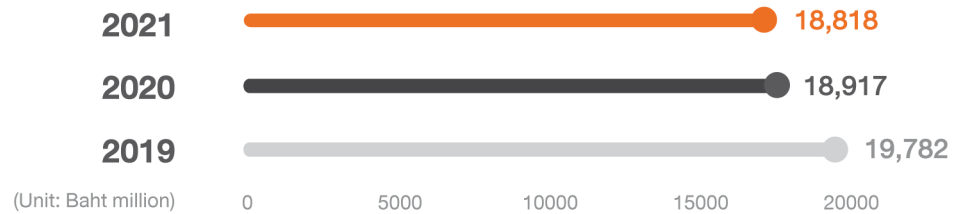
**16.7 bn (Baht)**

Total e-Payment  
Handled

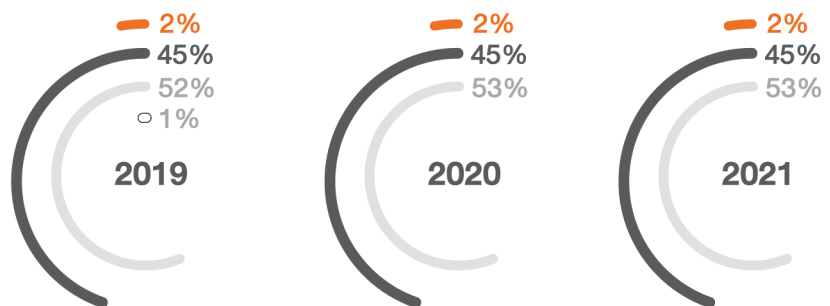
\* as of 31 December 2021

# FINANCIAL SUMMARY

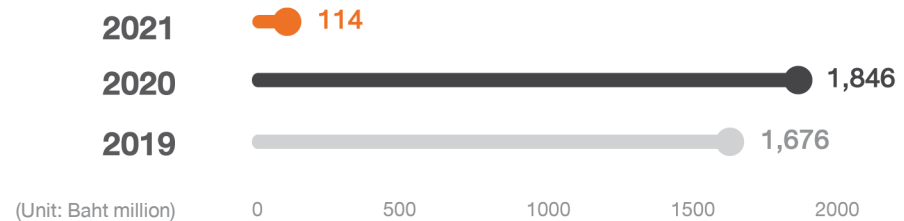
## Sales and Service Income



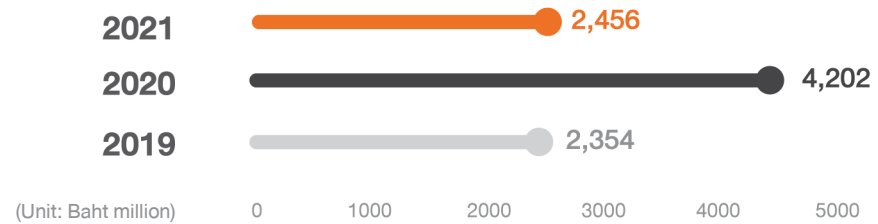
## Revenue by Segment



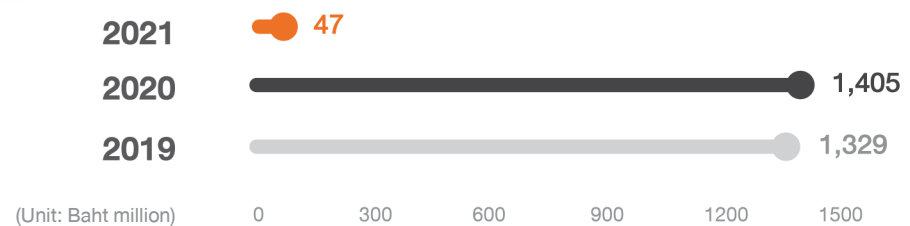
## EBIT



## EBITDA



## NET PROFIT



## FINANCIAL POSITION

(Unit: Baht million)	2019	2020	2021
Cash and investment in liquid financial assets	910	9,697	7,295
Trade and other receivables	1,722	1,467	1,613
Plant and equipment	2,706	2,259	2,244
Right-of-use assets	-	5,321	4,897
Other assets	676	576	997
<b>Total Assets</b>	<b>6,014</b>	<b>19,318</b>	<b>17,046</b>
Current portion of long-term borrowings	-	800	-
Trade and other payables	1,800	1,347	1,977
Cash on delivery payable	884	615	724
Current portion of lease liabilities	-	1,761	2,502
Long-term borrowings from financial institutions	800	-	-
Lease liabilities	-	3,593	2,256
Other liabilities	296	355	270
<b>Total Liabilities</b>	<b>3,781</b>	<b>8,471</b>	<b>7,729</b>
<b>Total Shareholders' Equity</b>	<b>2,233</b>	<b>10,847</b>	<b>9,317</b>

## FINANCIAL RATIOS

		2019	2020	2021
<b>Liquidity ratios</b>				
Current ratio	(times)	0.99	2.40	1.35
Quick ratio	(times)	0.92	2.38	1.30
<b>Profitability ratios</b>				
Gross profit margin	(%)	15.56	16.21	7.12
Operating profit margin	(%)	8.16	9.48	0.11
Non-operating profit margin	(%)	0.31	0.28	0.50
Cash flow to income ratio	(times)	1.15	1.93	115.39
Net profit margin	(%)	6.72	7.43	0.25
Return on equity	(%)	71.37	21.48	0.47
<b>Efficiency ratios</b>				
Return on total assets	(%)	24.64	11.09	0.26
Return on fixed assets	(%)	75.81	70.16	31.61
Total asset turnover	(times)	3.67	1.49	1.03
<b>Financial policy ratios</b>				
Total liabilities to equity ratio	(times)	1.69	0.78	0.83
Interest coverage ratio	(times)	97.88	37.53	25.36
Interest-bearing debt to EBITDA	(times)	0.34	1.46	1.94
Debt service coverage ratio	(times)	-	1.64	0.98

# CORPORATE STRATEGIES AND COMPETITIVE STRENGTHS



## CORPORATE STRATEGIES

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### ***X – Express***

#### **Express-Focus, Market Leadership, and Sustainable Growth**

The growth potential of parcel express is driven by e-commerce and social commerce, as well as proactive sales strategies. Market leadership is asserted through consistent quality service at affordable prices.

### ***P – Partnership***

#### **Robust Business Synergies through Neutral and Professional Partnerships**

Strategic partnerships are proactively developed through collaboration synergies, leveraging each partner's unique strengths.

### ***R – Retail***

#### **2C-Focus Based on the Customer-Centric Approach**

Retail-focused expansion on express businesses ("2C" market) is achieved through deep penetration into the communities of online sellers, individual traders, and marketplace sellers.

### ***E – Expansion***

#### **Express-Centric with Horizontal & Vertical Integration as New Growth Engines**

Both vertically and horizontally, many business expansion paths stem from the core express business and foster a diversified business portfolio.

### ***S – System***

#### **Operational Excellence through Cutting-edge Technologies & Seamless User Experience**

There will be continuous improvement and development of our core systems, work process, and user applications, with a strong emphasis on process simplification, standardisation, and seamless user experience.

### ***S – Sustainability***

#### **Economic Contribution Along with Social Responsibilities under ESG Approach**

Sustainability is a pre-requisite and priority, with the progressive integration of sustainability into our daily business operations as our long-term commitment.



## COMPETITIVE STRENGTHS

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Leading express delivery company in Thailand, with top-ranked brand recognition



A scalable hub-and-spoke business model with a large-scale operation and nationwide coverage, resulting in maximum flexibility and a competitive edge



Industry-leading service quality and reliability, powered by proprietary technology capabilities



Unique strategic partnerships that drive volume growth, create new revenue streams, and increase brand awareness



Solid financial profile with a track record of spectacular growth, operational efficiency, and abundant liquidity



Entrepreneurial and experienced management team with a solid corporate culture

# AWARDS AND RECOGNITIONS

## BRANDING



No.1 Brand Thailand in the delivery/logistics category by Marketeer magazine for four consecutive years



Thailand's Most Admired Brand 2021 by BrandAge magazine for two consecutive years



Recognised as the Professional Hero of the Year in the Bangkok Post CEO of the Year 2021 Awards, hosted by the Bangkok Post



Best Equity/IPO Deal of the Year in Thailand for its Baht 8,400 million (USD 277 million) IPO awarded by Alpha Southeast Asia, considering the challenging operating environment for corporates during the year

## HUMAN RESOURCE MANAGEMENT



4 awards from Asia's Best Employer Brand Awards 2021 under the categories of best employer brand, most-effective recruiting campaign, excellence in training, and talent management, organised by the Employer Branding Institute in India



Gold winner of HR Excellence Awards 2021 for the outstanding HR practices with high employee engagement and a healthy workplace

## PRODUCTS AND SERVICES



Winner of the Business+ Product of the Year Awards 2021 under the logistics category, reflecting KEX's excellent performance in delivering the best products and services and its position as the top-notch brand in express delivery

# COMPANY JOURNEY

- **2006** Kerry Distribution (Thailand) started providing express delivery services in Thailand under the Kerry Express brand, including payment-on-delivery services.
- **2014** Kerry Express (Thailand) Ltd. was incorporated on 17 January 2014 with registered capital of Baht 70 million to operate an express parcel delivery service in Thailand. The registered capital was increased to Baht 120 million in late 2014.
- **2018** VGI Plc. (VGI:SET) became a strategic shareholder through the acquisition of a 23 per cent stake from KLN Logistics (Thailand) Ltd., Gather Excellence Ltd., and Siam Chaopraya Express Co., Ltd.
- **2019** Mr. Keeree Kanjanapas became the Honourary Chairman of KEX. The company continued to have wide scope of collaborations with BTS Group Holdings Plc. (BTS:SET).
- **2020** Kerry Express (Thailand) Ltd., was converted to a Public Limited Company with its registered capital of Baht 890 million and a par value of Baht 0.50 per share. The governance structure has been established according to the good governance practice of the listed company with 9 qualified directors as the Board of directors.

On 24 December 2020, KEX has been listed on the Stock Exchange of Thailand under the stock code “KEX” at the IPO price of Baht 28 per share with aggregate net proceeds of approximately Baht 8.1 billion.

\* Mr. Keeree Kanjanapas is also the Chairman of the Board of Directors and the Chairman of the Executive Committee of BTS and certain other companies within the group. Remarkably, his professional experience and reputation are renowned among the regional business communities.

Mr. Keeree Kanjanapas does not sit on the Board of Directors of KEX, while his son Mr. Kavin Kanjanapas is a non-executive director of KEX.

# KEY MILESTONES



2020

December

Converted to a public limited company and listed on the SET on 24 December 2020 under the stock code KEX and increased registered capital from Baht 120 million to Baht 890 million.



2021

February

Joined hands with Bangkok Bank Plc. (BBL:SET) to enable customers of Bangkok Bank Plc. and KEX to verify their identities at Kerry Express's Be My ID service points. This service enables customers to open their accounts on the application without visiting a BBL's physical branch, while increases channels for identity verification and grants special delivery fees discounts to provide a superior digital experience to a new generation of customers.



2021

March

Signed a Memorandum of Understanding (MOU) with the Department of Agricultural Extension, the Ministry of Agriculture and Cooperatives, to co-develop and promote the agricultural logistics system, supporting the uplift of farming operations and delivery systems for end customers.



2021

August

Collaborated with Sabuy Technology Plc. (SABUY:SET) to introduce Kerry Wallet, a digital platform for payment solution and a unique container of KEX's services and tools, and to retain the user's spare cash inside KEX

# KEY MILESTONES



2021

September

Flourish Harmony Holdings Co.,Ltd. a wholly owned subsidiary of S.F. Holding Co.,Ltd. (002352:SZ) one of China's largest express conglomerates, became a majority shareholder of Kerry Logistics Network Ltd. (636:HKG), KEX's ultimate major shareholder. This step will sharpen KEX's competitive edge with platform-related technology and Thailand-China cross-border e-commerce and boost KEX's leaping and sustainable growth. Flourish Harmony Holdings has been granted a waiver from the SEC to make a mandatory tender offer for all securities in KEX.

2021

October

Listed in Thailand Sustainability Investment (THSI) by embracing commitment towards environmental impact management, social responsibility, and a good corporate governance practice to strengthen business operation and provide long-term value to our shareholders and stakeholders.





2021

October

Partnered with Rabbit Cash Co., Ltd to launch a pilot lending service under the concept “Money Rabbolution,” giving online customers access to financial assistance with low interest. With a simplified lending process for consumers, including digital identity verification, authentication, and real-time money disbursement to any bank accounts in Thailand, customers can obtain approval for loans as fast as 5-10 minutes. The pilot lending service targets 1 million Kerry Express Loyalty Club members, including online sellers who regularly use its parcel delivery service.



2021

December

Signed the Joint Venture Agreement with Betagro to found Kerry Betagro Co., Ltd., a joint venture company between KEX and Betagro with the investment portions of 60% by KEX and 40% by Betagro and paid-up capital of Baht 50 million, to launch Kerry Cool, a forefront cold delivery platform driven by world-class technology, process engineering, and ultimate user-experience across Thailand for the best customer experience.



Selected as an index component of three of the country’s major indices: SET100, SETTHSI, and SETWB indices.

# BUSINESS OVERVIEW





# BUSINESS OVERVIEW

## Business Overview

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### Kerry Express at a Glance

KEX was founded to serve businesses, social communities, and households in Thailand, providing highly reliable and efficient services to clients across the country. From the first day of operation, when only five parcels were delivered, now we are the first express parcel delivery company to be listed on the Stock Exchange of Thailand on 24 December 2020. Having grown hand-in-hand with the country's e-commerce and social commerce industries, KEX strives to maintain our position as the forefront express delivery company for Thai people and continuously offers the highest quality products, services, and innovations. We are also committed to providing customers, business partners, and all stakeholders with more choices, generating high-value returns; and harnessing the full potential of our people to drive the organisation, society, and the nation towards long-term sustainability.

In 2021, KEX had a total sorting capacity of over 2.7 million parcels per day. As the pioneer of convenient and express delivery solutions in Thailand, we offer a comprehensive range of integrated parcel delivery services to customers in the Consumer-to-Consumer (C2C), Business-to-Consumer (B2C), and Business-to-Business (B2B) segments with high growth of approximately 20 million monthly active users (MAUs). In addition, we are also the pioneer in offering payment-on-delivery services, with an average monthly transaction value of over Baht 7.1 billion for the year ended 31 December 2021. The delivery volume grew by 30 per cent and 2021 total revenue of Baht 18.8 billion, reflecting KEX's leading position in the industry.

(Unit: Baht million)	2019	%	2020	%	2021	%
<b>Sales and Parcel Delivery Services Income</b>	<b>19,607</b>	<b>99%</b>	<b>18,891</b>	<b>100%</b>	<b>18,776</b>	<b>100%</b>
C2C	10,232	52%	10,011	53%	9,892	53%
B2C	8,949	45%	8,528	45%	8,523	45%
B2B	426	2%	352	2%	360	2%
<b>Advertising Income</b>	<b>175</b>	<b>1%</b>	<b>26</b>	<b>0%</b>	<b>42</b>	<b>0%</b>
<b>Total Revenue</b>	<b>19,782</b>		<b>18,917</b>		<b>18,818</b>	

## Business Segments

**C2C:** KEX offers retailers and individuals express delivery and payment-on-delivery solutions through our extensive network of over 26,000 service points (including parcel shops, parcel lockers, and service points in our retail and individual partners' areas) and other service points (including BTS station service points and Offline-to-Online (O2O) service points). We also offer the Door-to-Door (D2D) service, where parcels are collected from customers right at their doorsteps.

**B2C:** KEX serves nearly all e-commerce and social platforms and home-shopping channels operating in Thailand. We offer integrated e-commerce solutions, including cross-border delivery solutions, e-fulfilment services, parcel return management, and payment-on-delivery solutions.

**B2B:** KEX serves numerous corporate customers by delivering parcels to offices, branches, and other business locations, namely banks, financial institutions, legal firms, international couriers, retail stores, modern trade companies, direct sales companies, telecom companies, trading firms, and general offices.

## Service Offerings

**Same-Day Delivery (SD):** Parcels are collected within 2 hours of booking and delivered in the evening of the same day within the same province. At present, our SD service is nationwide.

**Delivery-before-Noon (AM):** The collected parcels will be delivered before noon of the next day. Our AM service covers all major cities in Thailand.

**Next-Day Delivery (ND):** As the focus of KEX, our ND service ensures that all parcels dropped off or collected before the cut-off time are delivered by the following day. Currently, our ND service covers 99.99 per cent of Thailand.

**Economy Delivery (2D and 3D):** Parcels are delivered within two or three days through our Economy Delivery service. We currently provide Economy Delivery services nationwide.

**Door-to-Door (D2D):** D2D is a service for C2C customers. Our couriers collect parcels from customers' doorsteps.

**Payment Solutions:** As the first delivery company in Thailand to provide the Payment-on-Delivery solution, we have continued to innovate this service and introduced multiple payment solutions, including cash, credit card, debit card, and contactless payment (via QR payment, Rabbit LINE Pay, PromptPay, and ShopeePay) to facilitate our customers.

Apart from the delivery services offered, our customers also benefit from our advanced digital capabilities centred around proprietary technologies. Our inhouse-developed IT system and technology platforms enhance our operations' efficiency, visibility, and accountability while providing value-added services to our customers.

**Kerry Express Application:** An all-in-one application that combines our services for our customers, including one-click parcel pickup booking, real-time tracking, a map of nearby service locations, and promotional offers.

**EasyShip:** An online platform that allows senders to enter customer information, print shipping labels, track parcels, retrieve shipment reports, and access the Kerry Express Loyalty Program for rewards and privileges.

**Kerry Express Loyalty Program:** The program was introduced in January 2020 to allow our customers to collect and redeem points for discounts on delivery fees and other benefits, including rewards from our third-party partners.

**Fulfilment Services:** Fully-integrated services including warehousing, inventory management, billing, packaging, labeling, shipping, payment-on-delivery payment, and product return and exchange.

**Kerry Wallet:** An open platform that uniquely contains new services & tools and retains users' spare cash inside KEX ecosystem.

## Networks

Since our inception, we have been operating with hub-and-spoke model. We have leveraged these

scalable and flexible business models to deliver highly reliable and efficient services. As of 31 December 2021, our expansive network covered 13 sorting hubs, over 1,400 distribution centres, over 26,000 service points across all 77 provinces in Thailand, and over 22,000 vehicles under our management.

The sorting hubs, distribution centres, service points, and fleet vehicles are mostly leased. The 13 sorting hubs comprise 8 master and 5 regional sorting hubs. Each hub is connected to our distribution centres by line-haul transportation, enabling us to dispatch parcels directly to other regions across Thailand. All distribution centres can collect, sort, and dispatch parcels for last-mile delivery within the region. In 2021, we built spare hubs and distribution centres nationwide to prepare extra operating resources in order to ensure service quality during the COVID-19 crisis. In addition, our network includes all service points nationwide, comprises Parcel Shops, Distribution Centre Service Points (DCSP), Retail Service Points (RTSP), Independent Retail Service Points (PSP), BTS Skytrain Station Service Points, and Parcel Lockers.



- Fast and regular
- Economies of scale-the bigger the cheaper in cost; the bigger the better in service
- Scalable
- Higher efficiency-minimised down time
- Natural entry barrier
- All self-managed resources

## Procuring for Value

KEX places great importance on attracting, developing, and retaining qualified employees through our People Development Department. We believe that our employees are the vital assets to our success. In addition to full-time employees, KEX also engages temporary staff to support our operations. KEX recruits our people through various sources, including recruiters, social media advertisements, and referrals.

KEX secures the fleet vehicles from many leasing companies on KEX's Approved Vendor List. In registering vendors to the Approved Vendor List, we consider their track record, creditability, and financial positions. KEX does not exclusively engage any particular vendor. KEX considers its price, terms and conditions, and process that comply with KEX's quality procurement procedure. In addition, KEX secures fuel by using the fuel fleet cards from various major oil companies in Thailand.

## KEX's Parcel Journey

KEX ensures that all parcels are delivered on time and handled with care.

- Customers/senders can drop their parcels at our service points or request a parcel pickup at

a designated address via Kerry Express application, website, or call centre. In addition, B2C and B2B customers can directly request support from our on-site staff at their facilities or warehouses.

- Our couriers collect parcels from our service points and transfer them to the nearest sorting hub via 4-wheel pick-up trucks. In some areas with high parcel volumes, processing centres handle extra volumes to reduce congestion before transferring them to the sorting hubs. The sorting hubs then primarily sort and dispatch the parcels by region and transfer them to the destination distribution centres.
- Line-haul transportation (between sorting hubs and between sorting hubs and destination distribution centres) is primarily carried out using 6-wheel haul trucks. However, in some instances, such as in short distances or during peak seasons, 4-wheel trucks may also be utilised for line haulage.
- At the destination distribution centres, the parcels are unloaded from the line-haul trucks and sorted, ready for last-mile delivery. The parcels are sorted based on the recipient's address. Then the last-mile delivery is carried out by our couriers using 4-wheel pick-up truck, motorbike and on foot.



### Keys to Operational and Financial Excellence

As Thailand's leading go-to express company, we can utilise our scalable and cost-efficient hub-and-spoke model to secure our position and accommodate the strong demand for parcel deliveries, primarily through our unique strategic partnerships and proprietary technologies.

### Distinctive Strategic Partnerships

KEX focuses on sustaining our competitiveness and long-term sustainable growth. To maintain the competitiveness of our operations in the face of increasing challenges and equip our business for future growth, we actively seek investment opportunities as a way to strengthen our backbone operations and expand opportunities to enter new business areas. In addition, we continue to seek synergistic alliances with partners who can enhance and sharpen our competencies. As of 2021, we have been engaged in strong partnerships and collaborations with various business partners and industry leaders.



An online payment service provider with over 9.3 mn users and embedded in LINE application, which has more than 50mn users



Leading FinTech service provider with over 50 mn subscribers in SABUY ecosystem. Also hold expertise in merchandising & platform solutions



6th largest bank in Southeast Asia with largest retail customer base of more than 17 mn accounts



Thailand's leading mobile wallet with global-standard security, designed for cashless lifestyle especially e-commerce



A privately owned, multi-industry conglomerate that operates across 3 business platforms; MOVE, MIX and MATCH



Market leader with exclusive access to behavioural data from its advertising, payment and distribution platforms. VGI turns data to meaningful consumer insight, enabling them to offer Offline-to-Online (O2O) Solutions



Strategic Alliance Ecosystem



Leading integrated food company with over 50 years of extensive experience in food safety and high quality cold chain management

**CENTRALRETAIL**

Thailand's leading and customer-centric multi-format, multi-category and omnichannel retailing platform with over 70 years of expertise in Thailand

Leading brands as our Retail Partners for extended sales channel and enhanced coverage

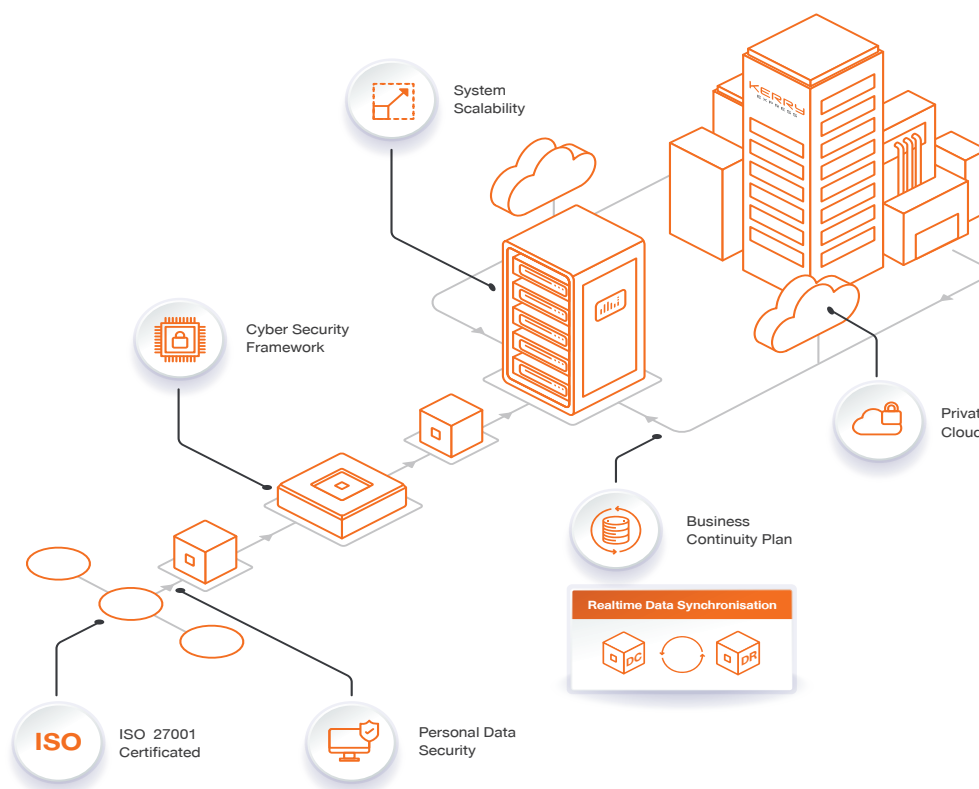


## Proprietary Technologies

KEX's proprietary technologies and IT systems are the backbones of our superior services. Our technologies are developed and provided by our in-house IT team to ensure the highest security of data and information. Having in-house proprietary technology systems allows us to securely and timely streamline and automate our operations, thereby optimising our operations' efficiency, visibility, and accountability. With technologies and IT systems taking a significant role in all aspects of our business operations, from customer engagement and parcel delivery to payment solutions, we can leverage big pool of data from our operations and adjust our strategies and solutions to better fulfill customer requirements. This extra benefit would not be possible if such activities were outsourced to a third party. As such, we have made great efforts and invested significant resources to enhance and develop our in-house proprietary technologies, IT systems, and R&D capabilities.

KEX's proprietary technologies include the **Point of Sale System (POS)**, installed at our parcel shop service counters to record pertinent details of both senders and receivers, including parcel information (i.e. size, weight, and product type) and service type. This POS system generates receipts with QR codes, enabling shipment tracking and updates. The information in the POS system is sent to **Kerry Express Distribution Management System (KES)**, which is the core operating system that allows the operations team to conduct our logistics operations with greater efficiency in terms of shipment bookings, status updates, pending shipment management, shipment claims, accounting records and performance analysis of distribution centres and customers, via our **Application Program Interface (API)**. This system facilitates data interchange among various internal and external systems or applications. It enables us to focus on analysing results and enhancing business performance. The parcel information is sent to our couriers via **Mobile Proof of Delivery**

## Global Security and Standard





(mPOD), our proprietary mobile application for our couriers. This information is then used to optimise the efficiency of pickup, delivery, and payment collection. Our corporate retail partners use **Mobile Point of Sale (mPOS)**, and Kerry Buddy partners use **Kerry Buddy POS Serverless**; both are portable POS systems. At the same time, our independent retail partners use **Mobile Parcel Service Point (mPSP)**. Our self-developed KES Portal also provides key corporate customers with end-to-end information.

In 2021, KEX developed and invested in an additional in-house system to support the delivery process from first-mile delivery, transit, and last-mile delivery, including **the data centre** with a private cloud to improve privacy, agility, scalability and efficiency of our operation throughout the year as KEX has been experiencing high parcel volume growth. We relentlessly continue to enhance **cybersecurity** to protect our operation and prevent any cyber-attack, as well as to secure our customers' data privacy and comply with the Personal Data Protection Act (PDPA), which will soon be enforced. KEX has created **network geofencing**, a virtual perimeter for mapping customers' geographic area into our database or Google Map. Parcels will be sorted by group codes according to their zoning and distribution centres. This helps optimise delivery routes, provides better punctuality and minimise human errors. **Moses operation** is another tool to facilitate parcel return management in distribution centres by checking the parcels' latest statuses and determining proper delivery methods. This tool will increase productivity and minimise late delivery.

## Research and Development

To drive innovation, minimise costs, and improve sales volume and service quality, we allocate 5 per cent to 10 per cent of our annual IT budget for conducting technology training courses, attending technology summits, meeting IT vendors and suppliers, and evaluating new IT products. Our internal development and C2C development teams are responsible for software research and development, including developing and implementing the latest software development tools, programming languages, and softwares. Meanwhile, our infrastructure team is responsible for hardware research and development which is to acquire new clients and infrastructure-related hardwares. New technological concepts and products are mainly introduced by either vendors or our IT team. Before implementing any new software or hardware, we always conduct a proof-of-concept analysis, whereby we evaluate the benefits and performance of the software or hardware.

KEX's Product Research and Development team ("PRD") consists of a product development team and a user experience team. The product development team drives market and product research and development initiatives, focusing on payment and operation products and O2O products. We introduced our payment solution platform, Kerry Wallet, KEX's unique container to retain customers' spare cash. We also co-develop products with different business partners e.g., QR payment, Rabbit LINE Pay, Rabbit Rewards, and ShopeePay. Before the market launch of a new product, our PRD team surveys the market to determine the demand for the specific product, benchmark competitors, conduct the User Acceptance Test (UAT test) and pilot test, and design a product marketing plan. In addition, our PRD team conducts product studies, data analysis, and both pre-launch and post-launch surveys.

Meanwhile, our user experience team is responsible for developing and improving the user experience and enhancing the system's functionality for our online portals, such as Kerry Express Application, EasyShip, O2O products, mPOS, and mPOD.

The applications currently in use in our business were created based on research and development conducted by our research and development team to enhance our operational efficiency and meet customer needs and demands. We intend to strengthen our operational efficiency through continued research and development to provide better services for our customers in the future.



## Industry and Business Outlook

The express delivery industry in Thailand is highly concentrated, consisting of both domestic and international large private companies. We are the most prominent Thai express delivery company (excluding Thailand Post) in terms of scale, network coverage, service quality and brand reputation, competing with other market participants, including DHL Express, Ninjavan, SCG Express, Flash Express, Best Express, and J&T Express. However, the other players have a smaller operation scale, small presence on they focus on selected customers/ areas with limited services that do not require extensive operational capabilities.

This express delivery market, which has experienced a robust growth of over 30 per cent CAGR during the past 5 years, according to Frost and Sullivan, has been attracting new players, which are both domestic and international companies, resulting in fragmentation, aggressive pricing strategy, and intensive competition. However, it may take a new player many years to establish a strong connection, track record, and brand recognition to compete in the same market or even provide delivery services to the remote areas that big players currently service. Other competitive advantages over new and potential competitors include significant investment in acquiring or leasing capital assets, such as warehouses and vehicles, to achieve economies of scale and developing or adopting technologies to improve internal efficiencies and customer service. Moreover, not all companies can provide same-day delivery guarantees and superior services like KEX as it requires efficient management of internal operations, which is costly and complex.

These upward trends have been spurred by changing customer behaviour towards digital lifestyle, as reflected by growing preference for online shopping on online marketplaces, including Lazada, Shopee, JD Central and social commerce platforms. This new lifestyle is the consequence of the increasing mobile phone and internet penetration, urbanisation, higher middle-class income, and the high proportion of the tech-savvy population at 40 per cent, according to



the National Statistical Office of Thailand. This is even amplified by the prolonged COVID-19 pandemic that has permanently shifted the customer behaviour to the new normal.

As the leading express delivery company in Thailand, we believe that being an early entrant and our largely established operation covering all districts and villages in Thailand give us a competitive edge. Generally speaking, price, reputation, and geographical coverage are the key factors that customers consider when selecting their service provider.

### Strong Foundation and Resilience in the Post COVID-19 Era

Thailand is considered a compact market with medium-sized geography; the distance between the furthest North to the furthest South is less than 2,000 kilometres with a small population size of approximately 70 million.

The express delivery market in Thailand will inevitably follow a similar trend as in other countries with similar characteristics. As the market is moving towards consolidation, premium services at an affordable price will become the norm and an entry barrier. The market will eventually be a place for only a few well-established players with a strong connection, track record, and brand recognition.

Only the leading companies are recognised in the market while others will no longer meet the demand. Taking Japan as an example, the express delivery market is very well-established. However, the market is highly competitive, with only a few players occupying the significant shares, including Yamato Holdings and Nippon Express. Similarly, in Korea, the only main players led by CJ Logistics have a marketing presence across the region.

This makes it extremely difficult for a newer entrant to establish a market presence in this highly consolidated market while the existing players are aggressively striving for either gaining or even maintaining their market shares. Small players with lower investment budgets are struggling with business survival

against large companies that have comparatively well-developed infrastructure, network, and technology, giving them strong competitiveness. Some have already quit the market after suffering losses for a long time. As a result, only a few leaders remain in the market.

The prolonged pandemic has been exerting several effects, including spiking labour shortages and random disruption on workforces. However, KEX has put aside spare operating resources, which inevitably causes temporary extra costs and expenses, to remain resilient and maintain service excellence with zero downtime. In addition, Thailand's economy has been hit by COVID-19, affecting domestic economic activities as lockdown measures were put in place until the third quarter of the year. Negative impacts on the Thai economy are the results of global travel bans. Although the easing of restrictions and the country's reopening plan have been introduced since the beginning of the fourth quarter, the overall impact significantly restricts the country's GDP growth in 2021 to only 0.9 per cent year on year, according to the Bank of Thailand.

The pandemic has accelerated the growth of online shopping and will continue to have a positive impact on e-commerce growth. While online transactions have been significantly increasing during the year, uncertainty throughout the pandemic and concerns over the new wave of infection and new variants were responsible for slower growth in the latter half of the year, weakening consumer sentiment and purchasing power. This was reflected in Thailand's Consumer Confidence Index data<sup>1</sup> which reported a record low of 39.6 points in August 2021, down from 50.1 points in December 2020, and the relatively high unemployment rate<sup>2</sup> over 1.86 per cent, according to the National Statistical Office.

<sup>1</sup> Thailand's Consumer Confidence Index, [www.ceidata.com](http://www.ceidata.com)

<sup>2</sup> National Statistical Office of Thailand

## **Service Excellence at Affordable Price is the Answer to Business Sustainability**

Amidst such market conditions, businesses need to search for a way to reimagine the entire last-mile ecosystem to elevate customer experience through service excellence in terms of convenience, flexibility, and quality, with price competitiveness and innovation. KEX aims to maintain and sustain our leading position in the express delivery industry with our quality service offerings and operational excellence. We remain committed to strengthening our core express delivery business by continuously improving our operational and cost efficiencies.

KEX is well aware of the challenges and intends to optimise resources to achieve utmost efficacy while offering value-added services to respond to the new normal customer lifestyle. In 2021, we made an effort to widen the leading position by increasing our sorting capacity and services across Thailand to pursue “Kerry Express Everywhere” strategy. We have also expanded our coverage through our distinctive network to facilitate at least 2.7 million parcels per day.

## **Technology Advancement is a Significant Enabler of Business Success**

Technological advancement is the foundation of the positive outlook for the market. Technologies can be deployed to increase overall operational efficiency and enhance customer experience. KEX responds to the digital disruption with key technology investments and partnerships to complement the omnichannel offering as a part of our strategy. KEX has focused on the re-engineering process and streamlined operation standardisation to uplift efficiency. In terms of front-end operation, Kerry Wallet, a neutral, open platform to facilitate and connect with customers, was introduced as we have seen an upward trajectory of e-wallet penetration. E-wallet size stood at Baht 310 billion in 2020 and is expected to grow at 16 per cent in 2021. Through Kerry Wallet, everyone can purchase, pay, top-up, and

engage with Kerry Express’s marketing campaigns. We expect to fully launch Kerry Wallet by 2022. KEX also has streamlined process and operation standards to improve back-end efficiency.

## **Diversification is the New Growth Engine and One of KEX’s Strategy**

Additionally, a new growth engine is another sweet spot in the market. KEX has always sought new opportunities adjacent to our core business by leveraging our existing network and resources through vertical and horizontal integrations. Newly-launched Kerry Cool, a cold express delivery platform by the collaboration between KEX and Betagro, is our new revenue stream. Cold chain delivery in Thailand is set to emerge thanks to the growing demand for food safety and a convenient society. The market is still in infancy and fragmented without any dominant player, yet it is anticipated to become a notable prospect. The size was valued at Baht 62 billion in 2020 with double-digit growth and margin in the upcoming years, according to Frost and Sullivan report. With the technology-led capability from KEX and the renowned quality control capability from Betagro, Kerry Cool promises to offer cold and fast nationwide delivery.

## **Assets Used in Operations**

KEX utilised leasing as a means of optimising our balance sheet. Other than the property, plant, and equipment, intangible assets, and financial leases, booked as Rights-of-Use assets represent a significant component of KEX’s fixed assets. As of 31 December 2021, fixed assets contributed 43.0 per cent of KEX’s total assets. Furthermore, the Group operate express delivery services under a transportation license granted by the Department of Land Transport, which is the official license required to operate non-fixed route transportation services. This license was granted to Kerry Express Service Ltd., a subsidiary of KEX, on 21 July 2020 and is valid until 20 July 2025. Please refer to our financial statement for further information on the assets that KEX utilises in our operations.

The table below shows the significant assets' details as of 31 December 2021.

	Net Book Value (Baht million)	Ownership Type	Obligation
1. Buildings and building improvements	131.88	Ownership	No Obligation
2. Leasehold improvements	206.85	Ownership	No Obligation
3. Operating equipment	783.80	Ownership	No Obligation
4. Furniture, fixtures and office equipment	366.15	Ownership	No Obligation
5. Computers	662.19	Ownership	No Obligation
6. Vehicles	55.98	Ownership	No Obligation
7. Assets under installation	37.37	Ownership	No Obligation
8. Intangible assets <sup>1</sup>	194.11	Ownership	No Obligation
9. Right-of-Use assets	4,897.13	Right-of-Use	Obligation as per related lease agreement
<b>Total Net Book Value</b>	<b>7,335.46</b>		

<sup>1</sup> Intangible assets include computer software and software under installation.

## Governance of Subsidiaries and Associates

The Board of Directors has approved a policy for the investment and management of subsidiaries and associates based on the rules for the governance of subsidiaries and associates under the Notification of the Capital Market Supervisory Board No. Tor Chor 28/2551 and the Corporate Governance Code for Listed Companies (CG Code) of the Securities and Exchange Commission. Below is the policy summary.

- An investment in a subsidiary or an associate shall be support or expand its business operations, whether by adding income streams or increasing profitability or corporate value. Such investment shall consider the return on equity, potential risks, and KEX's financial standing.
- For any joint investment that KEX holds at least 20 per cent but not exceeding 50 per cent of the voting rights and may require additional capital in the future, KEX shall consider formulating a shareholder's agreement or other agreements to define the management and decision-making authority.
- KEX shall manage a subsidiary or an associate following the CG Code and establish guidelines for exercising voting rights through KEX's directors or executives based on their respective shareholding percentage.
- In the governance of a subsidiary or an associate, KEX shall ensure financial control, disclosure of important information, and regular performance reporting. Any transactions with connected persons, acquisition or disposition of assets, and other significant transactions shall be disclosed, as stipulated by the CG Code.

## Investment Structure



### Note

- (1) KETH Corporate Services Ltd. is our wholly-owned subsidiary, incorporated in Hong Kong with a registered capital of HKD 10,000. Currently, it has not commenced any commercial operations.
- (2) Kerry Express Service was incorporated to hold the Land Transport License and conduct land transport activities under the Land Transport Act. KEX holds 48.97 per cent of KESL's total issued shares and 90.52 per cent of its voting rights.
- (3) Kerry Express – Central (formerly known as Kerry Express Cargo) is our wholly-owned subsidiary, incorporated on 29 July 2021, with the initial registered capital of Baht 1,000,000.
- (4) Kerry Betagro (formerly known as Kerry Express Cold Chain Co., Ltd.) is partnership between KEX and BTG with a registered capital of Baht 50,000,000 with the investment portions of 60 per cent by KEX and 40 per cent by BTG.

## Major Shareholders



1. Kerry Logistics Network Ltd. (KLN), a Hong Kong listed company and one of Asia's leading logistics companies, indirectly holds 49.0 per cent of shares and the majority voting rights in KLN Logistics (Thailand) Ltd. (KLNTH), a limited liability holding company incorporated in Thailand.

KLN has continuously emphasised strong corporate governance principles and avoided conflicts of interest by separating the subsidiaries' business operations within the Kerry Logistics Group, particularly those engaged in providing express delivery services in Thailand. KLN operates many businesses in many countries, including the People's Republic of China (PRC), Thailand, Vietnam, Malaysia, Singapore, The United States, and The United Kingdom. In the course of its growth and expansion, KLN has been recognised as a model organisation for sustainable business operations, being ranked in the Hang Seng Corporate Sustainability Index Series in 2019 and 2020. We believe we have inherited the popularity and reputation of KLN and its good corporate governance principles, which we apply in our operation.

KLN and its significant subsidiaries and affiliates do not operate conflicting businesses in Thailand. KEX is the only company within the Kerry Logistics Group that provides express delivery services in Thailand.

To prevent potential conflicts of interest, KLN provided a non-compete undertaking letter dated 16 November 2020, which provides that KLN and its subsidiaries will not engage in, be economically interested in, or operate any express delivery service, courier service, or any other service similar to those of our Company or may compete with our core business for as long as KLN holds more than 10 per cent of the shares in our Company, whether directly or indirectly. This restriction only applies to KLN's business operations in Thailand.

2. VGI is a SET listed company operating advertising, electronic payment, and logistics businesses. Its majority shareholders are Bangkok Mass Transit System Plc. (BTSC) and BTS Group Holdings Plc. (BTS), who hold 29.66 per cent and 21.95 per cent, respectively.

## Top 10 Shareholders

List of top 10 shareholders as per the record date on 28 February 2022

No.	Name of Shareholders	No. of shares	% of total shares
1.	KLN Logistics (Thailand) Ltd.	907,200,000	52.06
2.	VGI Plc.	314,200,000	18.03
3.	BTS Group Holdings Plc.	72,500,000	4.16
4.	Mr. Ng Kin Hang	20,982,400	1.20
5.	Bangkok Bank Plc.	17,000,000	0.98
6.	Thai NVDR Co., Ltd.	15,989,920	0.92
7.	Citi (Nominees) Limited-Citic Securities Brokerage (HK) Ltd. AC Client	14,875,500	0.85
8.	GIC Private Ltd.	13,900,000	0.80
9.	Credit Suisse AG, Singapore Branch	12,024,600	0.69
10.	UBS AG Singapore Branch	11,400,000	0.65
			80.34

Source: TSD

## Shareholder's Agreement

KLNTH and VGI entered a Shareholders Agreement on 17 May 2018. The majority of the agreement is terminated upon effective IPO filing and prospectus except for the non-competition and strategic contribution clauses below:

- Non-competition clause: each party undertakes that it shall not carry out express delivery business, or domestic courier services, or any other business of the similar nature in Thailand that competes with KEX's business.
- Strategic contribution clause: Shareholders agree to grant VGI access to KEX's data in connection with marketing campaigns and advertisement and for KEX to engage in certain VGI's services. Meanwhile, VGI agrees to grant exclusive rights to KEX, as the sole express delivery partner of VGI and BTS Group, including the right to set up service points at any BTS skytrain station.

## Capital Information and Other Securities

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Registered capital	Baht 890,000,000	(1,780,000,000 shares)
Paid-up capital	Baht 871,288,500	(1,742,577,000 shares)
Par value	Baht 0.50 per share	

### Other securities

KEX issued ESOP Warrants Scheme 2020 to offer the ESOP warrants to purchase KEX's shares at the IPO price of Baht 28 per share for its directors, executives, and employees, including those of its subsidiaries. KEX offered 40,000,000 units under the conditions that the rights are non-transferable. If the warrant holders no longer hold the positions of directors, management, or staff at KEX for any reason, the unexercised warrants will be automatically cancelled. The ESOP warrants will be expired after 5 years from the issue date. Fifty per cent of the ESOP warrants may be exercised in one year after the issue date. The rest can be exercised after the second year, with vesting dates and amounts under the specific conditions attached to the granted warrants. On 27 December 2021, the first exercise date, 2,577,000 units of ESOP warrants were exercised. For further details, please refer to the SET disclosure dated 28 December 2021.



## Dividend Policy and Payment

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### Policy

The dividend shall be paid to the shareholders not less than 30 per cent of the net profit in KEX's separate financial statement after the corporate income tax deduction and other legal reserves as annually prescribed by applicable laws and KEX. The amount of dividend paid must not exceed the retained earnings in the separate financial statement.

The Board of Directors may specify dividend payment and dividend payout ratio that differ from the specified percentage depending upon KEX's operating performance, financial position, cash flows, working capital, investment plans, and business expansion, market conditions, debt obligation, conditions, and limitations as prescribed in the borrowing contracts, as well as other necessities and related factors as the Board of Directors deem appropriate. Such dividend payments shall not have any significant impact on the normal operations of KEX.

The annual dividend payment must be approved in the Shareholders' Meeting. However, the Board of Directors has the authority to approve an interim dividend payment as deemed appropriate periodically and shall report such payments to the shareholders at the next Shareholders' Meeting.

The dividend payments of KEX's subsidiaries shall be approved by the Board of Directors or at the Shareholders' Meeting of the subsidiary. In this regard, the dividend payments shall be made in the amount of not less than 30 per cent of the net profit of the separate financial statement of the specific subsidiary after the deduction of corporate income tax and other legal reserves

as yearly prescribed by relevant laws and KEX. The amount of dividends paid must not exceed the retained earnings in the separate financial statement of the subsidiary.

### Historical dividend payment

On 21 May 2021, KEX paid its shareholders the annual cash dividend based on the 2020 net profit at the rate of Baht 0.22 per share, totalling Baht 382.8 million.

On 10 September 2021, KEX paid its shareholders the interim cash dividend from the retained earnings carried over from the fiscal year 2020 at the rate of Baht 0.743 per share, totalling Baht 1,292.8 million.

On 14 February 2022, the Board of Directors agreed to propose to the shareholders' meeting on 22 April 2022 to approve no further dividend payment from the 2021 performance. Therefore, total cash dividend per share for the year was Baht 0.743 per share, equivalent to dividend payout ratio of 203 per cent.

# SUSTAINABLE DEVELOPMENT





# SUSTAINABLE DEVELOPMENT

Kerry Express (KEX) continues serving Thai businesses and communities, and as our business grows, we understand the best way to serve our customers is by integrating principles of sustainability throughout our operations and the value chain. KEX is committed to incorporating medium- and long-term sustainability strategies into every aspect of our business, as seen through our sustainability report disclosures in 2021, along with the development of our new sustainability strategy. KEX's 2021 Sustainability Report aligned with GRI Standards: Core Option and the SEC's Form 56-1 One Report manual. Please refer to our website for the full report.

Since our inception, we have focused on building our employee's well-being, while also aiming to have a positive impact on the environment and society. Our core values of honesty, innovation, service-minded, teamwork, execution, and positivity (HI STEP) guide our business strategy and reinforce our desire to address environmental and social issues throughout our value chain. Our values help ensure that all levels of the organisation are working towards a sustainable future.

At KEX, we understand the importance of ensuring clear guidance and management for all levels to actively contribute to our risk management. The Risk Management Committee, appointed by the Board of Directors, is responsible for managing risk to align with good corporate governance and best practices. KEX has an enterprise risk management system aligned with international principles and a Risk Management Policy that outlines departmental and corporate responsibilities and ensures all employees are actively identifying and assessing risks throughout the business. The Risk Management Committee ensures implementation of the enterprise risk

management plan and policies, along with maintaining cooperation across all levels of the organisation to ensure a complete and comprehensive risk management system. This enables KEX to keep the risks within our risk appetite, while achieving our strategic plan and objectives and remaining agile enough to respond to changing circumstances.

Along with our risk management framework, we have established clear governance frameworks and policies to support our sustainability work. We have formed a Sustainable Development Working Team that reports to the Executive Committee and the Board of Directors regularly to be a responsible workforce on strategy development, implementation as well as communication throughout the organisation. Their role is to provide guidance on achieving our strategy, and helping to establish clear objectives, targets, and directions for the organisation. While the Board of Directors and the Executive Committee play important roles on materiality validation and strategy approval.

KEX has integrated good corporate governance principles throughout our business operations and strategy. Our Corporate Governance Policy outlines the role of our Board of Directors, along with specifying objectives to promote sustainable value creation. One of our corporate strategies is to integrate environmental, social, and governance approaches throughout our business operations and to build sustainable relationships with the communities near our operations. We also have a clear Code of Business Conduct that all employees must follow, complemented with the Supplier Code of Conduct, Whistle Blower Policy, Corporate Social Responsibility Policy, Conflicts of Interest and Anti-Corruption Policies, Human Rights Policy to ensure that all our operations are ethical. See our website for details on each of these policies

## Sustainability Strategy and Framework

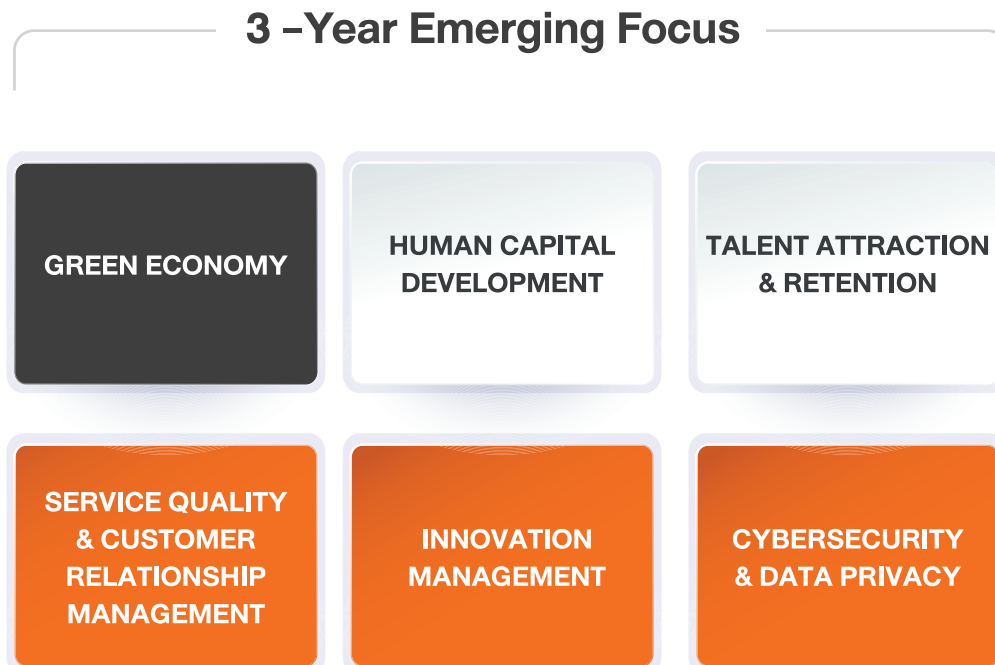
We have continued to improve our sustainability performance by consistently updating our materiality assessment and developing a new sustainability strategy to reflect our vision and direction of sustainability development. In addition to the materiality issues that KEX has been monitoring and reporting on an annual basis, the Company is currently in process of implementing an updated Kerry Express Sustainability Framework to identify long term goals of enhancing our organisation performance, creating value throughout the value chain and also for the environment and society in addition to the current strategy for each of the materiality issues

KEX has identified key ESG Topics that create significant value throughout our operations, the environment, and our stakeholder's expectations.

We focus on the three primary pillars of Environmental, Social and Governance (ESG) aspects of sustainability and identified the purpose and vision of KEX's directions in what we believe we can create a positive impact to the future of sustainability in the industry.

The vision gives a general overview on the ESG topic that will be emphasised on later by using the strategy framework. KEX truly believes that these ESG focus topics will help guide the company to develop in a more sustainable manner.

To align with KEX's vision of a sustainable future, the company has implemented and also in process of deploying strategies and roadmaps to accompany our sustainability framework, thus the company have identified the following emerging ESG topics.



ESG Topics	3 –Year Emerging Focus
<b>Green Economy</b>	KEX continues the transition of its operations towards a greener operation under the Green Economy Strategy. Focusing on circular economy, waste management, and energy and climate, KEX commits to enhancing the operations efficiency, seeking alternative solutions for its logistics management. We aim to align our business activities with Thailand’s ambition of achieving Net Zero by 2065 through their updated National Determined Contribution (NDC) from COP26 as we seek to lead the industry and set the standard for the logistics sector. Therefore, innovating packaging materials, waste segregation, route planning to enhance emissions reductions, renewable energy and Electronic Vehicles (EV) are all under consideration for deployment in our operations in the near future.
<b>Human Capital Development</b>	Human capital has proven to be one of the main success factors of all industries and can determine the sector’s leading companies. This is reflected on the company’s approach in management of human capital. Through upskilling of employees in all levels, we ensure that our employees are competent and also able to rotate between departments and positions without major disruption.
<b>Talent Attraction &amp; Retention</b>	KEX aims to lead the sector on developing and attracting top talents by creating a working culture that suits the future of talent mobility within the company and also enhances the well-being of each personnel of all levels to ensure that have a good quality of life and work-life balance. We offer well-being programmes that are competitive within the sector for our employees.

ESG Topics	3 –Year Emerging Focus
<b>Service Quality &amp; Customer Relationship Management</b>	For KEX to be able to provide a quality customer experience, we focused on enhancing service quality & customer relationship management. The main factors that a customer expects from a delivery service are accurate delivery time and location, but also to feel confident that the parcel will remain in good condition during transit and that all customers can access to KEX service points conveniently. Therefore, orientating KEX services based on these factors will help ensure to keep our customer satisfied.
<b>Innovation Management</b>	Undoubtedly the use of technology will make it convenient and more efficient for KEX to meet expectations, which KEX focuses on Next Level Customer Experience through innovation. The company has always been committed to drive innovation forward through investments and research and development of new products and services to ensure good user experience, accessibility, convenience and social inclusion for all of society.
<b>Cybersecurity &amp; Data Privacy</b>	With technological advancement resulting in a shift towards digitalisation, it is essential for KEX to manage and ensure a secure information management system and handling of personal data. We look to enhance a safe and secure internal system to avoid all breaches in information. Employees at KEX are well aware and will be fully prepared in handling safe and secure data of internal and also external information.

# GOVERNANCE STRUCTURE AND PRACTICES





# GOVERNANCE STRUCTURE AND PRACTICES

## Board of Directors

**Chalush Chinthammit**

Director

**Kavin Kanjanapas**

Director

**Kamthorn Tatiyakavee**

Independent Director

**Prasan Chuaphanich**

Independent Director  
and Chairman of the Audit Committee





**Kledchai Benjaathonsirikul**  
Chairman of the Board of Directors

**Choi Chun Sang Michael**  
Director and Deputy Chief Executive Officer

**Yeo Hwee Leng Eileen**  
Independent Director

**Ng Kin Hang Alex**  
Director and Chief Executive Officer

**Warawut Natpradith**  
Director and Chief Operations Officer



## Director and Executive Profiles and Securities Holding

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### Director Profile



#### Mr. Kledchai Benjaathonsirikul

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Aged 66 and has been the Chairman of the Board of Directors since 2020.

Mr. Kledchai Benjaathonsirikul has been the non-executive director of KEX since 2017 and was previously the Chairman of the Executive Committee during 2017 until 2019. As of today, he is a member of the Nomination and Remuneration Committee.

Since 1996, he has been an independent director of Shangri-la Hotel Plc.(SHANG:SET), one of Kuok Group's conglomerate. He has also been appointed as director for 33 non-listed companies.

He graduated from the University of Birmingham, United Kingdom, with a bachelor's degree in law and he attended the Director Accreditation Program (DAP) by Thai Institute of Directors in 2020.

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For the full profile, please scan the QR code below







### Mr. Prasan Chuaphanich

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Aged 70 and has been an independent director and the Chairman of the Audit Committee since 2019. He also has been appointed as the Chairman of the Nomination and Remuneration Committee since 2020.

Mr. Prasan Chuaphanich is well-known among business moguls in Thailand due to his directorship and advisory positions both in public and private sectors in Thailand, e.g., Ministry of Finance, Ministry of Commerce, Thai Institute of Directors, Siam Commercial Bank Plc. (SCB:SET). Previously, he was an independent director and the Chairman of the Audit Committee of PTT Global Chemical Plc. (PTTGC:SET) and Advanced Info Service Plc. (ADVANC:SET).

In addition, he was also the president of Thailand Federation of Accounting Professions during 2014-2017 as well as director and the Chairman of the Audit Committee of Thai Institute of Directors. As of today, he is the honorary chairman of Thai Institute of Directors.

He graduated with a second class honours bachelor's degree in accounting from Chulalongkorn University, Thailand, and also obtained an honorary doctorate degree in accounting from Kasem Bundit University, Thailand.

For the full profile, please scan the QR code below



### Mr. Kamthorn Tatiyakavee

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Aged 67 and has been an independent director and a member of the Audit Committee since 2019.

For over 40 years, Mr. Kamthorn Tatiyakavee has been the director of Thai President Food Plc. (TFMAMA:SET), industry's leading food and beverage company in Thailand. Moreover, he also holds various director positions in different industries, i.e., securities firm, banking, real estate, leasing, etc.

He graduated with a bachelor's degree in economics from Thammasat University, Thailand, and received a master's degree in business administration from the University of Bridgeport, the United States of America.

For the full profile, please scan the QR code below





### Ms. Yeo Hwee Leng Eileen

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Aged 47 and has been an independent and non-executive director as well as a member of the Audit Committee since 2019. She was also appointed as a member of the Nomination and Remuneration Committee in the following year.

Ms. Yeo has the global business experience as she was the former chairwoman and Chief Executive Officer of Marionnaud France, one of the leading perfumeries and cosmetic retailers in European market during 2013–2017. In 2018, She became the Chief Executive Officer of Mornington Services Pte. Ltd., a single family office in Singapore. In 2021, she was appointed as an independent director of Singapore Eye Research Institute, the Singapore's national research institute for ophthalmic and vision research.

She received a bachelor's degree in business administration from the National University of Singapore with upper second-class honours. She also attended the Director Accreditation Program organised by Thai Institute of Directors in 2020.

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For the full profile, please scan the QR code below



### Mr. Kavin Kanjanapas

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Aged 47 and has been the non-executive director since 2018.

Mr. Kavin Kanjanapas has been the Chief Executive Officer of BTS Group Holdings Plc. since 2015 and the magnate in the transportation industry. He is also the director and chairman of the executive committee of VGI Plc., one of KEX's major shareholders and a subsidiary of BTS Group's conglomerate.

In addition, he also holds various directorship in both national and international non-listed companies from various industries.

He graduated from Stonyhurst College in the United Kingdom. He attended the Director Accreditation Program (DAP) by Thai Institute of Directors in 2020.

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For the full profile, please scan the QR code below





### Mr. Chalush Chinthammit

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Aged 52 and has been the non-executive director since 2019 and a member of the Risk Management Committee since 2020.

Mr. Chalush Chinthammit is also the director and the president of Khon Kaen Sugar Industry Plc. (KSL:SET), as well as the independent director to several listed companies varying from advertisement industry to biofuel business. He also holds directorship and other positions in various private companies and public sectors.

He graduated with a bachelor's degree in business administration in finance and banking from Assumption University and he also attained a master's degree in business administration in finance and banking from Mercer University, the United States of America.

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For the full profile, please scan the QR code below



### Mr. Ng Kin Hang Alex

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Aged 42 and has been the executive director since 2014 and the Chief Executive Officer since 2019.

Mr. Ng was the executive director, Finance Committee member, and a member of the Risk Management Committee of Kerry Logistics Network Ltd., a Hong Kong-listed company and the major shareholder of KEX, during January 2019 to October 2021. He started his journey with Kerry Logistics Group in 2001 as a management trainee. He then relocated to Thailand in 2008 and has widened KEX's position to be Thailand's forefront parcel express delivery company.

He also holds the diverse directorship in subsidiaries and sister companies both locally and internationally.

He graduated from the University of Hong Kong with a bachelor's degree in economics and finance and he attended the Director Accreditation Program (DAP) by Thai Institute of Directors in 2020.

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For the full profile, please scan the QR code below





### Mr. Choi Chun Sang Michael

---

Aged 39 and has been the executive director of KEX since 2016.

Mr. Michael started his journey with KEX in 2015 as the deputy general manager, and subsequently became the Deputy Chief Executive Officer and a member of the Executive Committee in 2019 and 2020, respectively. He also holds the directorships of KEX's subsidiaries, namely KETH Corporate Services (Hong Kong) Ltd. and Kerry Express Service Ltd.

He graduated from the University of Hong Kong with a bachelor's degree in logistics engineering and supply chain management. He also attended the Director Accreditation Program (DAP) by Thai Institute of Directors in 2020.

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For the full profile, please scan the QR code below



### Mr. Warawut Natpradith

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Aged 43 and has been the executive director of KEX, a member of the Executive Committee and has held the Chief Operations Officer position since 2019.

Mr. Warawut Natpradith was the assistant general manager during 2014-16 and then became the deputy general manager in 2017 until 2019. He holds the directorships in KEX's subsidiaries, namely Kerry Express Service Ltd. Kerry Betagro Co., Ltd., Kerry Express - Central Co., Ltd., as well as in a sister company, namely Miracle Rich Holding Ltd. Moreover, he is also the director of Master Ad Plc. (MACO:SET), another SET listed firm.

He graduated from Maejo University with a bachelor's degree in business management. He also attended the Director Accreditation Program (DAP) by Thai Institute of Directors in 2020.

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For the full profile, please scan the QR code below





## Executive Profile

### Mr. Issarin Patramai

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Aged 47 and is a member of the Executive Committee and the Risk Management Committee. He has also held the Chief Investment Officer position since 2019.

Mr. Issarin Patramai is also the director and a member of the nomination and remuneration committee of TEAM consulting engineering and management Plc. (TEAMG:SET) as well as the director of Kerry Express - Central Co.,Ltd., Kerry Betagro Co.,Ltd., and Kerry Express Service Ltd.

He graduated with a master's degree in business administration in finance, investment, banking and international business from the University of Wisconsin - Madison.

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For the full profile, please scan the QR code below





### Ms. Wanvisah Tasanaprechachai

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Aged 47 and is a member of the Executive Committee and the Risk Management Committee. She has also held the Chief Financial Officer position since 2019.

Ms. Wanvisah Tasanaprechachai is also the director of Kerry Express – Central Co., Ltd. and Kerry Express Service Ltd. She is a certified public accountant from Thailand Federation of Accounting Professions.

She graduated from Thammasat University with a bachelor's degree in accounting. She also attended the training in TFRS 2022, TFRS 9, and related financial reporting for non-financial institutions by NYC Management Co., Ltd. in 2021.



### Ms. Kultaree Samakkeenitch

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Aged 44 and has held the Chief Accountant position since 2019.

Ms. Kultaree Samakkeenitch was also the director of Gastropolis Co., Ltd. She is a certified public accountant from Thailand Federation of Accounting Professions.

She graduated from Assumption University with a bachelor's degree in business administration in accounting with Cum Laude Honours.

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For the full profile, please scan the QR code below



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For the full profile, please scan the QR code below



## Company Secretary Profile

### Ms. Rasamee Yongrasameewong

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Aged 38 and has been the Company Secretary since 2019.

Ms. Rasamee Yongrasameewong has experiences in company secretary and compliance field as she was a former compliance specialist of Advanced Info Service Plc., the leading telecommunication service provider in Thailand. She was also the sustainability expert of Advanced Info Service Plc.

She graduated from Kasetsart University with a bachelor's degree in international economics. She attended the company secretary program, the anti-corruption program and the corruption risk and control workshop held by Thai Institute of Directors in 2021. She also attended the basic - COSO ERM 2017 arranged by the Federation of Accounting Professions Under the Royal Patronage of His Majesty the King.

## Head of Internal Audit Profile

### Mr. Ekaphon Kupnantarak

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Aged 35 and has been the Head of Internal Audit since 2020.

Mr. Ekaphon Kupnantarak was an associate director of KPMG Phoomchai Audit Ltd.

He graduated with a bachelor's degree in accounting with first class honours from Thammasat University and attained a master's degree in accounting from Chulalongkorn University. He also attended the training in Professional Ethics and Financial Reporting Standard for NPAEs and the Accounting Information Systems 1 and 2 in 2021.



## The Positions of Directors and Management in KEX and its Subsidiaries

As of 31 December 2021

	KEX	KETH Corporate Services	Kerry Express Service	Kerry Express – Central	Kerry Betagro
Mr. Kledchai Benjaathonsirikul	●	-	-	-	-
Mr. Ng Kin Hang Alex	△	■	■	■	■
Mr. Prasan Chuaphanich	■	-	-	-	-
Mr. Kamthorn Tatiyakavee	■	-	-	-	-
Ms. Yeo Hwee Leng Eileen	■	-	-	-	-
Mr. Kavin Kanjanapas	■	-	-	-	-
Mr. Chalush Chinthammit	■	-	-	-	-
Mr. Choi Chun Sang Michael	△	■	■	■	-
Mr. Warawut Natpradith	△	-	■	■	■
Mr. Issarin Patramai	◎	-	■	■	■
Ms. Wanvisah Tasanaprechachai	◎	-	■	■	-
Ms. Kultaree Samakkeenitch	◎	-	-	-	-

● Chairman

■ Director

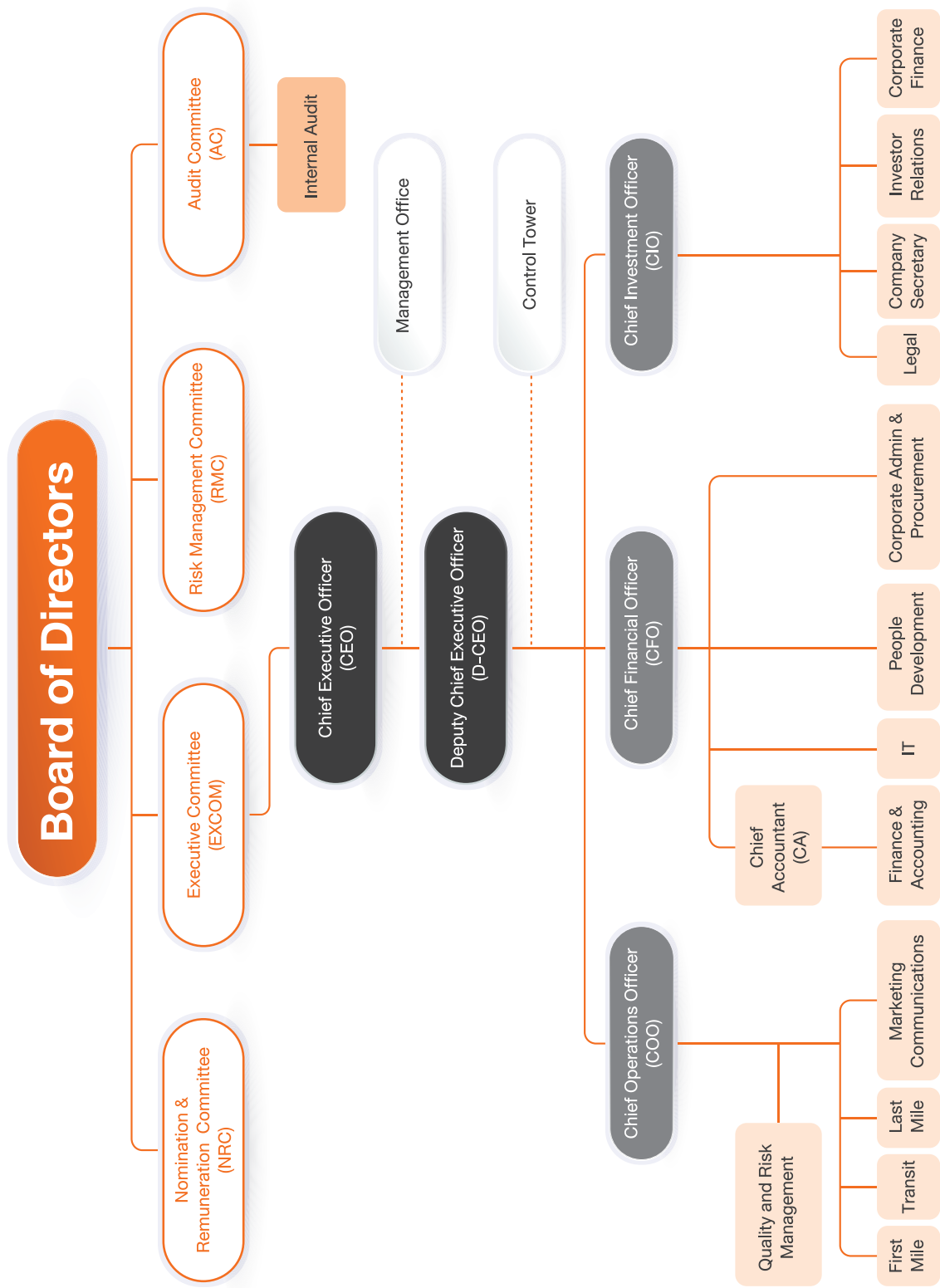
△ Executive Director

◎ Management

## Securities Holding of Directors and Management

	KEX	KETH Corporate Services	Kerry Express Service	Kerry Express – Central	Kerry Betagro
	Common Shares	Common Shares	Common Shares	Common Shares	Common Shares
Mr. Kledchai Benjaathonsirikul	9,845,700	-	-	-	-
• Spouse/Cohabiting Person	2,000	-	-	-	-
• Minor Child	-	-	-	-	-
Mr. Ng Kin Hang Alex	20,982,400	-	-	1	1
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Mr. Prasan Chuaphanich	150,000	-	-	-	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Mr. Kamthorn Tatiyakavee	100,000	-	-	-	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Ms. Yeo Hwee Leng Eileen	100,000	-	-	-	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Mr. Kavin Kanjanapas	-	-	-	-	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Mr. Chalush Chinthammit	150,000	-	-	-	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Mr. Choi Chun Sang Michael	8,220,000	-	-	-	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Mr. Warawut Natpradith	7,374,400	-	1	1	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Mr. Issarin Patramai	-	-	1	1	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Ms. Wanvisah Tasanaprechachai	4,562,000	-	1	-	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-
Ms. Kultaree Samakkeenitch	-	-	-	-	-
• Spouse/Cohabiting Person	-	-	-	-	-
• Minor Child	-	-	-	-	-

# Governance Structure and Management



## Meeting Attendance

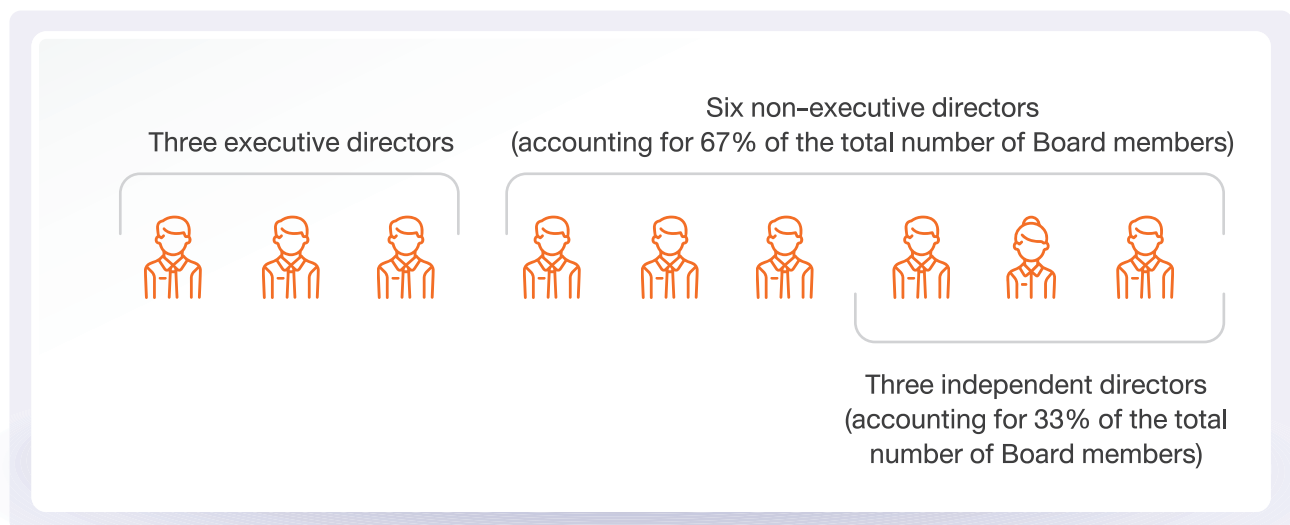
Name	Number of Attended Meetings /Total Meetings					
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee <sup>(1)</sup>	Executive Committee <sup>(2)</sup>	Non-Executive Directors
Mr. Kledchai Benjaathonsirikul	8/8		2/2			2/2
Mr. Ng Kin Hang Alex	8/8			4/4	3/3	
Mr. Prasan Chuaphanich	8/8	5/5	2/2			2/2
Mr. Kamthorn Tatiyakavee	8/8	5/5				2/2
Ms. Yeo Hwee Leng Eileen	8/8	5/5	2/2			2/2
Mr. Kavin Kanjanapas	8/8					2/2
Mr. Chalush Chinthammit	8/8			4/4		2/2
Mr. Choi Chun Sang Michael	8/8				3/3	
Mr. Warawut Natpradith	8/8				3/3	

Notes: (1) The other 2 members of the Risk Management Committee are executive officers.  
(2) The other 3 members of the Executive Committee are executive officers.

## The Board of Directors

### Board Composition

The Board of Directors comprises nine qualified persons who possess knowledge, abilities, and experiences beneficial to KEX.



### Authorities, Duties, and Responsibilities

The primary responsibilities of the Board of Directors are to oversee and guide KEX's business strategies, business plan, and annual budget and to ensure that the management of KEX is consistent with the shareholders' resolution and performance objectives and in compliance with the law and good governance practice to ensure the sustainable growth of KEX and create long-term value to our shareholders.

Scan to access the full charter  
of the Board of Directors



## Sub-Committees

### The Audit Committee

#### Composition

The Audit Committee comprises three independent directors who possess financial and accounting backgrounds and independent qualifications as required by law.

#### Authorities, Duties, and Responsibilities

The primary responsibilities of the Audit Committee are to check and balance the interests of KEX and our major shareholders with the interests of our minority shareholders. The Audit Committee ensures the integrity of KEX's Board of Directors and Management, financial statements, and internal control over the KEX's financial reporting.

Scan to access the full charter  
of the Audit Committee



### The Executive Committee

#### Composition

The Executive Committee consists of six qualified persons experienced in KEX's businesses and possess knowledge and abilities considered beneficial to KEX.

#### Authorities, Duties, and Responsibilities

The main responsibilities of the Executive Committee are to efficiently operate and manage KEX's business operations under KEX's objectives, Articles of Association, policies, vision, business strategies, business plans, and goals, and in line with the expectations of the Board of Directors.

Scan to access the full charter  
of the Executive Committee



### The Risk Management Committee

#### Composition

The Risk Management Committee consists of four competent persons with knowledge and experiences in finance, business, enterprise risk management, and business continuity management. One out of the Committee's four members is a non-executive director.

#### Authorities, Duties, and Responsibilities

The main responsibilities of the Risk Management Committee are to ensure the sufficiency and efficiency of KEX's internal control and corporate risk management in all areas. The Risk Management Committee shall ensure that KEX takes all appropriate measures to balance risks and rewards in both on going and new business activities.

Scan to access the full charter  
of the Risk Management Committee



## The Nomination and Remuneration Committee

### Composition

The Nomination and Remuneration Committee is chaired by an independent director. It comprises two independent directors and one non-executive director.

### Authorities, Duties, and Responsibilities

The main responsibilities of the Nomination and Remuneration Committee are selecting and nominating candidates for directors and the CEO positions for the approval in the Board of Directors' meetings and/or shareholders' meetings, as applicable, and defining the criteria for the remuneration of the directors and the CEO.

Scan to access the full charter of the Nomination and Remuneration Committee



## Authorised Directors

The Directors who are authorised to sign and bind KEX are as follows:

- (1) Two (2) of the following directors, Mr. Kledchai Benjaathonsirikul, Mr. Ng Kin Hang Alex, Mr. Kavin Kanjanapas, Mr. Chalush Chinthammit, Mr. Choi Chun Sang Michael, or Mr. Warawut Natpradith, jointly signing with KEX's seal, for any transactions not exceeding Baht 125,000,000; or
- (2) Any of the following directors, Mr. Kledchai Benjaathonsirikul, Mr. Ng Kin Hang Alex, Mr. Choi Chun Sang Michael or Mr. Warawut Natpradith, jointly signing his or her name with any of the following directors, Mr. Kavin Kanjanapas or Mr. Chalush Chinthammit, with KEX's seal affixed, for any transactions exceeding Baht 125,000,000.

## Executives

KEX is principally managed by the executives who comprise the management team, including the Chief Executive Officer and the heads of the business segments. This management team is responsible for determining KEX's strategies and reviewing its policies. The management team is also responsible for managing the affairs of KEX following the policies established by the Board of Directors. The executive officers include:

1. **Mr. Ng Kin Hang Alex**  
*Chief Executive Officer (CEO)*
2. **Mr. Choi Chun Sang Michael**  
*Deputy Chief Executive Officer (D-CEO)*
3. **Mr. Warawut Natpradith**  
*Chief Operations Officer (COO)*
4. **Mr. Issarin Patramai**  
*Chief Investment Officer (CIO)*
5. **Ms. Wanvisah Tasanaprechachai**  
*Chief Financial Officer (CFO)*
6. **Ms. Kultaree Samakkeenitch**  
*Chief Accountant (CA)*

Note: List of executive officers under the definition of the SEC

## Nomination and Remuneration Committee Report

Dear Shareholders,

The NRC consisted of three directors. The details of the Committee's members and their meeting attendance are summarised in the Governance Structure and Management section. The NRC carried out its duties as stipulated in the NRC Charter as approved by the Board of Directors with diligence and full accountability.

In 2021, the NRC performed its responsibilities as follows:

### Considering the nomination of directors to replace those who retired by rotation in 2021

The NRC reviewed the criteria and candidates to be elected as directors replacing the directors who retired by rotation in 2021 based on the skill matrix and criteria stipulated in the Nomination Policy.

### Considering the director's remuneration policy and budget for the year 2021

The NRC considered the director's remuneration policy and budget for the year 2021 for the board of directors, the sub-committees, and the CEO, i.e., monthly remuneration, meeting allowance, and annual bonus. The NRC then proposes the directors' remuneration policy and budget for 2021 to be considered in the Board of Directors and the shareholders' meetings, respectively.

### Considering the CEO's evaluation criteria and performance

The NRC considered and approved the CEO's evaluation criteria comprised of Strategic Visionary, Communication & Motivation, Integrity, Execution Power, Accountability, and Corporate KPI Achievement. These criteria are aligned with the good governance practices and the industry standards. On 8 February 2022, the NRC also considered the CEO performance of year 2021 before proposing for the Board of Directors' approval.

### Considering the annual performance evaluation of the board, sub-committees, and individual directors

The NRC considered the annual performance evaluation of the board, sub-committees, and individual directors to strengthen the effectiveness and performance of the Board, sub-committees, and individual directors. The evaluation criteria are comprising of the board structure and qualifications, the board / sub-committee meetings, roles duties and responsibilities, relationships with management, and self-improvement/training.



On behalf of  
the Nomination and Remuneration Committee  
Mr. Prasan Chuaphanich

## Directors' Remuneration Scheme

Monthly Remuneration	Meeting Allowance	Annual Bonus
<ul style="list-style-type: none"> <li>Baht 80,000 for Chairman of the Board and Chairman of the AC</li> <li>Baht 40,000 for directors</li> </ul>	<ul style="list-style-type: none"> <li>Baht 30,000 for Chairman of a sub-committee</li> <li>Baht 20,000 for member of a sub-committee</li> </ul>	0.5 per cent of the annual dividend payment

Notes: Directors who are executives or employees are not entitled to receive the above remuneration.

In 2021, the total remuneration paid to directors was Baht 6.39 million (excluding bonus)

## Directors' Remuneration in 2021

Name	Position	Annual Remuneration & Meeting Allowance
Mr. Kledchai Benjaathonsirikul	Chairman of the Board of Directors	1,327,499.96
Mr. Prasan Chuaphanich	Independent Director, Chairman of the AC, and Chairman of the NRC	1,469,999.96
Mr. Kamthorn Tatiyakavee	Independent Director and member of the AC	926,250.00
Ms. Yeo Hwee Leng Eileen	Independent Director, member of the AC, and member of the NRC	964,750.00
Mr. Kavin Kanjanapas	Director	849,000.00
Mr. Chalush Chinthammit	Director	849,000.00
<b>Total</b>		<b>6,386,499.92</b>

## Remuneration for the CEO and other Senior Executives

In 2021, the aggregate remuneration for the six executive officers, under the SEC's definition of the term 'executive,' was Baht 54.57 million, including monthly remuneration, bonus, and provident fund payments.

## Other Benefits

### ESOP Warrants

KEX offered 5-year ESOP warrants to its directors, executives, and employees, including those of our subsidiaries, in the total amount of 40,000,000 units. On 25 November 2020, the Board of Directors resolved to allocate up to 10,300,000 ESOP warrants to our directors and executives. The details of their allocation are as follows:



Name	Position	Allotted Warrants (units)
Mr. Kledchai Benjaathonsirikul	Chairman of the Board of Directors	1,200,000
Mr. Ng Kin Hang Alex	Director and Chief Executive Officer	1,000,000
Mr. Prasan Chuaphanich	Chairman of the Audit Committee	200,000
Mr. Kamthorn Tatiyakavee	Independent Director	200,000
Ms. Yeo Hwee Leng Eileen	Independent Director	200,000
Mr. Kavin Kanjanapas	Director	200,000
Mr. Chalush Chinthammit	Director	200,000
Mr. Choi Chun Sang Michael	Director and Deputy Chief Executive Officer	1,500,000
Mr. Warawut Natpradith	Director and Chief Operations Officer	1,500,000
Mr. Issarin Patramai	Chief Investment Officer	2,000,000
Ms. Wanvisah Tasanaprechachai	Chief Financial Officer	1,500,000
Ms. Kultaree Samakkeenitch	Chief Accountant	600,000
<b>Total</b>		<b>10,300,000</b>

On 27 December 2021, the first exercise date, Mr. Chalush Chinthammit exercised 50,000 units of total allotted warrants or equivalent to 50,000 shares.

## Employees

KEX recognises the importance of personnel as the vital component in propelling our organization towards sustainable progress and growth. For this reason, KEX is determined to develop our personnel so that they are fully equipped with the knowledge and abilities required, both soft and functional skills. KEX also strives to foster positive attitudes in line with our HI STEP corporate values. We do this through various training programmes following our defined personnel development policies. KEX continues to seek out new employees with the relevant skills and character traits be fitting our corporate values so that they can become an essential part of growth and in line with KEX's goals. As such, KEX offers competitive and performance-related remuneration, benefits, and human resource development opportunities that will help retain qualified personnel.

HI STEP encapsulates our core values that encourage the belief in creating a forward-thinking culture and modus operandi applied by both management and employees alike. It is expressed in our employees' thinking, behavior, and decision-making. It is analogous to our company culture and how KEX interacts and operates, further establishing our unique place and leading us forward as a sustainable company of excellence.

KEX organises various activities to encourage our employees to adhere to our corporate values. One stand-out project that has captured the interest of our employees, with more than 90 per cent employee involvement, is the HI STEP The Idol Project, which has been active since June 2019. The project is the result of the foresight and vision of our executive

management and our Human Resource Management and Development Department, who wanted to establish a project within KEX that honors employees who do good deeds, demonstrate behaviors consistent with our values or HI STEP, set a positive example for others, and take constructive action to help others in the society and within KEX itself. As a result,

the HI STEP Idol Project was initiated, communicating stories from KEX employees all over the country throughout our organization and providing our employees with an opportunity to tell their own stories and motives make them model employees in KEX.

## Number of Employees

As of 31 December 2021, KEX and its subsidiaries employed 21,906 full-time permanent employees in total. The numbers of employees by key function and their average age are as follows:

Department	Number of Employees (persons)				
	KEX	KETH Corporate Services	Kerry Express Service	Kerry Express – Central	Kerry Betagro
Parcel and Business Operations	14,660	–	6,308	–	12
Accounting & Finance	104	–	–	–	–
Investment	8	–	–	–	–
Corporate Admin & Support	803	–	–	–	–
Internal Audit	4	–	–	–	–
Management	6	–	–	–	1
Total employees for each company	15,585	–	6,308	–	13
<b>Total employees</b>	<b>21,906</b>				

Notes: The total number of employees does not include daily and monthly contract employees.

<b>Average age</b>	<b>30 years</b>
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In addition, the gender diversity ratio is calculated based on the number of KEX's full-time employees, excluding daily workers or employees under daily or monthly contracts.

Gender	Number of persons/percentage
Male	14,665 persons (66.95%)
Female	7,241 persons (33.05%)

## Employee's remuneration

Type of Employee Remuneration	Baht million
Salary, bonuses, and other benefits	4,876.93
Provident fund	27.68
<b>Total</b>	<b>4,904.61</b>

## Human Resource Development Policy

### Building an agile organisation and talents

KEX's human resource development policy and strategy align with the corporate strategic direction to provide career development for our employees and promote an agile organisation. KEX has implemented a framework on career planning, allowing our employees to learn; assess their aptitudes, interests, and abilities; seek additional opportunities, and set goals for personal needs in both the short and long-term future. In 2021, KEX rolled out its people development program under the "People Learning Solutions" structure, covering leadership development programs, individual development programs, and functional development programs.

To enable our employees and staff to develop, move forward, and reach our target goals, we will also carry out Employee Competency Assessments. These assessments will help each employee be aware of any competency gap against the expected levels and qualifications of the Employee Competency Model established by KEX. Employees and staff can then use these assessment results to support their personal development planning.

Employee career advancement planning is part of the annual performance evaluation process. Supervisors and employees hold joint discussions for career advancement for individuals within KEX.

KEX also encourages employees' horizontal and vertical career growth development or migration, allowing them to gain knowledge and experience more broadly (horizontal career progression) and upward growth through promotion (vertical career progression). To this end, KEX has established a policy framework defining the following three key factors that will enable our employees to achieve successful career growth:

- **Depth of Knowledge and Skills:** Employees and staff are knowledgeable and proficient in their work, demonstrating the knowledge and skills needed for successful job performance.
- **Required Competencies:** Employees and staff have the necessary capabilities expected for their level/position and can carry out their assignments and achieve specified goals.
- Employees and staff have sufficient/diverse work experience and a readiness to strive for continued growth at a higher level.

### Promoting digital learning corporate-wide

Transforming to an online learning platform enables us to effectively, widely, and cost-effectively roll out the program.

The e-learning system called Kerry GURU has been used as a tool for corporate-wide training, including KE Ready and the Compliance Programme that are mandatory for all new employees.

# Good Corporate Governance Policy and Performance Report

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## Good Corporate Governance Policy

The Board of Directors has established the Good Corporate Governance Policy following the CG code of the SEC, applicable regulations, and internationally accepted standards. The Good Corporate Governance Policy has been communicated to all directors, management, and staff for implementation. The results will be annually reported in the Form 56-1 One Report. The Board of Directors also prescribed specific policies and guidelines for important matters, e.g., the Code of Business Ethics, the Anti-Corruption and Anti-Bribery Policy, and the Corporate Social Responsibilities Policy.

## Performance report

### 1. An establishment of clear leadership role and responsibilities of the Board of Directors

As the leader of KEX, the Board of Directors has assigned the management to prescribe the business strategies in conformity with its vision and mission that have been annually reviewed and approved by the Board of Directors as well as allocates an appropriate and sufficient budget for the execution of such strategies. Every year, KEX conducts a half-year review of its business strategies to ensure that KEX can quickly respond to economic and social changes, customers' needs, competitive landscape, technology advancement, and other important factors. The last meeting occurred on 2 August 2021.

The Board of Directors set up the sub-committees to focus on particular tasks according to their charters set forth by the Board of Directors and required them to report their performance to the Board of Directors at least once every quarter. If the sub-committee has no meeting in any quarters, its performance report can be postponed to the next quarter. The management also provides monthly updates on KEX's performance and significant movements to the Board of Directors.

The Board of Directors has segregated its roles and responsibilities from management by issuing the delegation of authority in determining the level of approval and the reservation of rights to approve significant matters under the power of the Board of Directors: changes of organisation structure, vision, mission, and business strategies. A clear distinction between the roles of the Chairman of the Board of Directors, the Chairman of the Executive Committee, and the CEO are defined. At the operational level, KEX has segregated the controlling power between each business unit, comprising of operations, finance, accounting, and investment, to prevent conflict of interests and fraud risks. To avoid any abuse of power and ensure conformity with KEX's business direction, KEX conducts a review of the authority of the Board of Directors, Chairman of the Board of Directors, Chief Executive Officer, and senior executives every year.

## 2. Defining objectives that promote sustainable value creation

To define KEX's objectives and KPIs, the Board of Directors considers KEX's business environment, changes of business factors, and competitive advantage. In doing this, the expectations of our key stakeholders are considered to analyse and identify issues that are the most significant to the business and actions to be taken to manage these issues. Under the direction of the Board of Directors, the management develops a strategy roadmap accordingly and proposes it to the Board of Directors for its approval and regularly reports the progress to the Board.

To uphold the ethical standards across the organization, KEX has placed a strong foundation on legal compliance and good corporate governance that enables us to create value in the long-term. If an employee or an external stakeholder is aware of any violation against the law or KEX's business ethics, the person has a responsibility to speak up via the Kerry Nokweed channel or send an e-mail directly to the Audit Committee as per the details provided in KEX's corporate website. KEX will protect the reporter from retaliation by keeping the reporter's identity confidential and setting up a high standard of whistleblower protection under the statement set forth under KEX's whistleblower policy.

## 3. Strengthening the Board's Effectiveness

The Board of Directors comprises 9 qualified experts with diverse knowledge and experiences as per the Directors' Profile section in the Form 56-1 One Report and the corporate website. To ensure KEX's optimum balance and efficiency, the composition of the Board of Directors is as follows;

- The Chairman of the Board of Directors is non-executive and has no relationship with the CEO and senior executives.
- 67 per cent of the Board's members are non-executive directors.
- One-third of the Board's members are independent of the organization.

- One female board member
- There will be an independent director to jointly set the board meeting agenda with the Chairman of the Board of Directors.

In the nomination and selection of the directors and independent directors, KEX considers the qualifications according to relevant laws and regulations, their business competency, diverse skills, and gender inclusion. A board skill matrix has been used to ensure optimum effectiveness. The Board of Directors reviews the selection criterion at least once a year. The nomination and selection procedure includes:

- Every year, KEX allows shareholders to nominate a qualified candidate to be elected as the Company's director in the AGM. In doing this, KEX announces the applicable criteria, nomination period, and form via SET's official channel and the corporate website. KEX also considers proposals from other channels, such as proposals from the major shareholders and a list of directors provided by the Thai Institute of Directors.
- The NRC has the duties to review and propose qualified candidates according to the criteria outlined in the good corporate governance policy and other criteria as agreed by the Board of Directors before proposing them for the Board of Directors' approval and/or the shareholders' approval.

Directors shall hold their positions for a term of up to 3 consecutive years but shall be eligible for reappointment. A director may resign from the office by written notice to the company. The resignation takes effect from the date the resignation letter reaches the company. The tenure of an independent director does not exceed a cumulative term limit of 9 consecutive years. However, he or she shall be eligible for reappointment if the Board of Directors and the shareholders' meeting agree that his directorship does not interfere with the exercise of independent judgment or the ability to act in the best interests of all shareholders.

To strengthen the board's effectiveness, KEX fully supports regular training and development of the Board of Directors. The Company Secretary is also responsible for updating the Board about new regulations and notifications of the capital market. KEX may invite internal/ external experts or independent advisors to provide the training. In 2021, 100 per cent of directors and C-suite received training on relevant securities laws of business takeover and tender offers presented by Baker & McKenzie Ltd., as well as ESG training presented by ERM-Siam Co., Ltd.

KEX encourages all directors to attend every meeting and invites senior executives such as CFO, CIO, and CA to join the sessions. To facilitate the attendance of the meetings, meeting schedule and agenda of the Board of Directors and sub-committees will be set at least 3 months before the end of each fiscal year. KEX uses advanced technology to conduct virtual meetings through a high-security board portal application, eliminating traveling limitations. Through the board portal application, the Board of Directors can access meeting materials anywhere and anytime using digital devices such as iPads, mobile phones, and laptops. The annotation, casting of the votes, and certification of documents or minutes are also easily executed via this online tool. The meeting materials are provided to the Board of Directors at least 7 days before the meeting date, or 14 days in cases of special events. If any director needs more information to support his or her decision-making, the director can contact the Company Secretary or the management at any time.

The performance evaluation of the Board of Directors and sub-committees is conducted collectively and individually in various angles, for example, the board structure and qualification, effectiveness on board's meeting, roles and responsibilities, relationship with management, and training and development. The Company Secretary will propose the criteria and results to the NRC prior to gaining of the Board of Directors' approval.

In 2021, The Board of Directors achieved an excellent performance with 85 per cent score for the whole

committee and 90 per cent score individually. The AC also achieved an excellent performance with the score of 85 per cent, while the RMC and NRC got satisfactory level with an average score of 70 per cent. To enhance the performance of director, KEX shall provide more training and development on related matters. The results will be used to strengthen the effectiveness of the Board of Directors and sub-committees.

By overseeing subsidiaries and joint venture companies, the Board of Directors has established the investment and management policy in the subsidiaries and the joint venture companies according to the rules set forth by the Notification of Capital Market Supervisory Board No. TorChor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Shares and the CG Code. The details are provided in the Governance of Subsidiaries and Associates under the Business Overview section.

#### 4. Ensuring the proficient CEO and people management

In selecting the CEO and the senior executives, the NRC plays a key role in setting qualifications and criteria for nomination and the procedures and succession plan. The CEO must inform the NRC and the Board of Directors annually about the updated succession plan. At the same time, the criteria are reviewed and adjusted based on business situations and directions in the short-and long-term.

The qualifications of the CEO and the senior executives are defined based on the good corporate governance policy, leadership principles, and business competency in managing the organisation. They are also checked against any applicable blacklist.

The CEO and the senior executives will be educated and regularly received training. In 2021, they all were educated on relevant securities laws of business takeover and tender offers presented by Baker & McKenzie Ltd. and ESG training presented by ERM-Siam Co. Ltd.



For the performance evaluation of the CEO and the senior executives, the NRC, together with the CEO and the senior executives, define and design the criteria based on the business strategies, good corporate governance practices, the expectations of shareholders and key stakeholders, including financial and non-financial performances, such as volume growth, cost reduction and service level, the achievement of the six business strategies, employee engagement, and leadership roles during the COVID-19 pandemic. The performance evaluation will be jointly conducted before being proposed to the Board of Directors. In the previous years, the CEO performance evaluation shown that the CEO has a strong relationship with the Board of Directors and external stakeholders, e.g., investors, business partners. However, the CEO shall present his professional ability in leading the financial planning of KEX and strategy execution to the Board of Directors obviously.

The evaluation results are considered part of the compensation structure as per the business directions. The NRC is responsible for considering and proposing the compensation structure of the CEO and senior executives to the Board of Directors.

### 5. Nurturing innovation and responsible business

The Board of Directors is responsible for defining the annual budget, which includes research and development, investment in technology and innovation, and the number of staffs to serve business expansion. The Board of Directors also ensures the creation and promotion of an innovation culture among staff.

In 2021, KEX announced a special project to encourage all staff to propose innovative ideas that will help promote business efficiency and sustainability, including product innovation and process innovation. The CEO took his leadership role in communicating concepts and criteria with the staff through CEO Town Hall. Finalist projects will receive investment capital for implementation. One of the significant conditions for project pitching is sustainability in that the innovation must minimise

environmental impacts from KEX's operation or raise awareness on community well-being.

The overall picture of KEX's business innovation has been reflected through our ongoing product and service innovations in various angles, such as the debut of Kerry Wallet, a total payment service solution, a real-time tracking, and a pick-up service application. The introduction of Kerry Express Loyalty Club has made KEX becomes the first express delivery provider to have a customer engagement program. KEX also partners with various partners to offer new services to its customers, such as Madcard for Kerry Express, the first online debit card that reduces costs for online sellers and provides a privilege program and special discounts for online advertising in media platforms. KEX is one of the pioneers for online payment as well. It is evident that the Board of Directors has emphasized that KEX uplifts the industry standard of express delivery service to become internationally recognised.

To invest in technology and innovation, there might be cybersecurity and information security risks. The Board of Directors then established specific policies and guidelines to prevent those risks and protect staff and customers' personal data. This is included in the Information Classification Policy, the Acceptable Use Policy, the Access Control Policy, and the Personal Data Protection Policy. The main principles of those policies are legal compliance, an investment in cybersecurity systems and standards to keep all important data confidential and to build integrity and availability of information, an identification of cybersecurity and information security risks and preventive or mitigation actions, and the establishment of data classification guidelines considering any impact on business strategy and operation, urgency, budget, information technology staff, and the business model.

KEX has assigned the Quality and Risk Management team to take care of risk management and regularly communicate this to all staff.

## 6. Strengthening effective risk management and internal control

The Board of Directors assigned the AC and RMC to oversee risk management and internal control. The Chairman of the AC and the RMC must submit their performance reports to the Board of Directors once every quarter. Further information regarding the procedures and operating results can be found under Risk Management section.

The Board of Directors also enforces the Risk Management Policy at a corporate level to control and assess risk management. Meanwhile, the Code of Business Ethics has been launched to prevent conflict of interests, and use of insider information, whereas

the Anti-Corruption and Anti-Bribery Policy and the applicable Securities Trading Policy, have been used to strengthen KEX's ethical culture. These policies have been communicated to staff and published on the website. KEX also requires its directors and staff to participate in annual ethics training and assessments. Last year, the scope of its Code of Business Ethics was expanded to cover all business partners. Anybody who suspects misconduct against those policies can file a report to the Board of Directors through the Audit Committee, the Internal Audit team, the Company Secretary Department, or raise their voices via Kerry Nokweed under the Whistleblower Policy. A reporter will be protected under the provision stated in the Whistleblower Policy.

### Misconduct cases in 2021

Cases	Actions against the misconduct	Preventive actions
Alcoholism in the workplace	Termination of employment	<ul style="list-style-type: none"> <li>Regular training and assessments on the Code of Business Ethics</li> <li>Drug testing and alcohol testing daily</li> <li>Promoting the whistleblower channels and policy throughout the organisation</li> </ul>
Unfair treatment from a supervisor	Warning letter	<ul style="list-style-type: none"> <li>Regular training and assessments on the Code of Business Ethics</li> <li>Promoting the whistleblower channels and policy throughout the organisation</li> </ul>



## 7. Ensuring Disclosure and Financial Integrity

The Board of Directors has established policies for the disclosure, submission, and communication of financial statements based on applicable laws and rules of regulatory agencies to ensure that KEX's financial reporting and disclosure of material information are accurate and compliant with applicable standards and practices. In addition, the Board of Directors has designated sufficient personnel with requisite knowledge, skills, expertise, and experience to handle the preparation and disclosure of such information. Such personnel include CFO, CA, CIO, the Company Secretary, investor relations manager, and officers.

Furthermore, KEX has appointed spokespersons to take care of external communication, including the CEO, the COO, and the CIO.

The Board of Directors considers key factors related to the disclosure of information. For financial reporting, the following factors shall be taken into consideration at the minimum:

- Results of internal control adequacy assessment
- The auditor's opinion on financial reports and observations on internal control as well as the auditor's comments submitted via other communication channels (if any)
- Opinions of the Audit Committee
- Alignment with KEX's objectives, primary goals, strategies, and policies

Given the importance of KEX's financial status to shareholders and stakeholders, the Board of Directors has assigned the management team to monitor and assess KEX's financial status and report regularly to the Board of Directors. Upon detecting any signs of KEX's financial liquidity and debt servicing ability, the Board of Directors and the management team will work together to find prompt solutions. In approving transactions or seeking approval from the AGM on matters related to KEX's financial liquidity, the Board of Directors must be certain that such transactions will not affect KEX's business continuity, financial liquidity, or debt servicing ability. However, when KEX is faced with, or likely to be faced with a financial problem,

the Board of Directors and the management team will collaboratively develop plans and solutions or propose other mechanisms that may effectively solve the problem. Any such plan must be reasonable and prioritise the stakeholders' rights. The Board of Directors will monitor the resolutions, with the management team regularly reporting updates.

## 8. Ensuring Engagement and Communication with Shareholders

Placing importance on shareholders' rights and equitable participation in KEX's activities, the Board of Directors has prescribed the guidelines on shareholders' engagement and communication in the Good Corporate Governance Policy. In 2021, KEX's practices are as follows;

- Providing an opportunity to its shareholders to propose AGM agendas and nominate qualified candidates for directorship. In doing this, KEX announced the criteria, submission channels, procedures, and period through its website and the official channels of the SET. However, no agenda item was proposed, and no director candidate was nominated.
- Providing an opportunity to its shareholders to submit questions about AGM agendas in advance and receive responses from the investor relations officers and the senior executives through electronic channels or in the meeting.
- Matters to be presented in a meeting, a proxy form, and all supporting documents will be posted on KEX's website at least 30 days before the meeting date, and hard copies of these documents will be distributed to shareholders at least 21 days before the meeting date.
- Encouraging both funds and custodians to provide proxies in advance for pre-registration and document inspection.
- Providing sign language interpreters to facilitate shareholders who are deaf or have a hearing impairment, ensuring equal access to information and participation.

## Governance Structure and Practices

- Facilitating all shareholders to participate in the AGM by disclosing the meeting format change from physical to virtual meetings via the corporate website, SET channel, and other online and offline media for three consecutive days.

Further information regarding shareholders' engagement and communication can be found in the AGM notice and the minutes posted on the corporate website, including those disclosed in the announcement of AGM through SET's channel.

## **Legal Disputes**

As of the publication date of this Form 56-1 One Report, KEX is not involved in any material litigation, arbitration, or claims (including personal injuries, employee compensation, or product liability claims), KEX is not aware of any material litigation, arbitration or claims pending or threatened against us that would have any significant adverse effect on our business, financial status, or operation.

# RISK MANAGEMENT AND INTERNAL CONTROL

# 4

# RISK MANAGEMENT AND INTERNAL CONTROL

## Risk Management Committee Report

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**Dear Shareholders,**

The Board of Directors has appointed the Risk Management Committee, consisting of 4 qualified members who are executive and non-executive directors who have experiences in the industry.

In 2021, the Risk Management Committee held 4 meetings. The committee continuously values corporate risk management for efficient business operation by screening all issues with potentially significant impacts on KEX. Summary of the committee duties' are as follows:

- Considering, reviewing, and approving KEX's risk management policy and risk appetite
- Considering, reviewing, and approving the revision of the organization's risk assessment criteria to be aligned with KEX's business context.
- Specifying material enterprise risks and reviewing key risk indicators to be aligned with KEX's risk appetite.
- Monitoring risk status, the progress of risk management, and changes in the enterprise risks.
- Evaluating the adequacy and efficiency of KEX's risk management measures and providing suggestions for improvement to comply with the risk management frameworks and policies.
- Considering, reviewing, and approving the business continuity plan to be consistent with current situations, especially COVID-19 pandemic.
- Quarterly reporting the performance of the Risk Management Committee to the Board of Directors.



**On behalf of  
The Risk Management Committee  
Mr. Ng Kin Hang Alex**

## Risk Management

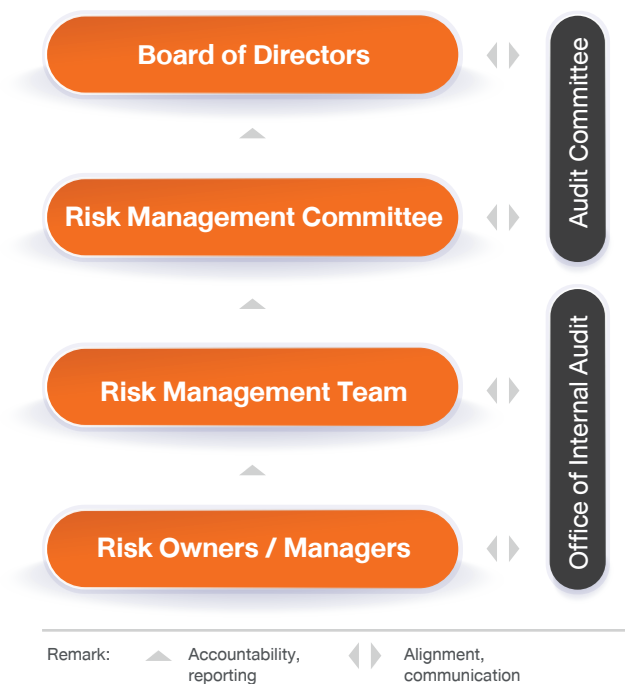
### Risk Management Framework and Policy

KEX has established an enterprise risk management framework and policy in conformity with the COSO ERM 2017 to use as the crucial strategy to support the operation of KEX group for sustainable development and growth. Efficient risk management is the important part that can lead the organisation to achieve its mission, objectives, strategies, and business goals efficiently, including completing the objectives of having the principles of good corporate governance.

### Risk Governance and Risk Culture

KEX has set up the organisational structure of Risk Management aligning with the Three Lines Model to support strong governance and risk management as illustrated below:

### Risk Governance Structure



### Roles and Responsibilities

#### The Board of Directors

The Board of Directors is responsible for supervising the company’s risk management under the mission, objectives, strategies, goals of the organisation, and its risk appetite. It also oversees the adequacy of the risk management system and internal control and monitors and evaluates the efficiency and effectiveness of the risk management.

#### Audit Committee

The Audit Committee is responsible for enhancing the efficiency and effectiveness of risk management; the key risk management progress and status will be reported to the Audit Committee. The committee also ensures that the identified key risks will be integrated into the internal audit planning of the Office of Internal Audit. The committee attends the Board of Directors meeting or assigns a sub-committee as the observer. The Audit Committee provides an opinion on the adequacy of the risk management system and internal control and discloses it in the annual report.

#### Office of Internal Audit

The Office of Internal Audit is responsible for ensuring that the risk management systems are adopted and implemented throughout the organization and reviewing the efficiency and effectiveness of risk management and internal control systems through an annual audit. It also provides recommendations on improving the risk management process and reports the review results to the Audit Committee.

#### Risk Management Committee

The Risk Management Committee is responsible for reviewing and approving the risk management

policy and risk appetite. It ensures that the company has a comprehensive risk identification approach that considers internal and external factors and that the company has assessed the impact and likelihood of the identified risks to prioritize and mitigate the risks properly. Moreover, the Risk Management Committee also monitors the risk status, the progress of risk management plans, the changes in the enterprise risks, and evaluates the adequacy of the risk management plan, including the efficiency and effectiveness of risk management of the company and provide suggestions for improvement to comply with the risk management framework and policy.

### Risk Management Team

The Risk Management Team is responsible for developing the risk management framework and policy, risk management process, and risk criteria in line with international principles and the company's mission, objectives, strategies, goals, business operation processes, and any changes of circumstances. The team proposes any updates and revisions to the Risk Management Committee. It supports and monitors all risk management activities to ensure that the company's risk management is effective and reports the risk status and the progress of risk management plans to the Risk Management Committee.

### Risk Owners

All management and employees are risk owners who are responsible for implementing the risk management framework and complying with risk management policy and process to identify risk events, assess existing controls, and report operational-related risks to a higher-level supervisor. They are involved in determining risk mitigation and putting it into practice, and monitoring their risks to ensure that there are appropriate existing controls or risk mitigation plans and able to manage the risk into the company's risk appetite.

Moreover, KEX also realizes the importance of a risk management culture, one of the principles

of good enterprise risk management. Therefore, the company has promoted risk management as part of the organizational culture that all directors, management, and employees must adhere to ensure the mission, objectives, strategies, business goals, stakeholders' expectations, and the best interests of the company. The Risk Management Policy, guidelines, and procedures have been established and communicated to all employees. The risk management training has been provided to all directors, management, and employees to enhance their awareness and ensure compliance with risk management procedures. All employees must be aware of the risks in their daily operations or any changing activities in the company and take responsibility for controlling and managing them appropriately through its risk management procedures. The risk owner head of all departments shall perform a risk review of their departments at least once a quarter or if there is any changes in their working processes or new activities.

### Strategy & Objective-setting

KEX has integrated enterprise risk management, strategy, and objective-setting in the strategic planning process. The objectives have been established aligning with the company's strategies and risk appetite by considering business contexts (both internal and external context), including evaluating the alternative strategies and potential impact on the company's risk profile.

### Risk Management Process

KEX's risk management framework has covered the risks of both corporate and department levels, which shall be performed according to the following processes:

**1. Risk Identification** The company identifies any risks that impacts the performance of strategy and business objectives by considering the organisation's contexts (both internal & external factors), interested party's needs and expectations, business operation processes, and actual incident cases. The cause and impact of each risk shall also be analysed, with all details updated to the company's risk register.

**2. Risk Assessment** All identified risks shall be evaluated by considering likelihood and impact, including KRI results developed for both leading and lagging indicators to support risk assessment for significant risks.

**3. Risk Response** The risk response will be considered in various proper methods depending on each risk and the risk level, including cost and opportunity.

**4. Risk Monitoring** The risk management result and progress shall be informed to the Risk Management Team, Risk Management Committee, Audit Committee, and the Board of Directors, respectively, quarterly to monitor the risk management process's status and effectiveness.

## Review and Revision

KEX continually monitors and reviews the risks and performance of the company. The changes that may substantially affect strategy and business objectives are identified and assessed to ensure if any revision or control is needed. Moreover, the review and revision also include improving Enterprise Risk Management to ensure its adequacy, effectiveness, and efficiency.

## Information, Communication, and Reporting

KEX has developed and managed our information systems to be suitable, accurate, reliable, and easy to access by the management and relevant stakeholders for appropriate and timely decisions on operations, risk assessment, or business opportunities. KEX also formulates an effective process for communicating information, policies, regulations, and practices through various internal channels across the company. Additionally, KEX has established the appropriate communication and reporting channels (both Top-down and Bottom-up approaches) for reporting any incidents, risks, and performance to ensure that all information is reported and handled in a timely manner.

## Risk Factors

KEX has always placed high importance on risk management as a key to sustainable growth. Various types of risks are continuously monitored and analysed, as well as internal and external factors that might impact KEX business environment. Mitigation plans are also developed and monitored to minimise any potential impact of risk on our business operations. Key risk factors relating to KEX's business activities have been summarised below. Out of these key items, emerging risks include operating expense risk, business continuity

## Strategic Risk

### Economic Risk

As the global and domestic economies have suffered from the prolonged COVID-19 pandemic, consumer confidence, purchasing power, and spending have all declined. Even though the availability of vaccines is widely expected to bring about a recovery from the pandemic and the economic downturn in 2022, uncertainties remain. This could result in a continued drop in consumer confidence and purchasing power, causing a prolonged negative impact on KEX's operations. With this in mind, we have monitored the situation very closely and reviewed our corporate and marketing strategies continuously to ensure they remain aligned with the current situation. This includes the readiness to adapt, such as through new business developments and diversification, to reduce future business risks.

### Industry Risk

KEX operates in the highly dynamic parcel express delivery service industry, consisting of many industry players. Since its inception, KEX has continuously faced competition from international, regional, and domestic logistics actors in terms of business models, operating capabilities, pricing, cost control, and service



quality. The industry has also seen the arrival of new entrepreneurs and e-commerce platform clients who establish express delivery businesses to compete with KEX. Some of these competitors may have broader service or network coverage, greater financial and marketing resources, more advanced technology infrastructure, stronger brand recognition, or greater capital resources. They may be able to devote additional resources following new capital injections, strategic alliances, or other similar events or implement aggressive marketing strategies to compete with KEX. Moreover, in addition to the competitive nature of this industry landscape, the influence of rapid technological developments, demographic and socioeconomic trends, and global consumer behaviors on the e-commerce and social commerce industry continually present emerging new risks to our businesses. Although KEX has successfully implemented various strategies to continuously grow the business in the face of this competitive and dynamic landscape, especially the aggressive pricing strategy to compete in the express delivery service market, there is a possibility that these strategies may adversely affect our market share, revenue, and profitability.

In response to these risks, KEX continuously studies and analyses the market trends and movements, competitors, and customer needs and expectations to introduce new services, improve the service quality, and adjust our strategies to compete in the market in a timely and efficient manner. KEX also has dedicated customer service team devoted to managing relationships with clients and maintaining their service commitment to ensure customers' satisfaction.

### **Reputational Risk**

KEX operates under the "Kerry Express" brand, which represents our commitment to provide comprehensive and high-quality services to our customers over the long term and embody the reliability and efficiency of

the services. However, our business operations involve many groups of stakeholders. If the employees, franchisees, subcontractors, or business partners are unable to provide the pick-up/delivery services to customers in accordance with the SLA (Service Level Agreements) or fail to comply with the relevant laws and regulations, it may have a significantly adverse effect on our corporate reputation, performance and business opportunities. Therefore, KEX has established operational policies and practices which KEX's employees and service representatives of KEX must adhere to. KEX required its related functions to assess suppliers/sub-contractors' performance before and after projects to ensure that they comply with our standard code. The efficient process for handling customer complaints is also established to ensure maximum customers satisfaction and maintain KEX's reputation.

## **Operational Risk**

### **Failure of On-Time Parcel Delivery**

As delivering parcels to customers on time is a vital aspect of service quality, customer satisfaction, and reputation, KEX is always committed to achieving this objective ever since our company was founded. However, there is always the possibility that delivering parcels across KEX's nationwide service network may encounter unexpected events or errors from the performance of our employees or subcontractors, such as sorting or shipping mistakes, insufficient operational capability during peak seasons, or any force majeure that may lead to parcel delivery delay. Any of these situations can affect KEX's reputation and customer trust. Therefore, KEX has established the service and safety standard in all aspects, including delivery status tracking protocols and constant close monitoring by the supervisors and the related departments. This system also includes incentives for employees who achieve their set targets for timely parcel delivery, including emergency planning. Moreover, KEX has in place a systematic tracking process to

immediately investigate and track customer consignment in the case of customer complaint.

### **Human Resources Risk**

The success of KEX's business operations depends mainly on the continuing efforts of our management and employees. Given the industry's high turnover rate and the limited supply of skilled personnel and experienced high-level professionals, if KEX is unable to develop, motivate, recruit and retain qualified, skilled and/or experienced managers and employees, or if we fail to timely respond to changes in the business environment, our business may be adversely affected. Responding to this risk, KEX places great importance on attracting, developing, and retaining qualified employees through the People Development Department. KEX is committed to continuously investing in employees' training and development through various specialised programs. In addition, a merit-based work environment, an open culture, competitive compensation schemes, career path development, and succession planning are among KEX's key strategies for strengthening this critical foundation of human resources for our long-term sustainable growth.

### **IT System Failure Risk**

Information technology is integral to KEX's operations and the quality and competitiveness of our businesses. With this in mind, KEX has incorporated information technology systems across the entirety of our operations to enhance the efficiency and scalability of our network, with a strong focus on user experience. Our business may be materially affected if KEX's information technology systems experience problems, interruptions, or malfunctions. Consequently, KEX continuously improves, develops, and maintains our information technology infrastructure and systems. This includes ensuring sufficient staff is available 24 hours a day to help solve problems or system failures and keep disruption to a minimum. In addition, KEX also has in place

a backup plan with the accepted recovery period for restoring systems and emergency plans for every department in the event of IT systems failure to ensure business operation without interruption.

### **Information Security and Cyber Attack Risk**

KEX is highly aware of the importance of information security. As we mainly use information technology systems in our business operations, we may face the risk of identity theft or cyber-attacks leading to data breach, data loss, or operational interruption – all new types of risks that have emerged in recent years. Therefore, KEX has set policies and guidelines on information security so that all employees are aware of the appropriate information management and security. In addition, our cyber security measures are constantly updated and improved in accordance with international standards and applicable laws.

### **Business Continuity Risk**

Natural disasters, epidemics, political violence, insurgency, terrorism, strikes, and other uncontrollable events may affect the operations of KEX, such as the inability to complete pickup or delivery services in some areas or a shortage of operational employees. The pandemic of COVID-19 from new variants has made this risk more imminent during the past year. For this reason, KEX has developed a business continuity management plan so that all departments can deal with any probable crisis or emergency and reduce the impact on the business and minimise any possible service interruption to build confidence among our stakeholders.

## **Financial Risk**

### **Operating Expense Risk**

KEX has adopted various cost reduction measures to reduce our operating costs by expanding our network, which drives economies of scale and improves our operating

efficiency through routing, asset optimization, and the adoption of advanced technology. However, these measures may not be as effective as expected in improving KEX's operating efficiency and profitability, including investment strategy for business expansion and resilience, which could negatively affect the results of our operations and financial conditions.

Fuel and labour costs are the main components of KEX's operating costs. Fuel prices may fluctuate due to changes in the global oil production capacity, seasonal variations, weather or climatic conditions, world politics, or other factors, while labour costs could fluctuate based on changes to the industry and economic conditions as well as relevant government policies. Such a change may affect KEX's cost structure and lower our profitability. Therefore, KEX has created a plan to increase the efficiency of our fuel usage and vehicle management as a way to control fuel costs. In addition, enhancing operating efficiency through better manpower and technology adoption is also a key focus of KEX. Furthermore, changes in fuel prices and labour costs are monitored closely to timely and appropriately develop and update plans in response to these risks.

### Legal and Compliance Risk

KEX operates under several applicable laws and regulations, including the Land Transport Act B.E. 2522 (1979), the Vehicle Act B.E. 2522 (1979), the Trade Competition Act B.E. 2560 (2017), the Foreign Business Act B.E. 2542 (1999), and the Securities and Exchange Act B.E. 2562 (2019). In the event of a new law or an amendment to the existing laws or regulations, KEX's business operations may be adversely impacted if we cannot fully comply with the laws. Therefore, KEX has established a process for closely monitoring changes in laws and regulations applicable to our business operations. Such changes are then reported to the management and related

departments to comply with such laws and regulations. In addition, KEX also undergoes an annual internal audit of relevant departments to ensure that all departments in our organization are always in full compliance with applicable laws and regulations.

### Occupational Health and Safety Risk

As human resources are essential to the success of our business, KEX places significant emphasis on the health and safety of our employees. In this respect, KEX provides safety and occupation following the relevant standards, laws, and regulations, especially concerning operational safety within the sorting hubs, the distribution centres, and transportation processes. KEX provides suitable working equipment to protect employees from any risks they might face during sorting, moving, and transporting parcels. Meanwhile, the conditions of the transport vehicles and the readiness of the carriers are also checked before working. In addition, KEX regularly promotes knowledge and awareness of workplace safety and safe driving through training and various communication channels to prevent physical and property damages to employees and third parties.

### Risk Related to the Use of Kerry Express Brand

KEX has entered into a licensing agreement with Kuok Registrations Ltd., (KRL), whereby KRL has granted KEX a limited and non-assignable right to use the "Kerry Express" brand and related trademarks and service marks in connection with our operations in Thailand (the "Master Licence Agreement"). The Master Licence Agreement does not extend to the use of the "Kerry Express" brand and related trademarks and service marks outside of Thailand. KEX will need to negotiate with and obtain approval from KRL for such use overseas. KEX may face limitations in overseas business expansion and establish another brand for such activities.

The Master Licence Agreement has taken effect upon the listing of KEX on the SET with a term of three (3) years and will be automatically renewed every three (3) years until KEX gives notice to KRL under the agreement regarding its intention not to renew the agreement, or the agreement is terminated by KRL upon the occurrence of certain termination events.

Following the acquisition of majority stake of KLN by Flourish Harmony Holdings Co., Ltd. (Flourish), an indirectly wholly-owned subsidiary of S.F. Holding Co., Ltd. (SF), KEX has entered into the new Brand Licencing Agreement dated 25 March 2021 to reflect the change in the shareholding structure of KLN and the related changes in the termination clauses.

Under the aforementioned agreement, the termination events include the event that Kerry Group Ltd. (KGL) ceasing to have at least 30 per cent of the voting rights in KLN, or SF and its subsidiaries ceasing to control in any way or hold at least 50 per cent of the voting rights in KLN, or KLN and its subsidiaries ceasing to control in any way or hold at least 50 per cent of the voting rights in KEX, or Mr. Wang Wei ceasing to have control or ownership over SF, or any breach of the Master Licence Agreement by KEX that is not amended within the remedy period, or KEX's inability to pay debts, or KEX becoming insolvent or is subject to a wind-up order, or KEX ceasing to be listed on the SET.

If KEX lose the right to use the "Kerry Express" brand due to any reasons, KEX would need to recreate a new brand and register new trademarks. This may have a material adverse effect on our reputation, business, financial condition, results of operations, and prospects.

## **Environmental Impact Risk**

KEX realized that environmental changes, especially climate change, may cause natural disasters i.e. floods, drought, wildfires, etc. These incidents may affect the company's business operations, supply chain operations, and the local community. Therefore, KEX set the environmental responsibility as a key principle of KEX business ethics and part of our long-term business strategy. KEX has enhanced the operation processes by planning transportation routes, including a GPS planning system to optimize delivery routes and maximize fuel consumption efficiency. In addition, we also provide training to our drivers regarding driving behavior and speed limit to save fuel, and conduct scheduled maintenance sessions to ensure that the engine conditions and emissions remain at an optimal level.

## Internal Control

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### Audit Committee Report

#### Dear Shareholders,

The Audit Committee consists of three independent directors who possess qualifications in finance and accounting. The Audit Committee has performed its duties independently and with objectivity in accordance with the Audit Committee charter and the relevant regulations.

In 2021, the Audit Committee performed its responsibilities in reviewing KEX's activities as follows:

#### Review of financial reports

The Audit Committee has reviewed the accuracy, completeness, and reliability of the audited quarterly and annual separate and consolidated financial statements of KEX and its subsidiaries in 2021.

The Audit Committee discussed significant matters arising from the auditing and reviewed important accounting policies, estimates, and the management decisions applied in preparing these financial statements with the statutory auditors. The Audit Committee also discussed the disclosure in the notes to the financial statements, including providing opinions concerning any related parties' transactions that potentially conflicted with KEX's interests to ensure that the preparation of these financial statements and the disclosure in the notes to the financial statements are reliable, transparent, and in accordance with the Thai Accounting Standards and the Thai Financial Reporting Standards.

The Audit Committee arranges a meeting with the statutory auditors once a year, allowing both parties to discuss any issues of interest to either of the two sides without the participation of the management.

The Audit Committee points out that KEX's financial reports are accurate and reliable. The reports perfectly align with the Thai Accounting Standards and the Thai Financial Reporting Standards.

In accordance with the conditions under the waiver letter granted by the Securities and Exchange Commission to Flourish Harmony Holdings Co., Ltd. and S.F. Holding Co., Ltd. (the "Applicants") for the performance of mandatory tender offer for all securities of Kerry Express (Thailand) Plc. (the "Waiver Letter") as disclosed in the Company's announcement on the SET on 3 September 2021, S.F. Express Co., Ltd. (S.F. Express) has submitted its supporting documents including its audited annual financial statements to KEX's Audit Committee.

Based on the documents provided and information made available by S.F. Express to the Audit Committee, nothing has come to the Audit Committee's attention to believe that S.F. Express has not comply with the conditions 2 and 3 of the Waiver Letter from the date of the completion of the purchase and sale of Kerry Logistics Network Ltd. (KLN) shares under the partial offer ("Completion Date of the PTO"), 16 December 2021 to 31 December 2021.

## Review of auditor's appointment and fee

The Audit Committee evaluates the quality of the services provided by PricewaterhouseCoopers ABAS Ltd., the statutory auditors, and their remuneration by considering their professionalism, efficiency, and independence. The Audit Committee believes that PricewaterhouseCoopers ABAS Ltd. had given satisfactory services, providing KEX with helpful advice and recommendations for KEX's Financial Reporting and improving KEX's internal control.

## Review of KEX's operations

The Audit Committee monitor KEX's operations through the internal audit performance. The internal auditors are responsible for reporting the audit finding against relevant laws, regulations, KEX's policies, and local and international accepted standards to the Audit Committee once every quarter. The Audit Committee consistently follows KEX's good corporate governance guidelines.

## Review of internal control systems and internal auditing activities

The Audit Committee has the duties to review and approve the scope of work and audit plan and monitor KEX's internal audit, internal control, and risk management for the efficiency and consistency of the internal control system.

The Audit Committee conducts quarterly reviews of the adequacy and suitability of KEX's internal control system and activities, including those addressing fraud or error risks. The findings were carefully considered and followed up to ensure that correct internal control systems were undertaken and improvements on controls and preventive measures were carried out correctly and on a timely basis by KEX's management as advised by the internal auditors.

In conclusion, the Audit Committee deems that KEX has complied with applicable laws related to its business operations with good governance, adequate risk management, and effective internal audit activities. The Board has approved the report of the Audit Committee in meeting No.2/2020, dated 14 February 2022.



On behalf of  
The Audit Committee  
Mr. Prasan Chuaphanich



## Internal Control

KEX operates its internal control system as per the COSO 2013 of the Committee of Sponsoring Organizations of the Treadway Commission, as summarised below:

### Control Environment

- **Commitment to integrity and ethical values**

KEX control environment is appropriate and suitable for business efficiency and effectiveness. KEX has established policies and protocols in writing, along with corporate governance practices and its code of business ethics, covering various angles, including the responsibility to key stakeholders. KEX's personnel must also disclose conflicts of interest to prevent activities that may lead to conflicts of interest. All executives and employees at all levels must sign their names to acknowledge the code of business ethics. KEX has set and communicated the penalties regarding violations of the code of business ethics and procedure to all employees.

- **Independent oversight of internal control performance**

The Board of Directors and sub-committees perform their duties separately from the management. The segregation of responsibilities provides checks and balances, leading to efficient internal control. The internal audit team is independent and report directly to the Audit Committee.

The Board of Directors supervises the development and implementation of internal controls as proposed by the Audit Committee and holds regular meetings to consider various aspects of internal control and risk management.

- **Appropriate management structure, reporting line, and authorities**

As mentioned in the Performance Report of Good Governance Practice, KEX has segregated the roles and responsibilities of its key persons and business units. KEX also applies a clear separation of duties and cross-functional examinations and sets reporting lines in accordance with the authority and duties.

- **Commitment to attract, develop and retain competent employees**

KEX has established rules and stipulated the recruitment, development, and training procedures for all personnel and annually reviews these procedures. KEX recruits employees based on their qualifications without any discrimination. In addition, KEX prepares an annual training plan, which includes both internal and external programs pursuant to the personnel development policy. Lastly, KEX also solicits the employees' feedback to improve our working environment according to our retention policy.

- **Accountability for internal control responsibilities**

KEX continuously conducts assessments to ensure that our employees of all levels understand the importance of a sound internal control system and optimistically implement these principles.

### Risk Assessment

- **Clear risk objective specifications**

KEX has established the Risk Management Committee to manage KEX's risks and quarterly report to the Board of Directors. The corporate risk management policy, strategies, and activities are thoroughly communicated to employees through the corporate website and internal channels.

Once a risk is specified, a solution will be developed. A responsible party will be assigned to manage that risk. Afterward, a follow-up process will be conducted, including evaluating and examining the issues that need to be resolved.



- **Risk identification and analysis**

KEX has also established a corporate risk profile to identify and analyze the risks relevant to each department and identified existing and additional controls to reduce the severity or likelihood of the risks and keep them within KEX's risk appetite.

- **Change identification and assessment**

Following the Corporate Risk Management policy, the Risk Management Committee is required to review the risk management policy at least once a year or whenever there is any change to the corporate context or in situations that have a significant impact on KEX's business operations. Any amendment to the policy must be approved by the Risk Management Committee and reported to the Board of Directors before a formal announcement.

## Control Activities

- **Control activity selection and development**

KEX has extended its control activities in various angles, such as policy and procedure, to prevent risks from unexpected circumstances or asset management. KEX's control includes the internal audit and asset counts, and registration. These activities are a mixture of manual control and automated control. Recordkeeping, resource management, and segregated functional responsibilities are set for check and balance.

- **General controls over technology development**

KEX has established specific policies of information technology safeguarding. These policies specify the acceptable practices of computer users, the guidelines for system administrators, and the limitations on access to the system. The level of access is assigned based on each person's authority and responsibilities.

KEX underlines the importance of using only legitimate copyrighted computer programs in work processes, including the information technology used in the operational processes and the general control of the information system.

KEX also utilises a wide variety of information technology systems to track any sign of irregularities in its operation promptly.

- **Control activity deployment through policies and procedures**

KEX has defined policies, rules, regulations, directives, and work plans and procedures. Policies are reviewed annually and communicated to all employees to ensure compliance.

KEX arranges monthly executive meetings, where the operating results are reported.

The internal auditors are responsible for verifying that KEX and its subsidiaries have implemented all policies and procedures in their actual operations. If a policy or operational procedures are inappropriate, the management will be notified of the need to find a solution for the situation.

## Information and Communications

- **Internal control information generation and utilization**

KEX has set a policy on the use of internal information and implemented methods to prevent employees from using confidential information and/or inside information that has not been disclosed to the public for the benefit of themselves or others. Any improper uses of undisclosed information is prohibited, whether it is done directly or indirectly and whether benefits are received or not, including the use of such undisclosed information for trading securities.

When collecting and utilizing important information, KEX considers the accuracy, adequacy, necessity, and benefits expected from such information, including giving due consideration to the cost of providing such information.

- **Internal communications**

KEX provides several essential communication channels for employees and executives to effectively access the information, including direct communications through physical and online meetings, two-way communications through the Town Hall, e-mails, documents, and publications available through the official shared drive and other communication platforms.

- **External communications**

Communication to external parties is conducted through various channels as per the details provided in the Performance Report of Good Governance Practice.

## **Monitoring Activities**

- **Internal control monitoring and evaluation**

KEX regularly reports performance results against the set goals to the management and the Board of Directors to ensure that the goals and objectives are achieved and that actions can be taken promptly.

Meanwhile, an internal control self-assessment is conducted annually. The assessment results are reported to the stakeholders in the annual report.

To this end, KEX prescribes that internal control implementation is a duty of all employees.

- **Timely internal control deficiency evaluation and communications**

KEX evaluates and communicates internal control deficiencies identified in the internal audit report of 2021 to the executives and responsible persons for their acknowledgement and prompt actions. All of such corrective actions have been wholly executed within the specified timeline.

# RELATED PARTY TRANSACTIONS

# 5

# RELATED PARTY TRANSACTIONS

## Related Party Transactions (RPT) FY2021

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>Kerry Logistics (Thailand) Co., Ltd. (KLTH)</b> <ul style="list-style-type: none"> <li>- A subsidiary of KLN, KEX's major shareholder</li> <li>- Common director: Mr. Kledchai Benjaathonsirikul</li> </ul>	<b>Sales of goods and services</b>			<ul style="list-style-type: none"> <li>• KEX provides last-mile delivery service and collects COD for KLTH.</li> <li>• The last mile delivery and COD surcharge rates and conditions are comparable to those given to third party.</li> <li>• KEX pays KLTH for damage &amp; loss and its fulfillment services at the comparable rates to those of third party.</li> <li>• KEX subleases office space in Chao Phya Tower from KLTH at cost of KLTH's rental.</li> </ul>
	Sales and service income	2.90	1.37	
	Trade and other receivables	0.23	0.20	
	Cash on delivery payable	0.18	0.18	
	<b>Purchases of goods and services</b>			
	Cost of sales and services	0.003	0.19	
	Trade and other payables	-	0.19	
	Rental Expenses	0.20	-	

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>KMMT Co., Ltd. (KMMT)</b> - A subsidiary of KLN, KEX's major shareholder - Common director: Mr. Kledchai Benjaathonsirikul	<b>Sales of goods and services</b> Sales and service income Trade and other receivables  <b>Purchases of goods and services</b> Rental and service expenses Other Expenses Deposit	0.14 0.01  0.47 0.03 0.04	0.10 0.03  - - -	<ul style="list-style-type: none"> <li>KEX provides last-mile delivery services for KMMT. The last mile delivery rates charged to KMMT are comparable to those charged to third party.</li> <li>KEX subleases office space in Chao Phya Tower from KMMT at cost of KMMT's rental.</li> <li>KEX purchases office equipment from KMMT at the cost-plus margin, allowing smooth transfer of office space.</li> </ul>
<b>KART (Thailand) Co.,Ltd. (KART)</b> - A subsidiary of KLN, KEX's major shareholder - Common director: Mr. Kledchai Benjaathonsirikul	<b>Sales of goods and services</b> Sales and service income Trade and other receivables	0.005 0.0017	0.003 0.0007	<ul style="list-style-type: none"> <li>KEX provides last-mile delivery services for KART. The last-mile delivery rates charged to KART are comparable to those charged to third party clients.</li> </ul>
<b>Kerry-APEX (Thailand) Co., Ltd. (K-APEX)</b> - A subsidiary of KLN, KEX's major shareholder - Common director: Mr. Kledchai Benjaathonsirikul	<b>Sales of goods and services</b> Sales and service income Trade and other receivables  <b>Purchases of goods and services</b> Purchase of services Trade and other payables	0.11 0.05  0.006 -	1.66 0.25  0.201 -	<ul style="list-style-type: none"> <li>KEX provides last-mile delivery services for K-APEX. The last-mile delivery rates charged to K-APEX are comparable to those charged to third party.</li> <li>KEX uses K-APEX's domestic air transportation services for urgent delivery of high-value parcels.</li> <li>The fee charged is comparable to third party that offers the same service.</li> </ul>

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>KLN (THAILAND) Co., Ltd. (KLN (Thailand))</b> - A subsidiary of KLN, KEX's major shareholder - Common director: Mr. Kledchai Benjaathonsirikul	<b>Other Income</b> Rental income Trade and other receivables Deposit	5.91 5.91 -	5.64 - 1.00	<ul style="list-style-type: none"> <li>KLN (Thailand) sub-leases Sathon Square Building, 38th floor from KEX.</li> <li>The rate charged is based on cost-plus-margin, which includes other expenses and service fees.</li> </ul>
<b>Kerry Siam Seaport Co.,Ltd. (KSSP)</b> - A subsidiary of KLN, KEX's major shareholder - Common director: Mr. Kledchai Benjaathonsirikul	<b>Purchases of goods and services</b> Rental Expense Other Expenses	0.39 0.23	- 0.003	<ul style="list-style-type: none"> <li>KEX subleases office space in Chao Phraya Tower from KSSP at cost of KSSP's rental.</li> <li>KEX reimburses other miscellaneous expenses to KSSP at the actual cost.</li> </ul>
<b>Kerry Logistics (Bangna) Co., Ltd. (KLBN)</b> - A subsidiary of KLN, KEX's major shareholder - Common director: Mr. Kledchai Benjaathonsirikul	<b>Purchases of goods and services</b> Rental Expense Payment on Lease Liability Interest Expense Lease liabilities Trade and other payables Deposit	33.67 73.85 2.09 244.10 15.29 17.36	27.99 97.69 4.86 267.18 1.73 22.20	<ul style="list-style-type: none"> <li>KEX rents warehouse from KLBN for its sorting hub and office spaces at market rates, under terms and conditions which are comparable to those from third party.</li> <li>KEX pays utility bills to KLBN at cost incurred plus margin basis.</li> </ul>

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>Shangri-La Hotel Plc. (SHANG)</b>  - A subsidiary of Shangri-La Asia Ltd. (“SA”), a member under Kerry Group Ltd. (“KGL”), which is the major shareholder of KLN  - Common director: Mr. Kledchai Benjaathonsirikul	<b>Sales of goods and services</b> Sales and service income	0.002	-	<ul style="list-style-type: none"> <li>• KEX provides last mile delivery services for SHANG at rates and conditions comparable to those given to third party.</li> <li>• KEX enters into lease and service agreements with SHANG for its office and parcel shop at the Chao Phraya Tower. The rental and service cost as well as terms and conditions are comparable to the market rental rates of office spaces in the area.</li> <li>• KEX also pays utility bills to SHANG at the actual cost</li> <li>• KEX rents spaces to install company’s sign and advertising at Chao Phraya Tower, which also includes stainless steel and LED light box, from SHANG. The rental rates as well as terms and conditions are at arm-length basis.</li> <li>• KEX has other expenses with SHANG such as rental of meeting rooms,F&amp;B expenses and accommodation expenses at the Shangri-La Hotel Bangkok at discounted rates, as a member of Kerry Group Ltd..</li> </ul>
	<b>Purchases of goods and services</b> Rental Expenses	25.84	24.72	
	Other Expenses	2.89	1.61	
	Payment on Lease Liability	12.01	15.68	
	Interest Expense	0.68	0.42	
	Lease liabilities	27.62	11.94	
	Trade and other payables	1.22	1.24	
	Deposit	8.29	8.14	
<b>Kerry Freight (Thailand) Co., Ltd. (KFTH)</b>  - A subsidiary of KLN, KEX’s major shareholder  - Common director: Mr. Kledchai Benjaathonsirikul	<b>Purchases of goods and services</b> Purchase of equipment	0.01	-	<ul style="list-style-type: none"> <li>• KEX purchased office equipments and supplies from KFTH at the cost-plus margin basis.</li> </ul>
	Other Expenses	0.03	-	
	Trade and other payables	0.04	-	



Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>S.F. EXPRESS Co., Ltd. (S.F. Express)</b> - A subsidiary of S. F. Holding Co., Ltd., KEX's ultimate major shareholder	<b>Sales of goods and services</b> Sales and service income Trade and other receivables Cash on delivery payable Trade and other payables	- - - -	0.65 0.64 0.19 0.01	<ul style="list-style-type: none"> <li>KEX provides last mile delivery services and collects COD for S.F. Express.</li> <li>The last mile delivery and COD surcharge rates and conditions are comparable to those given to third party.</li> <li>KEX engages S.F. Express. to provide export services for KEX's clients to China, Singapore, Vietnam at the comparable rates and conditions that S.F. Express. charged to third party.</li> </ul>
<b>Kerry Logistics (Hong Kong) Ltd. (KLHK)</b> - A subsidiary of KLN, KEX's major shareholder	<b>Purchases of goods and services</b> Corporate administration service expense Other expenses Trade and other payables	13.70 0.34 10.20	16.71 0.07 3.51	<ul style="list-style-type: none"> <li>KEX engages KLHK to provide corporate admin and IT services at market and cost-based rates.</li> <li>KEX reimburses other expenses to KLHK such as travelling and subscription expenses at actual cost.</li> </ul>
<b>TG Delivery Service Ltd. (TGDS)</b> - A subsidiary of KLN, KEX's major shareholder	<b>Sales of goods and services</b> Sales and service income Other income Trade and other receivables Deposit Cash on delivery payable	117.16 0.011 23.57 3.00 -	- - - - -	<ul style="list-style-type: none"> <li>KEX provides custom clearance, last mile delivery, and COD services to TGDS at the comparable rates and conditions to those charged to third party.</li> <li>KEX provides international delivery service for TGDS at the rates and conditions comparable with those of third party.</li> </ul>

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>Times E-Commerce Co., Ltd. (TEC)</b> - A joint venture of KLN, KEX's major shareholder, and Times Global Logistics Ltd. - Common director: Mr. Ng Kin Hang Alex	<b>Sales of goods and services</b> Sales and service income Trade and other receivables Deposit Advance to customer Cash on delivery payable  <b>Other income</b> Sales of equipment Trade and other receivables  <b>Purchases of goods and services</b> Cost of sales and services Trade and other payables	106.84 15.28 18.52 0.39 10.64  0.05 0.42  0.25 -	189.97 35.88 10.00 - 14.53  0.06 0.42  0.82 0.17	<ul style="list-style-type: none"> <li>• KEX provides custom clearance, last mile delivery, COD and warehouse-related services to TEC at the comparable rates and conditions to those charged to third party.</li> <li>• KEX sold computers, barcode printers, other equipment to TEC at cost-plus margin basis.</li> <li>• KEX pays for damage &amp; loss to TEC at the comparable rate to that of third party.</li> </ul>
<b>Kerry Express (Cambodia) Co., Ltd.. (KEC)</b> - A subsidiary of KLN, KEX's major shareholder - Common directors: Mr. Kledchai Benjaathonsirikul and Mr. Ng Kin Hang Alex	<b>Other income</b> IT service income Trade and other receivables	- 1.64	1.00 4.30	<ul style="list-style-type: none"> <li>• KEX provides IT services to KEC at the cost-plus margin basis.</li> <li>• KEX reimburses KEX certain trade and other receivables with KEC for IT service income supply as well as miscellaneous expenses that KEX paid in advance for KEC.</li> </ul>
<b>ABX EXPRESS (Malaysia) SDN. BHD. (ABX)</b> - A subsidiary of KLN, KEX's major shareholder	<b>Other income</b> IT service income Trade and other receivables	- -	6.79 6.79	<ul style="list-style-type: none"> <li>• KEX provides IT services to ABX at the cost-plus margin basis.</li> </ul>
<b>PT. KERRY NEX EXPRESS (KNEX)</b> - A subsidiary of KLN, KEX's major shareholder - Common director: Mr. Ng Kin Hang Alex	<b>Other income</b> IT service income	-	3.07	<ul style="list-style-type: none"> <li>• KEX provides IT services to KNEX at the cost-plus margin basis.</li> </ul>

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>Kuok Registrations Ltd. (KRL)</b> - 100% held by KGL, KLN's major shareholder	<b>Purchases of goods and services</b> Professional service expense	0.0004	0.1453	<ul style="list-style-type: none"> <li>KEX pays KRL for the professional services fee consisting of negotiating with a third-party companies that uses the "Kerry Express" trademark without the consent from KRL, who is the owner of the "Kerry Express" trademark, which is registered with the Department of Intellectual Property of Thailand.</li> </ul>
<b>Kerry Express (Hong Kong) Ltd. (KEHK)</b> - A subsidiary of KLN, KEX's major shareholder	<b>Other income</b> IT service income Trade and other receivables Trade and other payables	- - 0.11	3.30 1.34 0.11	<ul style="list-style-type: none"> <li>KEX provides IT services to KEHK at the cost-plus margin basis.</li> <li>KEX has trade payables with KEHK, which are for the purchase of trolleys from KEHK."</li> </ul>
<b>Kerry EAS Logistics Ltd. ShangHai Branch (KEAS)</b> - A subsidiary of KLN, KEX's major shareholder	<b>Purchases of goods and services</b> Administrative expenses	-	3.71	<ul style="list-style-type: none"> <li>KEX pays KEAS for its HR service at the market rate</li> </ul>
<b>Kerry Express (Singapore) Pte. Ltd. (KSIN)</b> - A subsidiary of KLN, KEX's major shareholder	<b>Other income</b> IT service income Trade and other receivables	- -	0.72 0.72	<ul style="list-style-type: none"> <li>KEX provides IT services to KSIN at the cost-plus basis.</li> </ul>
<b>KLN Services Sdn Bhd</b> - A subsidiary of KLN, KEX's major shareholder	<b>Purchases of goods and services</b> Administrative expenses	-	3.65	<ul style="list-style-type: none"> <li>KEX engages KLN Services to provide software development and maintenance services for KES Program at the cost-plus basis.</li> </ul>

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>BTS Group Holdings Plc. (BTS)</b> - Major shareholder of VGI, who holds 18.0% shares in KEX	<b>Sales of goods and services</b> Sales and service income	7.40	-	<ul style="list-style-type: none"> <li>KEX provided last mile delivery for BTS in a special charity project which is a collaboration between KEX and BTS to provide approximately 20,000 charity sets to those economically impacted by the COVID-19 pandemic. The delivery rates are mutually agreed on an arm's length basis.</li> </ul>
<b>Bangkok Smartcard System Co., Ltd. (BSS)</b> - A subsidiary of VGI, which has 18.0% stake in KEX - Common director: Mr. Kavin Kanjanapas	<b>Sales of goods and services</b> Sales and service income  <b>Other Income</b> Commission income Trade and other receivables Trade and other payables	0.01   0.0004 0.0004 0.004	-   0.00004 0.0005 0.003	<ul style="list-style-type: none"> <li>KEX provides last mile delivery services and collects COD for BSS at the rates comparable to those given to third party.</li> <li>KEX receives commission from BSS customers who top-up their Rabbit Cards at KEX parcel shops at the fixed-percentage rate which was agreed upon by both party.</li> </ul>
<b>Rabbit-Line Pay Co., Ltd. (RLP)</b> - A jointly controlled entity of VGI, which has 18.0% stake in KEX - Common director: Mr. Ng Kin Hang Alex	<b>Other Income</b> Commission income Trade and other receivables Trade and other payables  <b>Purchases of goods and services</b> Cost of sales and services Trade and other receivables	0.04 0.002 0.10  15.62 1.53	0.005 0.0005 0.03  12.56 1.46	<ul style="list-style-type: none"> <li>KEX has entered into an agreement with RLP to allow RLP customers to top-up their Rabbit LINE Pay E-Wallet at KEX's parcel shops and couriers at fixed percentage rate, which was agreed upon by both parties.</li> <li>KEX pays a transaction fee for transactions made via Rabbit LINE Pay E-Wallet to RLP at a fixed percentage rate which is comparable to that of third party service providers.</li> </ul>

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>Rabbit Care Broker Co., Ltd. (RABFI)</b> <i>(fka. Rabbit Insurance Broker Co., Ltd.)</i> - A subsidiary of VGI, which has 18.0% stake in KEX	<b>Sales of goods and services</b> Sales and service income Trade and other receivables	0.24 0.24	2.37 0.34	<ul style="list-style-type: none"> <li>• KEX provides last mile delivery services for RABFI.</li> <li>• The last mile delivery rates charged to RABFI are comparable to those charged to third party.</li> </ul>
<b>888 Media Co., Ltd. (888)</b> - A subsidiary of VGI, which has 18.0% stake in KEX	<b>Purchases of goods and services</b> Advertising Expenses	5.04	5.49	<ul style="list-style-type: none"> <li>• KEX pays 888 for BTS train body sticker wrap and static media inside BTS train.</li> <li>• The rates are comparable to the market rate.</li> </ul>
<b>Rabbit Rewards Co., Ltd. (RR)</b> - A subsidiary of BTS, VGI's major shareholder. - Common director: Mr. Kavin Kanjanapas	<b>Purchases of goods and services</b> Cost of sales and services	3.96	-	<ul style="list-style-type: none"> <li>• As a part of the marketing and promotional campaign, KEX purchases points from RR to offer as KEX's loyalty program redemption voucher.</li> </ul>

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>VGI Plc. (VGI)</b> - Hold 18.0% of shares in KEX - Common director: Mr. Kavin Kanjanapas	<b>Sales of goods and services</b>			
	Marketing Revenue	2.69	4.60	<ul style="list-style-type: none"> <li>• KEX receives revenue share from VGI for renting out advertising spaces on KEX delivery vehicles for its clients.</li> <li>• KEX receives revenue from delivering sampling products with the client's parcels at cost-plus margin basis.</li> <li>• KEX entered into lease and service agreements with VGI for the rental of retail spaces on BTS stations its parcel shops at the rental and service rates comparable to those VGI gives to third party.</li> <li>• KEX also pays the utility bills to VGI at the actual cost.</li> <li>• As a part of its marketing and promotional campaigns, KEX pays VGI to provide digital media advertising services as well as various advertising spaces on BTS trains and platforms at prevailing market rates.</li> <li>• KEX paid for miscellaneous expenses relating to its parcel shops on BTS stations to VGI, such as registration/entrance fee, smoke detector and stamp duty, with rates comparable to those VGI charges other party.</li> </ul>
	Trade and other receivables	0.37	0.39	
	<b>Purchases of goods and services</b>			
	Rental and service expenses	1.91	1.40	
	Administrative expenses	13.81	13.68	
	Payment on lease liabilities	2.66	3.13	
	Interest Expense	0.25	0.21	
	Lease liabilities	11.08	8.02	
	Trade and other payables	4.94	0.03	
	Deposit	1.22	1.22	

Unit : Baht million

Related Parties / Relationships	Nature of Transactions	Baht million		Transaction Rationale
		2020	2021	
<b>The Siam Commercial Bank Plc. (SCB)</b> - Common director: Mr. Prasan Chuaphanich	<b>Other income</b> Interest income Cash Deposit	0.004 7.48	0.004 8.82	<ul style="list-style-type: none"> <li>KEX receives interest income from saving account at SCB at the market rate.</li> </ul>
<b>Tamaka Sugar Industry Co., Ltd. (TMK)</b> - Common director: Mr. Chalush Chinthammit	<b>Purchases of goods and services</b> Rental and service expenses Trade and other payables Deposit	1.54 0.01 0.25	1.61 0.03 0.25	<ul style="list-style-type: none"> <li>KEX rents warehouse spaces from TMK for its sorting and distribution hub at the market rates, terms and conditions.</li> <li>KEX pays utility bills to TMK at the rate agreed upon by both parties.</li> </ul>



# FINANCIAL PERFORMANCE

6

# FINANCIAL PERFORMANCE

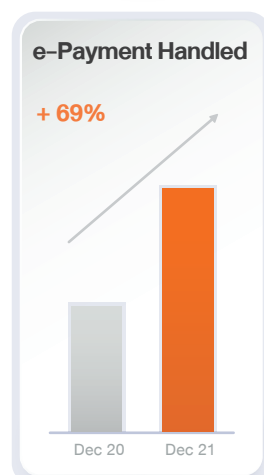
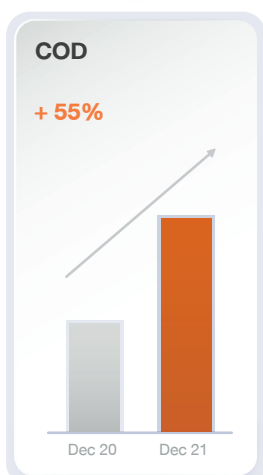
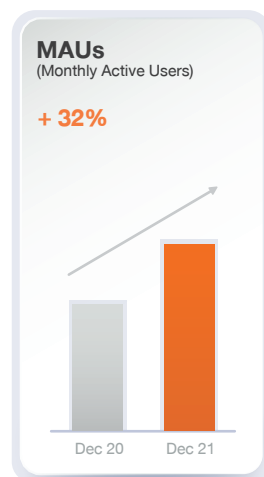
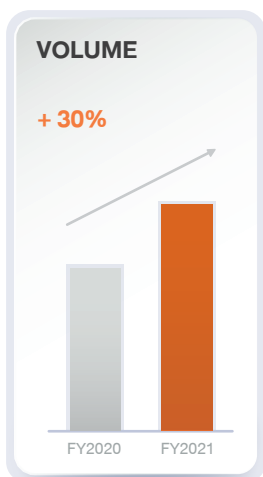
## Management Discussion and Analysis FY2021

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### 2021: KEX WIDENS MARKET LEADERSHIP WITH 30% VOLUME GROWTH IN THE CHALLENGING YEAR

- **Express-Focus** continues to be KEX's top strategy aiming at widening our leadership position and dominance. We also **Diversify Business** to welcome new revenue streams. In October, we joined forces with Betagro Group, Thailand's leading agro-industrial and food company, to launch **A Cold Delivery Platform** under the brand **Kerry Cool**.
- KEX has continued to execute strategic moves against other players. Following market leadership strategy, KEX's successfully penetrated across market segments nationwide through **Proactively Aggressive Pricing Approach**, resulting in unparallel growth in volume, number of active users and market share. This strategic move, though leads to short-term volatility in profit, was aimed at medium to long-term sustainable growth, which is our preeminent priority.
- During FY 2021 KEX propels 30% **Growth In Delivery Volume** and reports revenue of Baht 18,818 million, relatively flat compared to 2020 amidst the relatively **Lackluster E-Commerce And Social Commerce Growth** in the country, especially during the last quarter of 2021. In spite of the **Weak Consumption** and the temporary shift in consumer behaviours from online to physical shopping as the country reopens, KEX has **Significantly Acquired Greater Volume And Market Presence** in the **Economy Segment**, widening our leadership in terms of scale while marginalising other players in the market. KEX has engaged the **Reseller Model** through partnerships with 4PL (fourth-party logistics) agents by launching the certified economy service namely **Orange Express**, to deepen penetration into communities and hunt additional volume. As of december 2021, there are 26,174 service locations nationwide, representing 64%YoY growth. This strategic action echoes with KEX's strategy to pursue synergistic partnerships, neutrality and volume & user base growth expedition.

- Following the **Industrialisation Of KEX** and the planned **Platform Upgrade**, we have been revising our operational procedures, especially in sorting hubs and distribution centres, to achieve further standardisation and efficiency enhancement. Nonetheless, as COVID-19 continues to pose threats to the community and our operation network, extra temporary costs and expenses were 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 if COVID-19 situation recedes and volume acquisition accelerates.
- Approximately 20 million monthly active customers used KEX services during 2021, growing 32% compared to 2020, aligning with our pricing strategy to **Continuously Penetrate Into All Segments** and **Acquire More Longtail Customers**.



## MAINTAINING SERVICE EXCELLENCE WITH ZERO OPERATIONAL DISRUPTION AMIDST THE PANDEMIC

Despite several adverse factors that directly impact the delivery industry during the past year, such as countrywide COVID-19 impact, tightening labour market, rising oil price and record low e-commerce growth in the second half of 2021, 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.

As the nation has battled against COVID-19 peak and new variants for the whole year, KEX keeps the hygiene and safety protocol uncompromised. We imposed a number of measures including workplace sanitisation, travel ban, social gathering ban, work-from-home protocol and vaccination campaign through Kerry Prompt, an in-house motivation programme, to build company-wide health safety. We also ensure the safety of our customers through contactless delivery, enabled by e-payment on delivery and digital signatures. As a long-standing supporter of the Thai people and the community, KEX has collaborated with Thai Red Cross Society and major donors to distribute COVID-relief boxes to patients and field hospitals nationwide.

## FY2021 FINANCIAL PERFORMANCE

Table 1: Selected Indicators for Operational Results

(Unit: Baht million)	2020	2021	YoY % +/-(-)
<b>Volume growth (%)</b>	<b>8%</b>	<b>30%</b>	
Sales and services income	18,917.1	18,817.8	-0.5%
Cost of sales and services	-15,849.8	-17,478.5	10.3%
Gross profit	3,067.3	1,339.3	-56.3%
Selling and administrative expenses	-1,314.3	-1,379.6	5.0%
EBITDA	4,201.6	2,456.1	-41.5%
EBIT	1,846.0	114.0	-93.8%
<b>Net profit for the period</b>	<b>1,405.0</b>	<b>46.9</b>	<b>-96.7%</b>
<b>EPS (Baht/Share)*</b>	<b>1.111</b>	<b>0.027</b>	
Gross Profit Margin (%)	16.2%	7.1%	
EBITDA Margin (%)	22.2%	13.1%	
EBIT Margin (%)	9.8%	0.6%	
Net Profit Margin (%)	7.4%	0.2%	

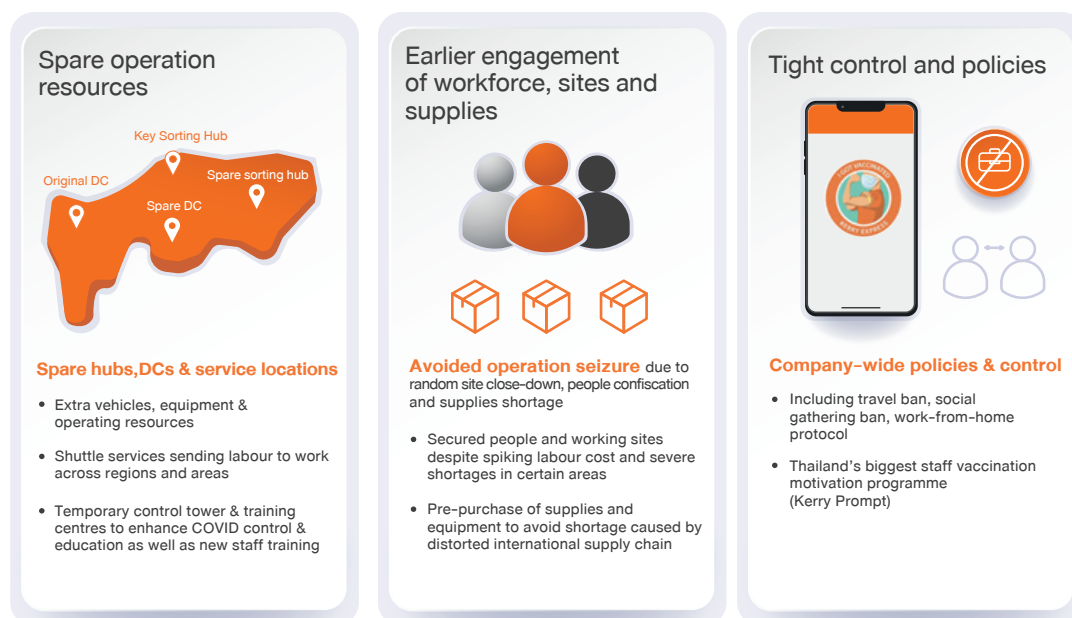
Remark: As shown in financial statement, excluding minority interests

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

Table 2: Revenue by Segment

(Unit: Baht million)	2020	% Proportion	2021	% Proportion	YoY % +/-(-)
<b>Sales and Parcel Delivery Service Income</b>	<b>18,891.5</b>	<b>99.9%</b>	<b>18,775.6</b>	<b>99.8%</b>	<b>-0.6%</b>
B2B	352.1	1.9%	360.5	1.9%	2.4%
B2C	8,528.4	45.1%	8,523.5	45.3%	-0.1%
C2C	10,011.0	52.9%	9,891.6	52.6%	-1.2%
<b>Advertising Income</b>	<b>25.6</b>	<b>0.1%</b>	<b>42.2</b>	<b>0.2%</b>	<b>64.6%</b>
<b>Total Sales and Services Income</b>	<b>18,917.1</b>	<b>100%</b>	<b>18,817.8</b>	<b>100%</b>	<b>-0.5%</b>

## NEW VOLUME GROWTH RECORDED AMIDST INTENSIFIED COMPETITION AND THE SPREAD OF NEW VARIANTS



- KEX marked the highest record of delivery volume in FY2021, representing 30% YoY growth and reported revenue of Baht 18,817.8 million, slightly dipped by 0.5% from Baht 18,917.1 million in 2020. This aligned with the revenue contribution from B2B, B2C and C2C segments which does not change substantially on the back of our successful aggressive pricing even though the purchasing power remained weak and growth of Thai e-commerce and social commerce sales stalled.

- Cost of sales and services totaled Baht 17,478.5 million, rising by approximately 10.3%, lower than the 30% delivery volume growth. Though normalized unit cost was kept in check during the year, KEX had to make short-term investment in its margins to prepare extra operating resources for service quality assurance during COVID-19 peak in the third quarter and the advent of Omicron in the fourth quarter. 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 and new capacity expansion, including the preparation of headcounts, vehicles, 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 operation disruption, service quality deficiency and brand damage, as experienced by industry peers. We expect pressures on cost to lower as the volume acquisition accelerates and pandemic situation recedes in the second quarter of 2022.

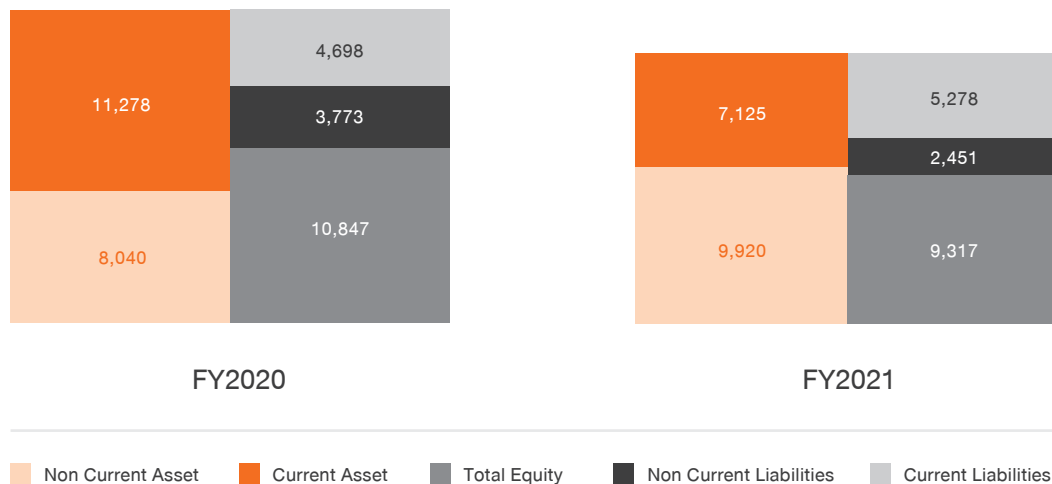
- Selling and administrative expenses (SG&A) grew 5.0% in 2021. These include share-based payment expenses resulting from ESOP Warrant scheme granted to directors, management and key staffs in December 2020 which amount to Baht 52.7 million and Baht 2.0 million in 2021 and

2020 respectively. Excluding such item, SG&A rose by only 1.1%. The company has maintained its continuous focus to strengthen its strategic corporate functions and new business initiation, aiming at good corporate governance practices, effective risk management system, IT systems and cybersecurity, human resources management and development, brand recognition, and sustainability development.

- FY2021 ended with net profit attributable to owners of the Company of Baht 46.9 million with 0.2% margin, as a result of our aggressive pricing strategy to gain market leadership as well as investment in margins to prepare extra resources to uphold service excellence and build up new capacity. We expect continuous growth in volume in response to our market leadership strategy and gradual decline in temporary expenses as COVID-19 situation improves.

## FINANCIAL POSITION AND LIQUIDITY

**Figure 1: Financial Position**  
(Unit: Baht million)



**Table 3: Asset Breakdown**

(Unit: Baht million)	2020	2021	YoY % +/(-)
Cash and investment in liquid financial assets	9,696.8	7,294.9	-24.8%
Trade and other receivables	1,466.8	1,612.7	9.9%
Plant and equipment	2,258.5	2,244.2	-0.6%
Right-of-use assets	5,320.6	4,897.1	-8.0%
Other assets	575.5	996.7	73.2%
<b>Total Assets</b>	<b>19,318.2</b>	<b>17,045.6</b>	<b>-11.8%</b>

**Table 4: Liabilities and Shareholders' Equity**

(Unit: Baht million)	2020	2021	YoY % +/-
Trade and other payables	1,347.0	1,977.1	46.8%
Cash on delivery payable	615.1	723.7	17.7%
Current portion of lease liabilities	1,760.6	2,502.0	42.1%
Lease liabilities	3,593.1	2,256.1	-37.2%
Other liabilities	1,155.0	269.8	-76.6%
<b>Total Liabilities</b>	<b>8,470.8</b>	<b>7,728.7</b>	<b>-8.8%</b>
<b>Total Shareholders' Equity</b>	<b>10,847.5</b>	<b>9,316.9</b>	<b>-14.1%</b>
<b>Total Liabilities and Equity</b>	<b>19,318.2</b>	<b>17,045.6</b>	<b>-11.8%</b>

## HEALTHY BALANCE SHEET AND SOLID LIQUIDITY POSITION

- KEX continues to maintain solid financial health and abundant liquidity. The company has redeemed all bank loan since the beginning of the year resulting in a healthy, debt-free balance sheet, forming a solid foundation for strategic moves and further business expansion. With its abundant cash during the year, the company invested a large portion of its excess cash in low-risk, highly liquid fixed income funds and corporate debentures following the investment direction with the purpose of yield enhancement, capital preservation and high liquidity.
- To manage the company's liquidity and financial risks, KEX generally grants customers credit terms of 15 to 30 days, depending on clients, market and business requirements. On the other hand, KEX offers 30-day payment terms for related parties and third-party suppliers.
- Following its dividend policy, aiming at appropriate periodic returns to shareholders, the Company paid dividends twice during the year, in the amounts of Baht 382.8 million on 21 May 2021 from FY2020 net profit and Baht 1,292.8 million on 10 September 2021 from retained earnings.
- Prudently following our expansion strategy to diversify our portfolio and create additional income streams, KEX has been selective and remained cautious with our investment plans as uncertainties from COVID-19 situation and economic conditions are yet to be seen.



Table 5: Key Financial Ratios

		2020	2021
<b>Liquidity ratios</b>			
Current ratio <sup>(1)</sup>	(times)	2.40	1.35
Quick ratio <sup>(2)</sup>	(times)	2.38	1.30
Cash flow liquidity ratio <sup>(3)</sup>	(times)	0.91	0.47
Accounts receivable turnover <sup>(4)</sup>	(times)	16.75	17.40
Average collection period <sup>(5)</sup>	(days)	21.79	20.98
Accounts payable turnover <sup>(6)</sup>	(times)	28.69	23.97
Average payment period <sup>(7)</sup>	(days)	12.72	15.23
Cash cycle <sup>(8)</sup>	(days)	9.07	5.75
<b>Profitability ratios</b>			
Gross profit margin <sup>(9)</sup>	(%)	16.21	7.12
Net profit margin <sup>(10)</sup>	(%)	7.43	0.25
Return on equity <sup>(11)</sup>	(%)	21.48	0.47
<b>Efficiency ratios</b>			
Return on total assets <sup>(12)</sup>	(%)	11.09	0.26
Total asset turnover <sup>(13)</sup>	(times)	1.49	1.03
<b>Financial policy ratios</b>			
Total liabilities to equity ratio <sup>(14)</sup>	(times)	0.78	0.83
Interest-bearing debt to EBITDA ratio <sup>(15)</sup>	(times)	1.46	1.94
Interest coverage ratio <sup>(16)</sup>	(times)	37.53	25.36
Debt service coverage ratio <sup>(17)</sup>	(times)	1.64	0.98

## 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) Accounts payable turnover = cost of sales and services 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 on total assets = profit (loss) for the period divided by average total assets

(13) Total asset 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

## 2022: KEX PROGRESSING AS AN INDUSTRY WINNER

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 **Market Consolidation** within the express industry and Thailand will be able to accommodate only a few players afterwards. Such segment integration is similarly found in similar-sized countries and other industries like telecom, convenience store, energy drink, etc. Premium-to-good service at affordable price will eventually become the market norm and the best entry barrier, which aligns 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. Recently, KEX has joined forces with **Betagro Group**, Thailand's leading agro-industrial and food company, to venture the cold delivery platform under the brand **Kerry Cool**. Kerry Cool initially services the business-to-business customers and will later expand into business-to-consumer cold-package delivery through Kerry Express and Betagro service points by the second quarter of 2022. Furthermore, KEX also formed a JV with **Central Retail** to operate Thailand's first less-than-truckload (LTL) delivery platform under the brand **Kerry XL** driven by world-class technology, process engineering and ultimate user-experience. Given Central Retail's various assortments of brands and nationwide customer base, this LTL service will jumpstart with a promising demand and brand reliability. With our expected medium to long-term revenue growth of 20%, we will ensure that we will continue to preserve our dominant position in the market and diversify revenue streams as well as enhance resilience in business including investing in LTL delivery & **Kerry Wallet**. We are also exploring

potential **M&A** deals which will strengthen KEX's ecosystem and provide the markets with services unseen in the country.

KEX has recently **Partnered With Grab Thailand**, whose strength lies in its driver base and fast deliveries, to introduce **Door-To-Door Instant Pick-Up & Express Pick-Up Services**. Leveraging on our existing resources, this collaboration will cater a better experience for KEX's customers, especially those who relish convenient and rapid service at an affordable price, without posing additional cost to KEX.

Additionally, with **S.F. Holding**, one of China's largest and most advanced 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 will assist KEX's leaping and sustainable growth.

As Omicron variant continues to be highly unpredictable, we continue to set aside the spare resources. However, we expect to see a gradual decline in the related expenses as COVID situation recedes in 2022.

KEX also puts high priority for **Talent Acquisition, Retention And Incubation**. Several executive-level positions have been recruited from various industry leaders, serving as new building blocks to support and propel KEX's growth.

## Progressing into 2022, KEX will continue to adhere our 5-year XPRESS strategy as follows:

### 1 | X – Express: Strengthen “Express” Market Leadership & Profitable Growth

Maintain market leadership and continue to grow profitable “Express” core business driven by e-commerce as well as create strong brand equity and loyalty with service quality at lower cost

### 2 | P – Partner: Engage More Synergistic Partnerships & Acquisitions

Pursue strategic investment and partnership by maintaining a “carrier neutral” concept. Strategically invest & seek synergistic partnerships that sustainably support our growth & assurance for our shareholders

### 3 | R – Retail: Grow “Open and Neutral” Retail Networks

Continue to adapt to local habits and preferences, change to more dynamic model by deploying “social-oriented” sales network and rationalise retail network while deep penetrating into communities of online sellers, individual traders as well as marketplace sellers

### 4 | E – Expansion: Diversify for Sustainable Growth

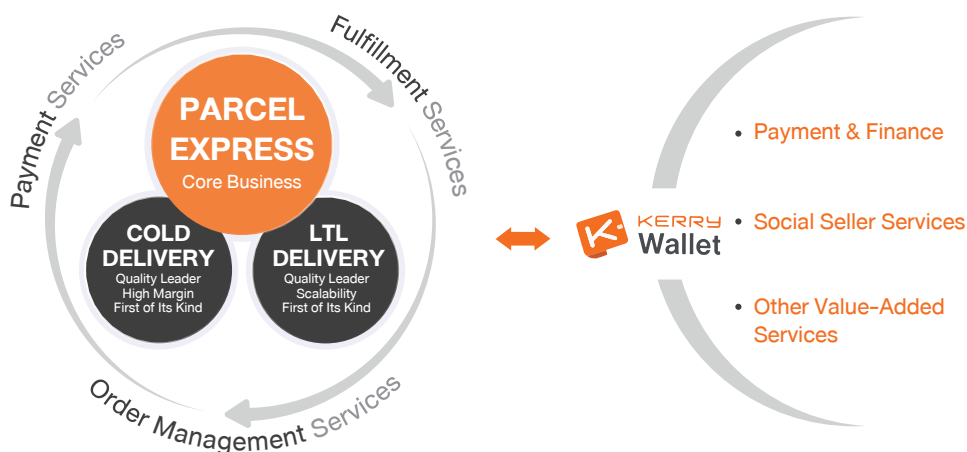
Revenue stream enhancement through existing network & continual creation of new initiatives. Selectively pursue horizontal expansion & vertical integration to further strengthen our competitiveness & profit growth and grow inorganically

### 5 | S – Systems: Improve Efficiency in Technology & IT Systems

Continue investing in in-house developed proprietary technologies, IT systems, R&D capabilities to uplift standard & control of data centre, optimise operations network & route planning and streamline work process enabling by technology

### 6 | S – Sustainability: Achieve Sustainable Development

Strive to integrate ESG (Environmental, Social & Corporate Governance) approach and initiate sustainability program to our business operations, product & service development, employee welfares, talent attraction & retention and stakeholders’ engagement



## Report of the Board of Directors' Responsibilities for the Financial Statements

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**Dear Shareholders,**

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and separate financial statements of the Company, including the information and information disclosure and the financial presentation in the Form 56-1 One Report. The financial statements were regularly prepared according to the financial reporting standard and appropriate accounting policy and reviewed by the Company's financial auditors and the Audit Committee. The discretion and estimates were used carefully and reasonably as needed.

The Board of Directors realised the importance of the duties and responsibilities that must continuously be in accordance with the good corporate governance policy in order to conduct the business with efficiency, transparency and credibility and established proper and effective control system, risk management system and internal control system of various aspects in order to rationally assure that the accounting information was correctly and completely recorded and adequate to sustain the Company's assets as well as to prevent any frauds or significantly irregular operations.

The Board of Directors is of the opinion that the financial statements of the Company and subsidiaries were well-prepared and presented in substantial context, in an accurate and reliable manner.



**On behalf of  
The Board of Directors  
Mr. Kledchai Benjaathonsirikul**

# Financial Statements

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## Independent Auditor's Report



### To the shareholders and the Board of Directors of Kerry Express (Thailand) Public Company Limited

#### My opinion

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Kerry Express (Thailand) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

#### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><b>1) Recognition of revenue from parcel delivery service</b></p> <p>Refer to note 5.16 ‘Accounting policies – Revenue recognition’ and note 26 ‘Sales and service income’ to the financial statements.</p> <p>Revenue from the parcel delivery service is the major operating revenue of the Company and the Group, with the characteristics of small parcel delivery transactions and large volume. For the year ended 31 December 2021, the Group’s and the Company’s revenue from the parcel delivery service was Baht 18,474.79 million and Baht 18,474.70 million respectively, accounting for 98.18% of total sales and service income in the consolidated and separate financial statements.</p> <p>The revenue from the parcel delivery service is recognised over time where the collectability of the consideration is highly probable. The Group tracks the rendering of the parcel delivery service to determine revenue recognition on a real-time basis, using the applications on its IT systems. The transaction price is based on a parcel’s dimensions, weight and distance and calculated by the information and technology systems supporting the revenue cycle. So, revenue recognition largely relies on the effectiveness of the design and implementation of the internal controls over the relevant information and technology systems.</p> <p>I considered the recognition of revenue from the parcel delivery service as a key audit matter because the revenue from this service is material to the financial statements, and the Group has to deal with a large volume of transactions that rely on calculations and data collection in complex IT systems.</p>	<p>In response to the key audit matter, I performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Understand the process of the Group’s parcel delivery business, obtained contract terms relating to revenue, and evaluated the revenue recognition accounting policy adopted by the Group with the requirements for revenue recognition under TFRS 15 ‘Revenue from contracts with customers’.</li> <li>• Understand, evaluated and tested the Group’s key internal controls relating to the recognition of revenue from the parcel delivery service to consider the effectiveness of internal controls relating to the accuracy, occurrence and completeness of transactions.</li> <li>• Understand, evaluated and tested the IT systems’ general controls and application controls that relate to revenue from the parcel delivery service. This was executed with the assistance of an IT system audit specialist.</li> <li>• For the revenue from the parcel delivery service, I checked on a sample basis the relevant supporting evidence such as service contracts or service orders, invoices, receipt confirmation records, bank statements etc., as well as checking reconciliation records with data from the Company’s IT system and collection report.</li> <li>• For the revenue from the parcel delivery service which hadn’t been settled, I requested confirmations on a sample basis of the outstanding accounts receivable year-end balance.</li> <li>• Tested the revenue from the parcel delivery service that occurred near the end of the accounting period (cut-off testing) including the revenue recognised before and after the reporting date, in line with the risk</li> </ul>

Key audit matter	How my audit addressed the key audit matter
	<p>determined by the terms of each type of service. On a sample basis, I checked the parcels' tracking status and relevant supporting documents to evaluate whether the revenue was recognised in the appropriate period.</p> <ul style="list-style-type: none"> <li>• Determined the criteria for selecting journal entries, including other adjusted entries related to revenue, to assess whether there were any unusual revenue transactions.</li> </ul> <p>Based on the above procedures, I found that the recognition of revenue from the parcel delivery service conformed to the Group's accounting policy for revenue recognition and was properly supported by the audit evidence we obtained.</p>
<p><b>2) Right-of-use assets and lease liabilities</b></p> <p>Refer to note 5.9 'Accounting policies – Leases', note 16 'Right-of-use assets', and note 20 'Borrowings' to the financial statements.</p> <p>As at 31 December 2021, the Group recorded right-of-use assets of Baht 4,897.13 million and lease liabilities of Baht 4,758.08 million in the consolidated financial statements, which account for 28.73% and 61.56% of total assets and liabilities in the consolidated financial statements, respectively. The Group recorded right-of-use assets of Baht 1,764.55 million and lease liabilities of Baht 1,781.54 million in the separate financial statements, which account for 12.57% and 36.90% of total assets and liabilities in the separate financial statements, respectively.</p>	<p>In response to the key audit matter, I performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the content of the lease contracts and evaluated the accounting treatment for leases adopted by the Group to determine whether it was consistent with the requirements of TFRS 16.</li> <li>• Gained an understanding of, evaluated and tested the Group's key internal controls relating to leases to consider the effectiveness of internal controls relating to the accuracy, occurrence and completeness of transactions.</li> <li>• On a sample basis, I: <ul style="list-style-type: none"> <li>– Tested the completeness of the lease data used in the lease liability calculation prepared by management by selecting signed lease contracts and comparing them with the lease contract list, then reconciling total lease payments with rental expenses during the year</li> </ul> </li> </ul>



Key audit matter	How my audit addressed the key audit matter
<p>I considered right-of-use assets and lease liabilities as a key audit matter because</p> <ul style="list-style-type: none"> <li>- these transactions are material to the financial statements because the Group has a large number of lease contracts</li> <li>- the assumptions and estimates used in the assessment of lease terms and the determination of appropriate discount rates require management judgements, and</li> <li>- the accounting treatment for amendments of lease terms is complex and requires interpretation following the criteria specified in TFRS 16, as does the accounting treatment in the event that the Group and the Company receives rent concessions as a direct consequence of the COVID-19 pandemic. The Group and the Company need to consider and recognise this accounting treatment in accordance with the guidelines set out in the revised financial reporting standard effective in the current accounting period.</li> </ul>	<ul style="list-style-type: none"> <li>- Tested the accuracy of the lease data, i.e. contract effective date, lease payments, lease terms and other terms specified in the lease contracts through the inspection, on a sample basis, of signed lease contracts</li> <li>- Challenged management to assess the appropriateness of the discount rates and lease terms by considering the renewal options</li> <li>- Recalculated right-of-use assets and lease liabilities, including depreciation of the right-of-use assets and interest expenses of lease liabilities recognised during the year.</li> </ul> <ul style="list-style-type: none"> <li>• For any lease modifications, I verified whether adjustments arising from re-measurement of lease liabilities (including the corresponding adjustment to the related right-of-use assets) were appropriately made.</li> <li>• Evaluated the appropriateness of the accounting treatment chosen by the Group in recognising the rent concessions due to the COVID-19 pandemic, whether it was consistent with the requirements of TFRS 16.</li> <li>• Evaluated the appropriateness of the associated presentation and disclosures made by the Group in the financial statements under the requirements of TFRS 16.</li> </ul> <p>Based on the above procedures, the Group's accounting treatments for leases were consistent with the requirements of TFRS 16. The recognition of right-of-use assets and lease liabilities including depreciation and interest expenses related to lease contracts was reasonable and supported by the available audit evidence.</p>

## Other information

The directors are responsible for the other information. The other information comprises the information in the annual report but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRS, and for the internal control that the directors deemed necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is required to assist the directors in discharging their responsibilities for overseeing the Group's and the Company's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the users' economic decisions taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



**Nopanuch Apichatsatien**

Certified Public Accountant (Thailand) No. 5266

Bangkok

14 February 2022

## Statements of Financial Position

As at 31 December 2021

		Consolidated financial statements		Separate financial statements	
		2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Notes					
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	1,288,867	9,696,762	1,153,445	9,683,019
Fixed deposit maturity within one year	12	500,000	-	500,000	-
Financial assets measured at fair value through profit or loss	7, 12	3,410,351	-	3,410,351	-
Financial assets measured at fair value through other comprehensive income maturity within one year	7, 12	73,173	-	73,173	-
Trade and other receivables	11	1,612,658	1,466,786	1,894,097	1,463,452
Short-term loans to related party	32.4	-	-	-	60,000
Inventories	13	176,038	79,675	176,038	79,675
Other current assets		64,345	34,703	64,049	34,703
<b>Total current assets</b>		<b>7,125,432</b>	<b>11,277,926</b>	<b>7,271,153</b>	<b>11,320,849</b>
<b>Non-current assets</b>					
Financial assets measured at fair value through other comprehensive income	7, 12	2,022,457	-	2,022,457	-
Investment in subsidiaries	14	-	-	31,529	530
Plant and equipment	15	2,244,213	2,258,546	2,206,468	2,258,546
Right-of-use assets	16	4,897,130	5,320,589	1,764,552	1,414,006
Intangible assets	17	194,113	199,150	194,083	199,112
Deferred tax assets	18	96,031	43,009	93,297	39,162
Other non-current assets	19	466,178	219,015	457,931	219,015
<b>Total non-current assets</b>		<b>9,920,122</b>	<b>8,040,309</b>	<b>6,770,317</b>	<b>4,130,371</b>
<b>Total assets</b>		<b>17,045,554</b>	<b>19,318,235</b>	<b>14,041,470</b>	<b>15,451,220</b>

Director\_\_\_\_\_

Director\_\_\_\_\_

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Financial Position (cont'd)

As at 31 December 2021

	Notes	Consolidated financial statements		Separate financial statements	
		2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Current portion of long-term borrowings from financial institution	20	-	800,000	-	800,000
Trade and other payables	21	1,977,143	1,347,028	2,082,230	1,495,630
Cash on delivery payable		723,692	615,059	723,692	615,059
Deferred revenue		27,668	44,536	27,668	44,536
Accrued income tax		-	86,113	-	84,676
Current portion of lease liabilities	20	2,501,981	1,760,568	787,896	597,619
Other current liabilities		47,375	44,939	42,978	40,093
<b>Total current liabilities</b>		<b>5,277,859</b>	<b>4,698,243</b>	<b>3,664,464</b>	<b>3,677,613</b>
<b>Non-current liabilities</b>					
Lease liabilities	20	2,256,096	3,593,057	993,641	834,237
Employee benefit obligations	22	122,723	104,112	98,729	84,879
Other non-current liabilities		71,984	75,351	71,470	74,841
<b>Total non-current liabilities</b>		<b>2,450,803</b>	<b>3,772,520</b>	<b>1,163,840</b>	<b>993,957</b>
<b>Total liabilities</b>		<b>7,728,662</b>	<b>8,470,763</b>	<b>4,828,304</b>	<b>4,671,570</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Financial Position (cont'd)

As at 31 December 2021

		Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
	Notes	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital					
Ordinary share, 1,780,000,000 shares at par value of Baht 0.50 each	23	890,000	890,000	890,000	890,000
Issued and paid-up share capital					
Ordinary share, 1,742,577,000 shares paid-up at Baht 0.50 each (2020: Ordinary share, 1,740,000,000 shares paid-up at Baht 0.50 each)	23	871,289	870,000	871,289	870,000
Premium on paid-up capital	23	8,139,148	8,111,061	8,139,148	8,111,061
Other reserves – share-based payments	25	81,001	33,364	81,001	33,364
Retained earnings					
Appropriated – legal reserve	24	89,000	89,000	89,000	89,000
Unappropriated		124,975	1,744,047	39,230	1,676,225
Other components of equity		(6,502)	-	(6,502)	-
Equity attributable to the parent		9,298,911	10,847,472	9,213,166	10,779,650
Non-controlling interests		17,981	-	-	-
Total equity		9,316,892	10,847,472	9,213,166	10,779,650
Total liabilities and equity		17,045,554	19,318,235	14,041,470	15,451,220

The accompanying notes are an integral part of these consolidated and separate financial statements.



## Statements of Comprehensive Income

For the year ended 31 December 2021

	Notes	Consolidated financial statements		Separate financial statements	
		2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Sales and service income	26	18,817,770	18,917,062	18,817,675	18,917,062
Cost of sales and providing services		(17,478,514)	(15,849,763)	(17,869,468)	(15,984,806)
<b>Gross profit</b>		1,339,256	3,067,299	948,207	2,932,256
Other income	27	154,311	92,992	444,013	120,120
Selling expenses		(236,083)	(250,111)	(235,669)	(246,567)
Administrative expenses		(1,143,524)	(1,064,157)	(1,142,285)	(1,063,319)
Finance costs		(96,846)	(111,961)	(36,972)	(83,023)
<b>Profit (loss) before income tax</b>		17,114	1,734,062	(22,706)	1,659,467
Income tax	29	27,823	(329,037)	53,997	(321,856)
<b>Profit for the year</b>		44,937	1,405,025	31,291	1,337,611
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of post-employment benefit obligations, net of tax		9,503	(7,376)	7,207	(7,784)
Total items that will not be reclassified to profit or loss		9,503	(7,376)	7,207	(7,784)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax		(6,502)	-	(6,502)	-
Total items that will be reclassified subsequently to profit or loss		(6,502)	-	(6,502)	-
<b>Other comprehensive income (expense) for the year, net of tax</b>		3,001	(7,376)	705	(7,784)
<b>Total comprehensive income for the year</b>		47,938	1,397,649	31,996	1,329,827

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Comprehensive Income (cont'd)

For the year ended 31 December 2021

		Consolidated financial statements		Separate financial statements		
		2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht	
Notes						
<b>Profit attributable to:</b>						
	Owners of the Company	46,918	1,405,025	31,291	1,337,611	
	Non-controlling interests	(1,981)	-	-	-	
		44,937	1,405,025	31,291	1,337,611	
<b>Total comprehensive income attributable to:</b>						
	Owners of the Company	49,919	1,397,649	31,996	1,329,827	
	Non-controlling interests	(1,981)	-	-	-	
		47,938	1,397,649	31,996	1,329,827	
<b>Earnings per share</b>						
	Basic earnings per share (Baht)	30	0.027	1.111	0.018	1.058
	Diluted earnings per share (Baht)	30	0.027	1.111	0.018	1.058

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Changes in Equity

### For the year ended 31 December 2021

Consolidated financial statements										
Notes	Attributable to owners of the Company							Other components of equity		
	Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Other reserves – Share-based payments Thousand Baht	Retained earnings		Unappropriated Thousand Baht	Changes in fair value of debt instruments Thousand Baht	Total owners of the parent Thousand Baht	Non-controlling Interests Thousand Baht	Total equity Thousand Baht
				Appropriated – legal reserve Thousand Baht						
Opening balance at 1 January 2020	120,000	-	31,364	12,000	2,069,798	-	-	2,233,162	-	2,233,162
Transactions with owners during the year										
Issue of shares	750,000	8,111,061	-	-	-	-	-	8,861,061	-	8,861,061
Legal reserve	-	-	-	77,000	(77,000)	-	-	-	-	-
Dividends	-	-	-	-	(1,646,400)	-	-	(1,646,400)	-	(1,646,400)
Share-based payments	-	-	2,000	-	-	-	-	2,000	-	2,000
Total comprehensive income for the year	-	-	-	-	1,397,649	-	-	1,397,649	-	1,397,649
Closing balance at 31 December 2020	870,000	8,111,061	33,364	89,000	1,744,047	-	-	10,847,472	-	10,847,472
Opening balance at 1 January 2021	870,000	8,111,061	33,364	89,000	1,744,047	-	-	10,847,472	-	10,847,472
Transactions with owners during the year										
Issue of shares of subsidiaries	-	-	-	-	-	-	-	-	20,000	20,000
Share issuance	1,289	70,868	-	-	-	-	-	72,157	-	72,157
Share premium on share issuance from warrants	-	5,025	(5,025)	-	-	-	-	-	-	-
Directly attributable costs of shares issue	-	(47,806)	-	-	-	-	-	(47,806)	-	(47,806)
Dividends	-	-	-	-	(1,675,493)	-	-	(1,675,493)	(38)	(1,675,531)
Share-based payments	-	-	52,662	-	-	-	-	52,662	-	52,662
Total comprehensive income (expense) for the year	-	-	-	-	56,421	(6,502)	(6,502)	49,919	(1,981)	47,938
Closing balance at 31 December 2021	871,289	8,139,148	81,001	89,000	124,975	(6,502)	(6,502)	9,298,911	17,981	9,316,892

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Changes in Equity (Cont'd)

For the year ended 31 December 2021

Separate financial statements						
Notes	Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Other reserves – Share-based payments Thousand Baht	Retained earnings		Other components of equity
				Appropriated– legal reserve Thousand Baht	Unappropriated Thousand Baht	
Opening balance at 1 January 2020						
	120,000	-	31,364	12,000	2,069,798	-
Transactions with owners during the year						
24	750,000	8,111,061	-	-	-	-
	-	-	-	77,000	(77,000)	-
31	-	-	-	-	(1,646,400)	-
25	-	-	2,000	-	-	-
	-	-	-	-	1,329,827	-
Total comprehensive income for the year						
	870,000	8,111,061	33,364	89,000	1,676,225	-
Closing balance at 31 December 2020						
	870,000	8,111,061	33,364	89,000	1,676,225	-
Opening balance at 1 January 2021						
	1,289	70,868	-	-	-	-
23	-	5,025	(5,025)	-	-	-
	-	(47,806)	-	-	-	-
31	-	-	-	-	(1,675,493)	-
25	-	-	52,662	-	-	-
	-	-	-	-	38,498	(6,502)
Total comprehensive income (expense) for the year						
	871,289	8,139,148	81,001	89,000	39,230	(6,502)
Closing balance at 31 December 2021						
	871,289	8,139,148	81,001	89,000	39,230	(6,502)
Total comprehensive income (expense) for the year						
	871,289	8,139,148	81,001	89,000	39,230	(6,502)
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The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Cash Flows

For the year ended 31 December 2021

	Notes	Consolidated financial statements		Separate financial statements	
		2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Cash flows from operating activities</b>					
Profit (loss) before income tax		17,114	1,734,062	(22,706)	1,659,467
Adjustments for:					
Depreciation and amortisation expense	15, 16, 17	2,342,181	2,355,559	1,477,676	1,974,491
Impairment losses		-	317	-	317
Share-based payment expense	25	52,662	2,000	52,662	2,000
Employee benefits expenses	22	30,807	28,282	23,075	25,047
Loss from disposal of equipment		43,413	21,558	43,413	21,558
Loss from disposal of intangible assets		23	-	23	-
Reversal of provision for decommissioning		(523)	(727)	(523)	(727)
(Gain) loss from cancellation of lease contracts		(3,157)	3,800	(4,169)	5,181
Gain from transfer of lease contracts to subsidiary	27	-	-	-	(24,955)
Loss from written-off of deposits		17,934	10,847	17,934	10,847
Gain from changes in fair value of financial assets at fair value through profit or loss		(16,078)	-	(16,078)	-
Interest income	27	(28,879)	(8,289)	(29,962)	(8,614)
Finance costs		96,845	111,961	36,972	83,023
		2,552,342	4,259,370	1,578,317	3,747,635
Changes in working capital:					
- Trade and other receivables		(145,396)	243,712	(430,494)	247,371
- Inventories		(96,363)	56,452	(96,363)	56,452
- Other current assets		(26,495)	21,196	(26,199)	21,196
- Trade and other payables		301,214	(417,903)	257,699	(269,301)
- Cash on delivery payable		108,633	(269,174)	108,633	(269,174)
- Deferred revenue		(16,868)	28,769	(16,868)	28,769
- Other current liabilities		2,436	(11,482)	2,885	(16,328)
- Other non-current liabilities		(6,689)	13,022	(6,693)	13,022
- Employee benefit obligations	22	(317)	(345)	(216)	(16,853)
Cash generated from operations		2,672,497	3,923,617	1,370,701	3,542,789
Interest received		28,403	8,101	29,811	8,101
Interest paid		(94,962)	(110,706)	(35,089)	(81,768)
Income tax paid		(283,476)	(364,270)	(248,157)	(354,577)
Net cash generated from operating activities		2,322,462	3,456,742	1,117,266	3,114,545

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Cash Flows (Cont'd)

For the year ended 31 December 2021

		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Cash flow from investing activities</b>					
Increase of fixed deposit maturity within one year		(500,000)	-	(500,000)	
Cash payment for financial assets measured at fair value through profit or loss	12	(9,107,410)	-	(9,107,410)	-
Cash payment for financial assets measured at fair value through other comprehensive income	12	(2,208,908)	-	(2,208,908)	-
Proceeds from disposals of financial assets measured at fair value through profit or loss	12	5,713,137	-	5,713,137	-
Proceeds from disposals of financial assets measured at fair value through other comprehensive income		104,835	-	104,835	-
Cash payment for purchases of plant and equipment		(462,267)	(325,049)	(452,917)	(325,130)
Cash payment for purchases of intangible assets		(26,270)	(42,091)	(26,270)	(42,050)
Cash receipt from disposal of equipment		3,334	6,801	3,334	6,801
Cash payment for short-term loan to related party	32.4	-	-	-	(60,000)
Cash receipt from short-term loan to related party	32.4	-	-	60,000	-
Cash payment for investments in subsidiaries	14	-	-	(30,999)	(490)
Cash payment for deposits		(93,368)	(15,160)	(93,368)	(15,160)
Net cash used in investing activities		(6,576,917)	(375,499)	(6,538,566)	(436,029)
<b>Cash flows from financing activities</b>					
Cash repayments to long-term borrowings from financial institutions	20	(800,000)	-	(800,000)	-
Cash payment for lease liabilities	20	(1,722,260)	(1,509,490)	(657,132)	(1,119,956)
Proceeds from issue of ordinary shares		72,157	8,861,061	72,157	8,861,061
Dividends paid	31	(1,675,531)	(1,646,400)	(1,675,493)	(1,646,400)
Cash payment for directly attributable costs of shares issue	23	(47,806)	-	(47,806)	-
Proceeds from issue of shares of subsidiaries	14	20,000	550	-	-
Net cash generated from (used in) financing activities		(4,153,440)	5,705,721	(3,108,274)	6,094,705
<b>Net increase (decrease) in cash and cash equivalents</b>		(8,407,895)	8,786,964	(8,529,574)	8,773,221
Opening balance of cash and cash equivalents		9,696,762	909,798	9,683,019	909,798
Closing balance of cash and cash equivalents	10	1,288,867	9,696,762	1,153,445	9,683,019

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Statements of Cash Flows (Cont'd)

For the year ended 31 December 2021

		Consolidated		Separate	
		financial statements		financial statements	
		2021	2020	2021	2020
		Thousand	Thousand	Thousand	Thousand
	Notes	Baht	Baht	Baht	Baht
Significant non-cash transactions					
Payables arising from purchases of plant and equipment		308,367	9,214	308,367	9,214
Payables arising from purchases of intangible assets		30,150	402	30,150	402
Payables arising from investment in a subsidiary		-	-	-	40
Provision arising from decommissioning costs		3,322	8,784	3,322	8,784
Acquisition of right-of-use assets under lease contracts	16	1,477,404	461,475	1,355,442	461,475
Acquisition of right-of-use assets under lease contracts from lease modification	16	22,896	2,356,684	22,896	226,903
Transfer lease contracts to subsidiary	16	-	-	-	2,170,099
Plant and equipment transferred to other current assets	15	3,147	6,071	3,147	6,071
Share-based payment expense	25	52,662	2,000	52,662	2,000
Transfer right-of-use assets to plant and equipment	16	30,633	-	-	-
Dividend receivable	31	-	-	279,300	-

The accompanying notes are an integral part of these consolidated and separate financial statements.



# Notes to the Consolidated and Separate Financial Statements

## For the year ended 31 December 2021

### 1 GENERAL INFORMATION

Kerry Express (Thailand) Public Company Limited (“the Company”) is a public limited company which listed on the Stock Exchange of Thailand. The Company is incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows:

Head office: No. 89 Chao Phaya Tower, 9 Fl. Room 906, Soi Wat Suanphloo, Charoen Krung Rd. Bang Rak, Bangkok 10500.

Main hub: 33/2 Moo7 Bang Pla, Bang Phli, Samut Prakarn 10540.

The Company registered to transform to a public limited company with the Department of Business Development on 24 February 2020. As a result, the Company changed its name from Kerry Express (Thailand) Limited to Kerry Express (Thailand) Public Company Limited. The Company’s ordinary shares are traded in the Stock Exchange of Thailand (SET) on 24 December 2020.

The principal business operations of the Company and its subsidiaries (together “the Group”) is domestic parcel delivery service. Kerry Logistics Network Limited (KLN), incorporated in British Virgin Islands and continued into Bermuda.

On 28 September 2021, the subsidiary of S.F. Holding Co., Ltd. which was registered in Shenzhen Stock Exchange acquired 51.8% of KLN’s shares. This caused Shenzhen Mingde Holding Development Co., Ltd., a parent company of S.F. Holding Co., Ltd. to become the ultimate parent thenceforth.

These consolidated and separate financial statements were authorised for issue by the Company’s authorised directors on 14 February 2022.

### 2 SIGNIFICANT EVENTS DURING THE CURRENT YEAR

#### Coronavirus Disease 2019 outbreak

Management considers that the outbreak of Coronavirus Disease 2019 (“COVID-19”) from early 2020 until now has no significant negative impact to the business and financial statements of the Group for the year ended 31 December 2021.

### 3 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except certain financial assets and financial liabilities and employee benefit obligations as disclosed in note 5.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in note 8.

An English version of the consolidated and separate financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### 4 NEW AND AMENDED FINANCIAL REPORTING STANDARDS

#### 4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2021 that are related to the Group

- a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:
- Measurement basis, including factors in considering difference measurement basis
  - Presentation and disclosure, including classification of income and expenses in other comprehensive income
  - Definition of a reporting entity, which maybe a single entity, a portion of an entity, or consists of more than one entity which is not necessary to be a legal entity
  - Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

- b) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.
- c) **Amendment to TFRS 16, Leases** amended to provide a practical expedient where lessees are exempted from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. It applies to rent concessions that reduce the lease payments due by 30 June 2022.

The Group's management considered that, the amended financial reporting standards have no significant impact to the Group's financial statements.

#### **4.2 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022**

The Group does not apply these amended financial reporting standards before the effective date and expect that they will not have significant impacts to the Group when the Group apply these amended financial reporting standards.

- a) Interest rate benchmark (IBOR) reform – phase 2, amendments to TFRS 9, TFRS 7 and TFRS 16** provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flows or hedging relationship arising from the replacement of one benchmark with an alternative benchmark.

## **5 ACCOUNTING POLICIES**

### **5.1 Principles of consolidation**

**a) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investment in subsidiaries are accounted for at cost less impairment (if any).

**b) Intercompany transactions on consolidation**

Intra-group transactions, balances and unrealised gains on transactions are eliminated.

Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an

### **5.2 Foreign currency translation**

**a) Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Group's and the Company's functional and presentation currency.

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When there is a recognition of gains and losses on the non-monetary item in other comprehensive income, any exchange component of gains and losses will also be recognised in other comprehensive income. In contrast, the recognition of gains and losses on the non-monetary item in profit or loss, any exchange component of gains and losses will also be recognised in profit or loss.

### **c) Group companies**

The operational results and financial position of the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a different functional currency from the Group's presentation currency are translated into the presentation currency as follows.

- Assets and liabilities are translated at the closing rate at the date of respective statement of financial position;
- Income and expenses for statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

### **5.3 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date.

### **5.4 Trade accounts receivable**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The impairment of trade receivables is disclosed in notes 5.6 e) and 6.1.2 b).

### **5.5 Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined by the weighted average method. Cost of inventories comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts.

## 5.6 Financial assets

### a) Classification

- those to be measured subsequently at fair value (either through profit or loss (FVPL) or through other comprehensive income (FVOCI))
- those to be measured at amortised cost

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments, the Group has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVPL.

### b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest (SPPI).

### d) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for 1) the

recognition of impairment gains or losses 2) interest income using the effective interest method and 3) foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of comprehensive income.

- Fair value through profit or loss (FVPL): Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

### e) Impairment

The Group applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit loss rates are based on payment profiles, historical credit losses as well as forward-looking information and factors that may affect the ability of the customers to settle the outstanding balances.

For other financial assets carried at amortised cost and FVOCI, the Group applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Group assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Group and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Group reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment (and reversal of impairment) losses are recognised in profit or loss and included in administrative expenses.

## 5.7 Plant and equipment

All plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and building improvements	Based on lease period (include extended period)
Leasehold improvements	Based on lease period (include extended period)
Operating equipment	5 years
Furniture, fixtures and office equipment	5 years
Computers	5 years
Vehicles	5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposal of plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in other gains or losses, net.

## 5.8 Intangible assets – Computer software

### *Acquired computer software*

Acquired computer software is measured at historical cost. These costs are amortised over their estimated useful lives of 5 – 10 years.

Cost associated with maintaining computer software are recognised as an expense as incurred.

### *Internally generated intangible asset*

Research expenditure is recognised as an expense as incurred.

Development expenditure is recognised as an asset when the Group can demonstrate all of the following:

- the expenditure attributable to its development can be measured reliably;
- the Group can demonstrate that it is technically, financially, commercially, and resourcefully feasible; and
- the Group intends to and has the ability to complete the development for the purpose of using or selling.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are amortised when the asset is ready to use by applying a straight-line method over the period of its expected benefit, which is 5 – 10 years.

### 5.9 Leases

#### *Leases – where the Group is the lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise motorbike and small items of office equipment.



The Group has adopted the practical expedient in relation to COVID-19 Related Rent Concessions retrospectively from 1 January 2021. The practical expedient allows lessees to elect not to assess whether a rent concession related to COVID-19 is lease modification. Lessees adoption this election may account for qualifying rent concessions in the same way they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments due on or before 30 June 2022; and
- c) There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19 related rent concessions. Rent concession totaling Baht 5.74 million have been accounted for as negative variable lease payments in cost of sales and services with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2021.

During 2020, the Group received discounts in the lease payments from lessors due to the COVID-19 outbreak. The Group elected not to account for all discounts in the lease payments under the lease modification in accordance with TFRS 16. Instead, the Group has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by reducing lease liabilities in the proportion of the reduction to the lease payments throughout the period that the Group has received the reduction. The effect of receiving discounts of Baht 122,544 are recognised in profit or loss.

### 5.10 Financial liabilities

#### a) Classification

Financial instruments issued by the Group are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### b) Measurement

Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost.

**c) Derecognition and modification**

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Group assesses whether the renegotiation / modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated / modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

**5.11 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

***Current tax***

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

***Deferred income tax***

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities of the current period are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 5.12 Employee benefits

#### 5.12.1 Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, bonuses, and medical care that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

#### 5.12.2 Defined contribution plan

The Group pays contributions to a separate fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

#### 5.12.3 Defined benefit plans

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

### 5.13 Share-based payment

The Group receives services from employees as consideration for equity instruments of the Group in the forms of share and warrants. Share-based compensation plan operates an equity-settled. The fair value of the employee services received by the Group in exchange for the Group's equity instruments is determined at grant date. Fair value is recognised as an expense in the Group's profit or loss over the vesting period with a corresponding increase in equity.

The fair value of services received by the Group should be measurable directly. If the fair value cannot be measured reliably, the Group measures the value of the services by reference to the fair value of the

equity instruments granted as consideration. This is referred to as the 'indirect method'.

The Group measures the value of the services by reference to the fair value of the equity instruments granted as consideration. The fair value of the Group's share is determined by Price-to-Earnings ratio of comparable entities in The Stock Exchange of Thailand within the same industry and adjusted by Discounts for Lack Of Marketability (DLOM) to reflect the Group's share value.

The fair value of the warrants is determined by:

- including any market performance conditions (e.g. the entity's share price);
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holdings shares for a specific period of time); and
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in assumptions about the number of warrants that are expected to vest.

At the end of each reporting period, the Group reviews the number of warrants that are expected to vest. It recognises the impact of the revision, if any, in profit or loss with a corresponding adjustment to equity.

When the warrants are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

## 5.14 Provisions

### 5.14.1 General provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 5.14.2 Provision for decommissioning costs

The Group recognises provision for decommissioning costs of plant and leasehold improvements, which are provided at the end of lease period by considering the option of extension of lease contract, at the present value of the estimate of the eventual costs relating to the removal of plant and leasehold improvement. The recognised provision for decommissioning costs is calculated based on many assumptions such as abandonment time, future inflation rate and the discount rate estimated by the management.

### 5.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options (net of tax) are shown as a deduction in equity.

### 5.16 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Group's ordinary activities are also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is highly probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

#### *Services*

Revenue of parcel delivery services, which are presented in sales and services income, are recognised over time based on the output method (progress of the delivery), regardless of the payment pattern. Normally, parcel delivery services occur over the short period of time.

#### *Advertising income*

Advertising income is recognised over time based on a straight-line basis over the period stipulated in the contract.

#### *Contract assets and contract liabilities*

A contract asset is recognised where the Group recorded revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before the requirements for billing.

A contract liability is recognised when the customer paid consideration or a receivable from the customer that is due before the Group fulfilled a contractual performance obligation.

For each customer contract, contract liabilities are set off against contract assets.

#### *Sale of goods*

Sales are recognised when control of the products has transferred, being when the products are delivered, and there is no unfulfilled obligation that could affect the acceptance of the products.

### **Customer loyalty programme**

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is recognised at the time of the sale or service. Revenue is recognised when the points are redeemed or when they expire (not over 12 months after the initial sale or providing service).

### **Other income and interest income**

Other income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

## **5.17 Dividend distribution**

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

## **6 FINANCIAL RISK MANAGEMENT**

### **6.1 Financial risk**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the investment department under policies approved by the board of directors. The Group identifies, evaluates, and hedges financial risks in close co-operation with the Group's operating units.

#### **6.1.1 Market risk**

##### **a) Foreign exchange risk**

The Group has no material business transactions in foreign currencies thus the risk arising from exchange rate fluctuation does not significantly have impacts to the Group.

##### **b) Interest rate risk**

The Group's income and operating cash flows are substantially independent of change in market interest rates. The Group's significant cash flow interest rate risk are deposits at financial institutions, investments

in fixed income funds, debt instruments, short-term loans to related parties, long-term borrowings, and lease liabilities.

The Group does not use derivative financial instruments to hedge certain exposures.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

Consolidated financial statements				
	2021		2020	
	Thousand Baht	% of total loans	Thousand Baht	% of total loans
Variable rate borrowings	-	-	-	-
Fixed rate borrowings				
- repricing or maturity dates:				
Less than 1 year	-	-	800,000	100%
	-	-	800,000	100%
Separate financial statements				
	2021		2020	
	Thousand Baht	% of total loans	Thousand Baht	% of total loans
Variable rate borrowings	-	-	-	-
Fixed rate borrowings				
- repricing or maturity dates:				
Less than 1 year	-	-	800,000	100%
	-	-	800,000	100%

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

### Sensitivity analysis

Other components of equity will change according to an increase or decrease in the fair value of debt investments measured at fair value through other comprehensive income.

Consolidated and separate financial statements		
Impact on other components of equity		
	2021	2020
	Thousand Baht	Thousand Baht
Interest rate - increase by 0.50% from the basis point	(37,761)	-
Interest rate - decrease by 0.50% from the basis point	38,654	-

\* Holding all other variables constant

### 6.1.2 Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables, investments in fixed income funds measured at FVPL and investments in debt instruments measured at FVOCI.

#### a) Risk management

The Group has policies in place to ensure that contracts are made with customers who have an appropriate credit history, limiting customers' credit limit as well as obtaining appropriate guarantees from customers. Deposits are limited to high credit quality financial institutions.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

#### b) Impairment of financial assets

The Group has financial assets that are subject to the expected credit loss model as follows:

- Fixed deposit matured within one year
- Trade and other receivables
- Contract assets
- Short-term loan to a related party
- Deposits
- Debt investments carried at amortised cost
- Debt investments carried at FVOCI

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

#### *Trade receivables and contract assets*

The Group applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.



On that basis, the loss allowance was determined as follows for both trade receivables and contract assets:

Consolidated financial statements					
	Within 3 months Thousand Baht	3 - 6 months Thousand Baht	6 - 12 months Thousand Baht	Over 12 months Thousand Baht	Total Thousand Baht
<b>As of 31 December 2021</b>					
Gross carrying amount					
- trade receivables	1,117,069	11,468	359	10,207	1,139,103
- contract assets	393,336	-	-	-	393,336
Loss allowance	-	-	-	9,972	9,972
<b>As of 31 December 2020</b>					
Gross carrying amount					
- trade receivables	1,009,071	4,598	2,536	7,487	1,023,692
- contract assets	383,288	-	-	-	383,288
Loss allowance	-	64	2,421	7,487	9,972
Separate financial statements					
	Within 3 months Thousand Baht	3 - 6 months Thousand Baht	6 - 12 months Thousand Baht	Over 12 months Thousand Baht	Total Thousand Baht
<b>As of 31 December 2021</b>					
Gross carrying amount					
- trade receivables	1,112,804	11,468	359	10,207	1,134,838
- contract assets	393,242	-	-	-	393,242
Loss allowance	-	-	-	9,972	9,972
<b>As of 31 December 2020</b>					
Gross carrying amount					
- trade receivables	1,005,490	4,598	2,536	7,487	1,020,111
- contract assets	383,288	-	-	-	383,288
Loss allowance	-	64	2,421	7,487	9,972

The loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

Consolidated financial statements				
	Contract assets		Trade receivables	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Opening loss allowance at 1 January</b>	-	-	9,972	9,655
Increase in loss allowance recognised in profit or loss during the year	-	-	-	1,827
Unused amount reversed	-	-	-	(1,510)
<b>Closing loss allowance at 31 December</b>	-	-	9,972	9,972

Separate financial statements				
	Contract assets		Trade receivables	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Opening loss allowance at 1 January</b>	-	-	9,972	9,655
Increase in loss allowance recognised in profit or loss during the year	-	-	-	1,827
Unused amount reversed	-	-	-	(1,510)
<b>Closing loss allowance at 31 December</b>	-	-	9,972	9,972

### Short-term loan to a related party

As at 31 December 2020, the company had short-term loan to a related party measured at amortised cost which are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. Lifetime expected credit losses is recognised for the loans that the credit risk is significant increased. As at 31 December 2021, the Company does not have the remaining balance of short-term loan to a related party

### Debt investments measured at fair value through other comprehensive income

Debt investments measured at fair value through other comprehensive income (FVOCI) include listed debt securities. The loss allowance is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI. As at 31 December 2021, the loss allowance from the impairment of debt investments measured at fair value through other comprehensive income is immaterial.

### Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to debt investments and Fixed income funds that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments of Baht 3,410 million (2020: None).

**Other financial assets measured at amortised cost**

Other financial assets measured at amortised cost include deposits in respect of lease contracts. The Group considers that the impairment of those items is insignificant.

**6.1.3 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

**a) Financing arrangements**

The Group had access to the following undrawn credit facilities as at 31 December:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Floating rate</b>				
Expiring within one year				
- Bank overdraft	20,000	20,000	20,000	20,000
- Bank loans	1,530,000	1,530,000	1,530,000	1,530,000
	1,550,000	1,550,000	1,550,000	1,550,000

The bank overdraft facilities and the bank loan facilities which do not have collateral may be drawn at any time by the Company and may be terminated by the bank without notice. The bank will have the annual review on credit facilities without collateral. However, if the Company maintains the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in Thai Baht.

**b) Maturity of financial liabilities**

The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

## Consolidated financial statements

	On demand Thousand Baht	Within 1 year Thousand Baht	1 – 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht	Book value Thousand Baht
<b>As at 31 December 2021</b>						
Trade and other payables	758,610	1,218,533	-	-	1,977,143	1,977,143
Cash on delivery payable	41,384	682,308	-	-	723,692	723,692
Lease liabilities	-	2,524,702	2,320,927	7,757	4,853,386	4,758,077
Other financial liabilities	-	-	31,808	-	31,808	31,808
<b>Total</b>	<b>799,994</b>	<b>4,425,543</b>	<b>2,352,735</b>	<b>7,757</b>	<b>7,586,029</b>	<b>7,490,720</b>
<b>As at 31 December 2020</b>						
Trade and other payables	165,046	1,267,850	-	-	1,432,896	1,432,896
Cash on delivery payable	18,776	596,283	-	-	615,059	615,059
Lease liabilities	-	1,777,885	3,725,246	8,525	5,511,656	5,353,625
Current portion of long-term borrowings from financial institutions	-	800,000	-	-	800,000	800,000
Other financial liabilities	-	-	38,499	-	38,499	38,499
<b>Total</b>	<b>183,822</b>	<b>4,442,018</b>	<b>3,763,745</b>	<b>8,525</b>	<b>8,398,110</b>	<b>8,240,079</b>

## Separate financial statements

	On demand Thousand Baht	Within 1 year Thousand Baht	1 – 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht	Book value Thousand Baht
<b>As at 31 December 2021</b>						
Trade and other payables	758,610	1,323,620	-	-	2,082,230	2,082,230
Cash on delivery payable	41,384	682,308	-	-	723,692	723,692
Lease liabilities	-	795,295	1,022,063	7,757	1,825,115	1,781,537
Other financial liabilities	-	-	31,808	-	31,808	31,808
<b>Total</b>	<b>799,994</b>	<b>2,801,223</b>	<b>1,053,870</b>	<b>7,757</b>	<b>4,662,845</b>	<b>4,619,267</b>
<b>As at 31 December 2020</b>						
Trade and other payables	165,046	1,119,248	-	-	1,284,294	1,284,294
Cash on delivery payable	18,776	596,283	-	-	615,059	615,059
Lease liabilities	-	604,205	868,818	8,525	1,481,548	1,431,856
Current portion of long-term borrowings from financial institutions	-	800,000	-	-	800,000	800,000
Other financial liabilities	-	-	38,499	-	38,499	38,499
<b>Total</b>	<b>183,822</b>	<b>3,119,736</b>	<b>907,317</b>	<b>8,525</b>	<b>4,219,400</b>	<b>4,169,708</b>

## 6.2 Capital management

### 6.2.1 Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 6.2.2 Loan covenants

Under the terms of the major borrowing facilities, the Group is required to maintain Debt Service Coverage Ratio (DSCR) not less than 1.20 times. As at 31 December 2021, the Group does not have the remaining borrowing. However, as at 31 December 2020, the DSCR was 3.10 times.

## 7 FAIR VALUE

The following table presents fair value of financial assets and liabilities recognised by their fair value hierarchy.

Consolidated and separate financial statements										
	Level 1		Level 2		Level 3		Total	Carrying amount		
	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2021
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>										
<b>Financial assets at fair value through profit or loss (FVPL)</b>										
Fixed income funds	3,410,351	-	-	-	-	-	3,410,351	-	3,410,351	-
<b>Financial assets at fair value through other comprehensive income (FVOCI)</b>										
Debt instruments	-	-	2,095,630	-	-	-	2,095,630	-	2,095,630	-
<b>Total financial assets</b>	<b>3,410,351</b>	<b>-</b>	<b>2,095,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,505,981</b>	<b>-</b>	<b>5,505,981</b>	<b>-</b>

The fair value of the investments in fixed income funds is measure based on the fund's net asset value (NAV) disclosed by the asset management company. The fair value is in level 1 of fair value hierarchy.

The fair value of debt instruments is determined from contractual cash flows, discounted at the rate derived from observable market price of other quoted debt instruments reference to Thai Bond Dealing Centre. The fair value is in level 2 of fair value hierarchy.

Fair values are categorised into hierarchy based on inputs used as follows:

Level 1: The fair value of financial instruments is based on the fund's net asset value (NAV) disclosed by the asset management company.

Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.

Level 3: The fair value of financial instruments is not based on observable market data.

As at 31 December 2021, the Group has financial assets and financial liabilities carried at amortised cost which their fair values are approximately to the carrying amounts as follows:

- Cash and cash equivalent
- Fixed deposit matured within one year
- Trade and other receivables
- Deposits
- Trade and other payables
- Cash on delivery payable

## 8 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### a) Fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of key assumptions used are included in note 7.

### b) Allocation of transaction price in contracts with customers

The customer loyalty programme provides a material right to customers. The promise to provide points to the customer is a separate performance obligation. Therefore, the transaction price is allocated to the provided service and the points on a relative stand-alone selling price basis. Management estimates stand-alone price per point on the basis of the discount granted when the points are redeemed and the likelihood of the redemption, based on past experience.

**c) Determination of lease terms**

Critical judgement in determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on parcel shops, offices, and warehouses leases have not been included in the lease liability, because the Group considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Group.

**d) Determination of discount rate applied to leases**

The Group determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

**e) Share-based payment**

The Group measures the value of the services by reference to the fair value of the warrants.

The Group measures warrants granted to the Group's executives and employees by reference to the fair value of the warrants at the grant date. Fair value has been recognised depending on the assumptions used in the valuation of warrants' fair value. The variability of those assumptions would affect to employee expense recognised in each year.

Management determines the appropriateness of the assumptions used in the equity's purchase option fair valuation. Additional information of key assumptions used in assessing the fair value is disclosed in note 25.

**f) Useful life of plant, equipment and intangible assets**

Management assess the estimated useful lives and the residual values of the Group's plant, equipment and intangible assets. Management review depreciation when useful lives and the residual values are difference from the previous estimation or written-off the damage or inactive assets when are sold.

**g) Defined retirement benefit obligations**

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 22.

#### h) Deferred tax asset for carried forward tax losses

The Group has incurred the losses over the last financial year following the temporary business strategy that the Group expects that such a situation will recover in the future from the estimated future taxable income based on the approved business plans and budget. It is expected that the deferred tax assets will be utilised within 5 years.

#### i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

## 9 SEGMENT INFORMATION

The Group has not presented segment information since the chief operating decision-maker considers the Company only operates in one segment which is the domestic parcel delivery business. The chief operating decision-maker primarily uses of segment profit before tax, which is derived on a basis consistent with the measurement of profit for the year in the financial statements. The revenues by service type and by customer type are disclosed in note 26.

## 10 CASH AND CASH EQUIVALENTS

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Cash on hand	44,893	42,616	44,893	42,576
Cash at bank	1,243,974	9,654,146	1,108,552	9,640,443
Total	1,288,867	9,696,762	1,153,445	9,683,019



## 11 TRADE AND OTHER RECEIVABLES

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Trade receivables – third parties	1,104,033	984,984	1,099,768	981,403
– related parties (note 32.3)	35,070	38,708	35,070	38,708
Contract assets – third parties	388,525	374,368	388,525	374,368
– related parties (note 32.3)	4,811	8,920	4,717	8,920
<u>Less</u> Allowance for expected credit loss	(9,972)	(9,972)	(9,972)	(9,972)
Trade receivables – net	1,522,467	1,397,008	1,518,108	1,393,427
Other receivables – related parties (note 32.3)	13,132	1,620	300,521	2,294
Accrued interest income – third parties	13,728	311	13,728	311
– related parties (note 32.3)	–	–	–	325
Prepayments	63,331	67,847	61,740	67,095
<b>Total</b>	<b>1,612,658</b>	<b>1,466,786</b>	<b>1,894,097</b>	<b>1,463,452</b>

## 12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group's financial assets and financial liabilities are classified as follows:

	Consolidated financial statements			Separate financial statements		
	31 December 2021			31 December 2021		
	Fair value through profit or loss (FVPL)	Fair value through other comprehensive income (FVOCI)	Amortised cost	Fair value through profit or loss (FVPL)	Fair value through other comprehensive income (FVOCI)	Amortised cost
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>						
Cash and cash equivalents	-	-	1,288,867	-	-	1,153,445
Fixed deposit matured within one year	-	-	500,000	-	-	500,000
Financial assets at fair value through profit or loss (FVPL)	3,410,351	-	-	3,410,351	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	-	2,095,630	-	-	2,095,630	-
Trade and other receivables*	-	-	1,549,327	-	-	1,832,357
Deposits	-	-	294,448	-	-	294,448
<b>Financial liabilities</b>						
Trade and other payables	-	-	1,977,143	-	-	2,082,230
Cash on delivery payable	-	-	723,692	-	-	723,692
Other current financial liabilities	-	-	8,788	-	-	8,788
Lease liabilities	-	-	4,758,077	-	-	1,781,537
Other non-current financial liabilities	-	-	23,020	-	-	23,020

	Consolidated financial statements			Separate financial statements		
	31 December 2020			31 December 2020		
	Fair value through profit or loss (FVPL)	Fair value through other comprehensive income (FVOCI)	Amortised cost	Fair value through profit or loss (FVPL)	Fair value through other comprehensive income (FVOCI)	Amortised cost
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>						
Cash and cash equivalents	-	-	9,696,762	-	-	9,683,019
Trade and other receivables*	-	-	1,015,651	-	-	1,013,069
Short-term loan to a related party	-	-	-	-	-	60,000
Deposits	-	-	219,015	-	-	219,015
<b>Financial liabilities</b>						
Current portion of long-term borrowings from financial institution	-	-	800,000	-	-	800,000
Trade and other payables*	-	-	1,284,294	-	-	1,432,896
Cash on delivery payable	-	-	615,059	-	-	615,059
Lease liabilities	-	-	5,353,625	-	-	1,431,856
Other non-current financial liabilities	-	-	38,499	-	-	38,499

\* Not including items that are not financial assets/liabilities

## Financial Performance

Fixed deposit matured within one year is the deposit with Thailand's financial institution in Thai Baht currency (2020: None). The fixed deposit is redeemable within 6 months from the obtaining date and has the interest of 0.55% per annum.

### Financial assets measured through FVPL and FVOCI

The movements of financial assets measured through FVPL and FVOCI are as follows:

	Consolidated and separate financial statements	
	Financial assets measured at fair value through profit or loss Thousand Baht	Financial assets measured at fair value through other comprehensive income Thousand Baht
<b>Opening net book value</b>	-	-
Additions	9,107,410	2,208,908
Disposal	(5,713,137)	(104,504)
Change in fair value recognised in profit or loss and other comprehensive income	16,078	(8,774)
<b>Closing net book value</b>	<b>3,410,351</b>	<b>2,095,630</b>

The following gains (losses) were recognised in profit or loss and other comprehensive income for the year ended 31 December 2021.

	Consolidated and separate financial statements	
	Financial assets measured at fair value through profit or loss Thousand Baht	Financial assets measured at fair value through other comprehensive income Thousand Baht
Gains from fair value of investment fixed income funds measured at FVPL recognised in profit or loss	16,078	-
Gains (losses) recognised in other comprehensive income		
- Related to investments in debt instruments		
- Gains (losses) recognised in other comprehensive income	-	(8,442)
- Income tax of gains (losses) recognised in other comprehensive income	-	(1,940)
Total gains (losses) recognised in other comprehensive income, net of tax	-	(6,502)
Adjustment to profit or loss from disposal of investments in debt instruments measured at FVOCI	-	(331)
Recognition of interest income from debt investments measured at FVOCI in profit or loss - other income	-	15,054

## Offsetting financial assets and financial liabilities

As at 31 December 2021, the Group does not have financial instruments that are offset and present as net amount in the statement of financial position since the Group does not have financial assets and financial liabilities that are subject to enforceable master netting arrangements.

## 13 INVENTORIES

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Boxes	43,020	29,181	43,020	29,181
Satchels	38,515	11,011	38,515	11,011
Labels and tapes	53,648	23,691	53,648	23,691
Others	40,855	15,792	40,855	15,792
<b>Total</b>	<b>176,038</b>	<b>79,675</b>	<b>176,038</b>	<b>79,675</b>

During the year ended 31 December 2021, the cost of inventories was recognised as cost of sales and services in profit or loss in the consolidated and separate financial statement amounting to Baht 389.35 million (2020: Baht 377.02 million).

## 14 INVESTMENTS IN SUBSIDIARIES

### 14.1 Investment details

As at 31 December 2021, the subsidiaries included in consolidated financial statement are listed below.

The subsidiaries have ordinary shares and preference shares of which entitle to the different voting rights. The Group only directly holds the subsidiaries' ordinary shares. At the result, the proportion of ownership interests held by the Group is not equal to voting rights in subsidiaries held by the Group.

Entity name	Country of incorporation	Nature of business	Ownership interest held by Company		Ownership interest held by the Group		Ownership interests held by non-controlling interests		Voting rights held by non-controlling interests		Investment in cost method	
			2021 (%)	2020 (%)	2021 (%)	2020 (%)	2021 (%)	2020 (%)	2021 (%)	2020 (%)	2021 Thousand Baht	2020 Thousand Baht
KETH Corporate Services Limited	Hong Kong	Providing administrative and corporate support	100.00	100.00	100.00	100.00	-	-	-	-	39.76	39.76
Kerry Express Service Limited	Thailand	Providing transportation services	49.00	49.00	49.00	49.00	51.00	51.00	9.43	9.43	490.00	490.00
Kerry Betagro Company Limited	Thailand	Providing cold-chain delivery	60.00	-	60.00	-	40.00	-	40.00	-	29,999.90	-
Kerry Express Cargo Company Limited	Thailand	Providing bulk item delivery	99.97	-	99.97	-	0.03	-	0.03	-	999.70	-
											31,529.36	529.76

As at 31 December 2021, the total non-controlling interest of Baht 17.98 million (2020: None) is of Kerry Betagro Company Limited which is not material to the overall financial statements.

## 14.2 Movements of investments

Movements of investments in subsidiaries during the year are as follows:

	Separate financial statements	
	Investment at cost method	
	2021 Thousand Baht	2020 Thousand Baht
Opening net book amount	530	-
Increase in investment	30,999	530
Closing net book amount	31,529	530

## 2021

On 24 June 2021, the Executive Committee's meeting approved to establish new subsidiaries as follows:

### Kerry Express Cold Chain Limited

Kerry Express Cold Chain Limited, with its registered capital of Baht 1 million, comprises of 10,000 ordinary shares at par value of Baht 100. The new subsidiary will provide cold-chain delivery. The new subsidiary was registered on 29 July 2021.

On 8 October 2021, the Board of Directors' meeting approved Kerry Express Cold Chain Ltd. to enter into the agreement with Betagro Agro Industry Co., Ltd. by increasing the registered capital from Baht 1 million to Baht 50 million, comprise of 500,000 ordinary shares at par value of Baht 100. The Company holds 60% of the ordinary shares or Baht 30 million. Betagro Agro Industry Co., Ltd. holds 40% of the ordinary shares or Baht 20 million. Management considered that the Group has control over Kerry Betagro Co., Ltd.

From the special resolution of the Extraordinary General Meeting of Shareholders No. 1/2021 on 4 November 2021. The meeting resolved to amend the name of Kerry Express Cold Chain Limited to Kerry Betagro Co., Ltd.

### Kerry Express Cargo Company Limited

Kerry Express Cargo Co., Ltd. has registered capital of Baht 1 million which comprises 10,000 ordinary shares at par value of Baht 100 per share. The new subsidiary was registered with an objective to provide bulk item delivery. The new subsidiary was registered on 29 July 2021.

## 2020

On 4 February 2020, the Executive Committee's meeting approved to establish a new subsidiary, KETH Corporate Services Limited, in Hong Kong with the registered share capital of Hong Kong Dollar 10,000 represents 10,000 ordinary shares with a par value of Hong Kong Dollar 1 each. The Company acquired 100% ownership interest in KETH Corporate Services Limited with the aim to provide administrative and corporate support for the Company. The new subsidiary was registered on 17 February 2020. Kerry Logistics (Hong Kong) Limited, a related company, has paid the share subscription on behalf of the Company amounting to Hong Kong Dollar 10,000.

On 24 June 2020, the Executive Committee's meeting approved to establish a new subsidiary, Kerry Express Service Limited (KESL) with the registered capital of Baht 1 million consisting of 4,900 ordinary shares and 5,100 preferred shares with a par value of Baht 100 each. The Company holds all common shares of the new subsidiary while Miracle Rich Holding Limited, a related party, holds all preferred shares which ten preferred shares is entitled to one vote. The preferred shares shall receive only fixed dividend at 5% per annum of the paid-up value of the preferred shares which is made on a non-cumulative basis and shall not be entitled to any a residual. The new subsidiary will provide the Company with the transportation services. The new subsidiary was registered on 3 July 2020. Management consider that the Group has control over Kerry Express Service Limited through its voting right in the sharing of financial interests even though the Group has less than 50% shareholdings.

## 15 PLANT AND EQUIPMENT

### Consolidated financial statements

	Buildings and buildings improvements Thousand Baht	Leasehold improvements Thousand Baht	Operating equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Computers Thousand Baht	Vehicles Thousand Baht	Assets under installation Thousand Baht	Total Thousand Baht
<b>At 1 January 2020</b>								
Cost	130,766	516,234	1,084,548	824,572	1,000,265	99,687	85,774	3,741,846
<u>Less</u> Accumulated depreciation	(16,841)	(154,563)	(289,286)	(224,788)	(312,398)	(37,934)	-	(1,035,810)
Net book amount	113,925	361,671	795,262	599,784	687,867	61,753	85,774	2,706,036
<b>For the year ended 31 December 2020</b>								
Opening net book amount	113,925	361,671	795,262	599,784	687,867	61,753	85,774	2,706,036
Additions	14,425	20,745	73,403	60,709	70,413	-	78,683	318,378
Disposals - net	-	(19,068)	(3,005)	(283)	(754)	(5,616)	-	(28,726)
Transfer out to non-current assets held for sale	-	-	(3,545)	(2,478)	(48)	-	-	(6,071)
Transfer in (out)	69,952	33,560	28,920	751	8,449	-	(141,632)	-
Depreciation charge	(48,053)	(97,183)	(198,813)	(168,935)	(200,297)	(17,790)	-	(731,071)
Closing net book amount	150,249	299,725	692,222	489,548	565,630	38,347	22,825	2,258,546
<b>At 31 December 2020</b>								
Cost	215,143	542,211	1,173,280	882,320	1,075,091	84,756	22,825	3,995,626
<u>Less</u> Accumulated depreciation	(64,894)	(242,486)	(481,058)	(392,772)	(509,461)	(46,409)	-	(1,737,080)
Net book amount	150,249	299,725	692,222	489,548	565,630	38,347	22,825	2,258,546

### Consolidated financial statements

	Buildings and buildings improvements Thousand Baht	Leasehold improvements Thousand Baht	Operating equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Computers Thousand Baht	Vehicles Thousand Baht	Assets under installation Thousand Baht	Total Thousand Baht
<b>For the year ended 31 December 2021</b>								
Opening net book amount	150,249	299,725	692,222	489,548	565,630	38,347	22,825	2,258,546
Additions	7,655	9,783	227,561	57,875	310,706	35,602	138,515	787,697
Disposals - net	(2,718)	(35,506)	(2,574)	(5,390)	(548)	(11)	-	(46,747)
Transfer out to non-current assets held for sale	-	-	(2,009)	(1,081)	(57)	-	-	(3,147)
Transfer in (out)	21,222	21,007	81,742	-	-	-	(123,971)	-
Depreciation charge	(44,533)	(88,161)	(213,138)	(174,799)	(213,544)	(17,961)	-	(752,136)
Closing net book amount	131,875	206,848	783,804	366,153	662,187	55,977	37,369	2,244,213
<b>At 31 December 2021</b>								
Cost	232,575	495,775	1,469,585	926,551	1,381,209	119,248	37,369	4,662,312
<u>Less</u> Accumulated depreciation	(100,700)	(288,927)	(685,781)	(560,398)	(719,022)	(63,271)	-	(2,418,099)
Net book amount	131,875	206,848	783,804	366,153	662,187	55,977	37,369	2,244,213

Separate financial statements

	Buildings and buildings improvements Thousand Baht	Leasehold improvements Thousand Baht	Operating equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Computers Thousand Baht	Vehicles Thousand Baht	Assets under installation Thousand Baht	Total Thousand Baht
<b>For the year ended 31 December 2021</b>								
Opening net book amount	150,249	299,725	692,222	489,548	565,630	38,347	22,825	2,258,546
Additions	7,655	9,783	223,180	57,875	310,706	-	138,515	747,714
Disposals - net	(2,718)	(35,506)	(2,574)	(5,390)	(548)	(11)	-	(46,747)
Transfer out to non-current assets held for sale	-	-	(2,009)	(1,081)	(57)	-	-	(3,147)
Transfer in (out)	21,222	21,007	81,742	-	-	-	(123,971)	-
Depreciation charge	(44,533)	(88,161)	(212,714)	(174,799)	(213,544)	(16,147)	-	(749,898)
Closing net book amount	131,875	206,848	779,847	366,153	662,187	22,189	37,369	2,206,468
<b>At 31 December 2021</b>								
Cost	232,575	495,775	1,465,204	926,551	1,381,209	83,646	37,369	4,622,329
Less Accumulated depreciation	(100,700)	(288,927)	(685,357)	(560,398)	(719,022)	(61,457)	-	(2,415,861)
Net book amount	131,875	206,848	779,847	366,153	662,187	22,189	37,369	2,206,468

The depreciation charge has been recognised in the profit and loss as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Cost of sales and services	644,726	634,865	642,488	634,865
Selling expenses	7,373	5,760	7,373	5,760
Administrative expenses	100,037	90,446	100,037	90,446
	752,136	731,071	749,898	731,071



## 16 RIGHT-OF-USE ASSETS

### Consolidated financial statements

	<b>Vehicles</b> Thousand Baht	<b>Buildings</b> Thousand Baht	<b>Operating equipment</b> Thousand Baht	<b>Total</b> Thousand Baht
Balance as at 1 January 2020*	2,633,389	1,532,871	17,428	4,183,688
Additions	158,269	300,887	2,319	461,475
Lease cancellation	(12,232)	(102,574)	-	(114,806)
Lease modifications and reassessments	2,129,781	226,903	-	2,356,684
Depreciation	(994,448)	(564,230)	(7,774)	(1,566,452)
Balance as at 31 December 2020	3,914,759	1,393,857	11,973	5,320,589
Balance as at 1 January 2021	3,914,759	1,393,857	11,973	5,320,589
Additions	124,547	1,344,665	8,192	1,477,404
Transfer to equipment	(30,633)	-	-	(30,633)
Lease cancellation	(3,075)	(360,915)	(123)	(364,113)
Lease modifications and reassessments	-	22,896	-	22,896
Depreciation	(865,459)	(654,567)	(8,987)	(1,529,013)
Balance as at 31 December 2021	3,140,139	1,745,936	11,055	4,897,130

\*Including adjustment from an adoption of TFRS 16 from 1 January 2020

### Separate financial statements

	<b>Vehicles</b> Thousand Baht	<b>Buildings</b> Thousand Baht	<b>Operating equipment</b> Thousand Baht	<b>Total</b> Thousand Baht
Balance as at 1 January 2020*	2,633,389	1,532,871	17,428	4,183,688
Additions	158,269	300,887	2,319	461,475
Lease cancellation	-	(102,574)	-	(102,574)
Lease modifications and reassessments	-	226,903	-	226,903
Transfer lease contracts to subsidiary	(2,170,099)	-	-	(2,170,099)
Depreciation	(613,383)	(564,230)	(7,774)	(1,185,387)
Balance as at 31 December 2020	8,176	1,393,857	11,973	1,414,006

Separate financial statements

	Vehicles Thousand Baht	Buildings Thousand Baht	Operating equipment Thousand Baht	Total Thousand Baht
Balance as at 1 January 2021	8,176	1,393,857	11,973	1,414,006
Additions	2,585	1,344,665	8,192	1,355,442
Lease cancellation	-	(360,915)	(123)	(361,038)
Lease modifications and reassessments	-	22,896	-	22,896
Depreciation	(3,200)	(654,567)	(8,987)	(666,754)
Balance as at 31 December 2021	7,561	1,745,936	11,055	1,764,552

\* Including adjustments from an adoption of TFRS 16 from 1 January 2020

The expense relating to leases that is not included in the measurement of lease liabilities and right-of-use and cash outflows for leases is as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Expense relating to short-term leases	573,967	693,594	573,967	681,559
Expense relating to leases of low-value assets	126,546	138,572	126,546	138,572
Expense relating to variable lease payments	-	28,415	-	28,415

Total cash outflow for leases in 2021 is Baht 2,422.16 million in the consolidated financial statements and Baht 1,385.82 million in the separate financial statements (2020: Baht 2,462.33 million in the consolidated financial statements and Baht 2,031.82 million in the separate financial statements).

## 17 INTANGIBLE ASSETS

Consolidated financial statements

	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
<b>For the year ended 31 December 2020</b>			
Opening net book amount	235,252	-	235,252
Additions	16,948	4,986	21,934
Transferred in (out)	4,452	(4,452)	-
Amortisation charge	(58,036)	-	(58,036)
Closing net book amount	198,616	534	199,150
<b>At 31 December 2020</b>			
Cost	348,385	534	348,919
<u>Less</u> Accumulated amortisation	(149,769)	-	(149,769)
Net book amount	198,616	534	199,150

	Consolidated financial statements		
	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
<b>For the year ended 31 December 2021</b>			
Opening net book amount	198,616	534	199,150
Additions	47,526	8,492	56,018
Disposals – net	(23)	-	(23)
Transferred in (out)t	3,829	(3,829)	-
Amortisation charge	(61,032)	-	(61,032)
Closing net book amount	188,916	5,197	194,113
<b>At 31 December 2021</b>			
Cost	399,628	5,197	404,825
<u>Less</u> Accumulated amortisation	(210,712)	-	(210,712)
Net book amount	188,916	5,197	194,113
	Separate financial statements		
	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
<b>At 1 January 2020</b>			
Cost	326,985	-	326,985
<u>Less</u> Accumulated amortisation	(91,733)	-	(91,733)
Net book amount	235,252	-	235,252
<b>For the year ended 31 December 2020</b>			
Opening net book amount	235,252	-	235,252
Additions	16,907	4,986	21,893
Transferred in (out)	4,452	(4,452)	-
Amortisation charge	(58,033)	-	(58,033)
Closing net book amount	198,578	534	199,112
<b>At 31 December 2020</b>			
Cost	348,344	534	348,878
<u>Less</u> Accumulated amortisation	(149,766)	-	(149,766)
Net book amount	198,578	534	199,112
<b>For the year ended 31 December 2021</b>			
Opening net book amount	198,578	534	199,112
Additions	47,526	8,492	56,018
Disposal – net	(23)	-	(23)
Transferred in (out)	3,829	(3,829)	-
Amortisation charge	(61,024)	-	(61,024)
Closing net book amount	188,886	5,197	194,083
<b>At 31 December 2021</b>			
Cost	399,585	5,197	404,782
<u>Less</u> Accumulated amortisation	(210,699)	-	(210,699)
Net book amount	188,886	5,197	194,083

Amortisation recognised in profit and loss is as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Cost of sales and providing services	36,498	34,649	36,498	34,649
Selling expenses	464	618	464	618
Administrative expenses	24,070	22,769	24,062	22,766
	61,032	58,036	61,024	58,033

## 18 DEFERRED INCOME TAXES

The analysis of deferred tax assets is as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Deferred tax assets:	96,031	43,009	93,297	39,162
Deferred tax liabilities:	-	-	-	-
Deferred tax asset - net	96,031	43,009	93,297	39,162

The movements in deferred tax assets during the year is as follows:

Consolidated financial statements							
	Provision for decommissioning Thousand Baht	Employee benefit obligations Thousand Baht	Depreciation charge Thousand Baht	Loyalty programme Thousand Baht	Change in fair value of financial assets Thousand Baht	Tax losses Thousand Baht	Total Thousand Baht
<b>Deferred tax assets</b>							
At 1 January 2020	420	13,391	10,219	-	-	-	24,030
Increase in profit or loss	376	5,588	6,866	4,305	-	-	17,135
Increase in other comprehensive income	-	1,844	-	-	-	-	1,844
At 31 December 2020	796	20,823	17,085	4,305	-	-	43,009
At 1 January 2021	796	20,823	17,085	4,305	-	-	43,009
Increase (decrease) in profit or loss	664	6,161	2,288	(862)	-	45,207	53,458
Increase (decrease) in other comprehensive income	-	(2,376)	-	-	1,940	-	(436)
At 31 December 2021	1,460	24,608	19,373	3,443	1,940	45,207	96,031

Separate financial statements							
	Provision for decommissioning Thousand Baht	Employee benefit obligations Thousand Baht	Depreciation charge Thousand Baht	Loyalty programme Thousand Baht	Change in fair value of financial assets Thousand Baht	Tax losses Thousand Baht	Total Thousand Baht
<b>Deferred tax assets</b>							
At 1 January 2020	420	13,391	10,219	-	-	-	24,030
Increase in profit or loss	376	1,639	6,866	4,305	-	-	13,186
Increase in other comprehensive income	-	1,946	-	-	-	-	1,946
At 31 December 2020	796	16,976	17,085	4,305	-	-	39,162
At 1 January 2021	796	16,976	17,085	4,305	-	-	39,162
Increase (decrease) in profit or loss	664	4,572	5,664	(862)	-	43,959	53,997
Increase (decrease) in other comprehensive income	-	(1,802)	-	-	1,940	-	138
At 31 December 2021	1,460	19,746	22,749	3,443	1,940	43,959	93,297

## 19 OTHER NON-CURRENT ASSETS

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Deposits	294,448	219,015	294,448	219,015
Creditable withholding tax	171,730	-	163,483	-
Total	466,178	219,015	457,931	219,015

## 20 BORROWINGS

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Current</b>				
Current portion of long-term borrowings from financial institution	-	800,000	-	800,000
Current portion of lease liabilities	2,501,981	1,760,568	787,896	597,619
Total current borrowings	2,501,981	2,560,568	787,896	1,397,619
<b>Non-current</b>				
Lease liabilities	2,256,096	3,593,057	993,641	834,237
Total non-current liabilities	2,256,096	3,593,057	993,641	834,237
<b>Total borrowings</b>	4,758,077	6,153,625	1,781,537	2,231,856

The movements of long-term borrowings that can be analysed are as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
At 1 January	800,000	800,000	800,000	800,000
Repayments	(800,000)	-	(800,000)	-
At 31 December	-	800,000	-	800,000

As at 31 December 2020, the fair values of long-term borrowings from financial institutions matured within one year are based on discounted cash flows using a discount rate based upon the borrowing rate of 1.60% and are within the level 2 of the fair value hierarchy. Fair value is equivalent to the carrying value of long-term borrowings.

The movement in lease liabilities is analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Balance as at 1 January	5,353,625	4,155,881	1,431,856	4,155,881
Additions	1,471,086	461,475	1,349,124	461,475
Lease liabilities payments	(1,722,260)	(1,509,490)	(657,132)	(1,119,956)
Lease modifications and reassessments	22,896	2,356,765	22,896	226,903
Lease cancellation	(367,270)	(111,006)	(365,207)	(97,393)
Transfer lease contracts to subsidiary	-	-	-	(2,195,054)
Balance as at 31 December	4,758,077	5,353,625	1,781,537	1,431,856

Maturity details of lease liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Minimum lease liabilities payments</b>				
Not later than 1 year	2,524,702	1,777,885	795,295	604,205
Later than 1 year but not later than 5 years	2,320,927	3,725,246	1,022,063	868,818
Later than 5 years	7,757	8,525	7,757	8,525
	4,853,386	5,511,656	1,825,115	1,481,548
<u>Less</u> Future finance charges on leases	(95,309)	(158,031)	(43,578)	(49,692)
Present value of lease liabilities	4,758,077	5,353,625	1,781,537	1,431,856
<b>Present value of lease liabilities</b>				
Not later than 1 year	2,501,981	1,760,568	787,896	597,619
Later than 1 year but not later than 5 years	2,250,791	3,587,347	988,336	828,527
Later than 5 years	5,305	5,710	5,305	5,710
	4,758,077	5,353,625	1,781,537	1,431,856

## 21 TRADE AND OTHER PAYABLES

		Consolidated financial statements		Separate financial statements	
		2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Trade payable	- third parties	981,106	477,307	830,404	414,558
	- related parties (note 32.3)	-	-	327,608	248,341
Other payables	- third parties	425,706	99,514	418,266	99,514
	- related parties (note 32.3)	2,407	11,014	2,491	51,098
Accrued staff costs		229,712	378,430	178,454	307,617
Accrued agent service fees		113,143	91,253	113,143	91,253
Accrued transportation expense		21,925	9,484	21,925	9,484
Accrued rental expense		21,552	22,379	17,588	22,379
Other accruals	- third parties	166,891	166,481	157,702	160,229
	- related parties (note 32.3)	4,529	20,903	4,477	20,894
Refundable deposits - third parties		10,172	7,529	10,172	7,529
Deferred franchise fee		-	62,734	-	62,734
<b>Total</b>		<b>1,977,143</b>	<b>1,347,028</b>	<b>2,082,230</b>	<b>1,495,630</b>

## 22 EMPLOYEE BENEFIT OBLIGATIONS

		Consolidated financial statements		Separate financial statements	
		2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Statement of financial position:					
Retirement benefits		122,723	104,112	98,729	84,879
Liability in the statement of financial position		122,723	104,112	98,729	84,879



## Retirement benefits plan

The movement in the defined benefit obligation are as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
At 1 January	104,112	66,955	84,879	66,955
Current service cost	28,941	26,938	21,552	23,818
Interest expense	1,866	1,344	1,523	1,229
	134,919	95,237	107,954	92,002
Remeasurements:				
Gain from change in demographic assumptions	-	(158)	-	(158)
Gain from change in financial assumptions	(11,460)	(3,135)	(9,497)	(2,906)
Experience gain (loss)	(419)	12,513	488	12,794
	(11,879)	9,220	(9,009)	9,730
Benefit payment from transfer of employees to subsidiary	-	-	-	(16,649)
Benefit payment	(317)	(345)	(216)	(204)
	(317)	(345)	(216)	(16,853)
At 31 December	122,723	104,112	98,729	84,879

The significant actuarial assumptions used are as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Percentage	2020 Percentage	2021 Percentage	2020 Percentage
Discount rate	2.50%	1.80%	2.50%	1.80%
Salary growth rate	3.75%	3.75%	3.75%	3.75%
Turnover rate	16.24%	15.95%	16.24%	15.95%

Sensitivity analysis for each significant assumption used is as follows:

Consolidated financial statements						
	Change in assumption		Impact on retirement benefits			
			Increase in assumption		Decrease in assumption	
	2021	2020	2021	2020	2021	2020
Discount rate	0.50%	0.50%	Decrease by 6.04%	Decrease by 6.34%	Increase by 6.56%	Increase by 6.90%
Salary growth rate	0.50%	0.50%	Increase by 6.36%	Increase by 6.61%	Decrease by 5.90%	Decrease by 6.11%
Turnover rate	1.00%	1.00%	Decrease by 22.81%	Decrease by 22.84%	Increase by 31.08%	Increase by 31.13%

Separate financial statements						
	Change in assumption		Impact on retirement benefits			
			Increase in assumption		Decrease in assumption	
	2021	2020	2021	2020	2021	2020
Discount rate	0.50%	0.50%	Decrease by 6.21%	Decrease by 6.49%	Increase by 6.75%	Increase by 7.08%
Salary growth rate	0.50%	0.50%	Increase by 6.52%	Increase by 6.74%	Decrease by 6.04%	Decrease by 6.23%
Turnover rate	1.00%	1.00%	Decrease by 23.36%	Decrease by 23.36%	Increase by 32.04%	Increase by 32.04%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method as when calculating the retirement benefits recognised in the statement of financial position has been applied.

The weighted average duration of the defined benefit obligation is 12.61 years (2020: 13.23 years).

Expected maturity analysis of undiscounted retirement benefits are as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Less than 1 year	798	436	586	295
Between 1 – 5 years	9,711	7,591	6,519	5,673
Over 5 years	160,263	125,183	131,542	103,276
Total	170,772	133,210	138,647	109,244

## 23 SHARE CAPITAL AND PREMIUM ON SHARE CAPITAL

	Consolidated and separate financial statements					
	Authorised share capital		Issued and paid-up share capital		Share premium Thousand Baht	Total Thousand Baht
	Number of Shares	Amount Thousand Baht	Number of Shares	Amount Thousand Baht		
At 31 December 2020	1,780,000,000	890,000	1,740,000,000	870,000	8,111,061	8,981,061
Issue of shares derived from exercised warrants	-	-	2,577,000	1,289	70,868	72,157
Share premium derived from exercised warrants	-	-	-	-	5,025	5,025
Share issuance expenses	-	-	-	-	(47,806)	(47,806)
At 31 December 2021	1,780,000,000	890,000	1,742,577,000	871,289	8,139,148	9,010,437

On 27 December 2021, the directors, executives and employees who are warrants holders, exercised their rights to purchase the Company's ordinary shares under KEX - ESOP. The Company received subscription of newly issued 2,577,000 shares at price of Baht 28 per share (Baht 0.50 of paid-up capital and Baht 27.50 of share premium), totalling Baht 72.16 million. At the same time, the Company transferred the share-based payment reserve for the warrants exercised as a share premium of Baht 5.03 million. The Company's newly-issued shares began trading on the stock exchange on 4 January 2022.

During the year ended 31 December 2021, the Company recognised additional directly attributable expenses of the initial public offering amounting to Baht 47.81 million. The amount is presented as a deduction from the premium on share capital.

## 24 LEGAL RESERVE

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
At 1 January	89,000	12,000	89,000	12,000
Appropriation during the year	-	77,000	-	77,000
At 31 December	89,000	89,000	89,000	89,000

Under the Public Companies Act., B.E. 2535, the Company is required to set aside as statutory reserve at least 5 percent of its net profit after the accumulated deficit is brought forward (if any) until the reserve is not less than 10 percent of the registered capital. This reserve is not available for dividend distribution.

## 25 SHARE-BASED PAYMENT

On 22 December 2020, the Company granted ESOP warrants to the Company's directors, executives and employees which is an equity-settled scheme. The scheme's details are below:

	Grant date	Issued units	Exercise ratio	Exercise price	Exercise period		
		Units	Unit/Share	Baht/Unit	Units	Start	End
KEX - ESOP	22 Dec 2020	40,000,000	1 : 1	28.00	20,000,000	25 Dec 2021	22 Dec 2025
					20,000,000	26 Dec 2022	22 Dec 2025

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The details of the exercise warrants during the year ended 31 December 2021 and unexercised warrants as at 31 December 2021 are as follows:

### The details of the exercise warrants during the year ended 31 December 2021

Number of exercised warrants	2,577,000 units
Number of shares derived from exercised warrants	2,577,000 shares

### The details of unexercised warrants as at 31 December 2021

Number of unexercised warrants	37,423,000 units
Number of remaining shares reserved	37,423,000 shares

The Company assessed the weighted average fair value of the warrants using the Black Schole model. The key assumptions of valuation model are as follows:

Assumptions	KEX - ESOP
Weighted average fair value of underlying stock as at the valuation date (Baht per share)	28.00
Volatility of underlying stock's price (%)	17.85
Dividend yield (%)	1.64
Risk free rate (%)	0.66
Expected warrant exercise life (years)	2.15

During the year ended 31 December 2021, Baht 52.66 million has been recognised as share-based payment expense in the statement of comprehensive income, corresponding to share-based payment reserve in equity.

## 26 SALES AND SERVICES INCOME

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Parcel delivery services	18,474,794	18,609,162	18,474,699	18,609,162
Sales income	300,820	282,294	300,820	282,294
Advertising income	42,156	25,606	42,156	25,606
<b>Total</b>	<b>18,817,770</b>	<b>18,917,062</b>	<b>18,817,675</b>	<b>18,917,062</b>

Sales and parcel delivery service income (exclude advertising income) are categorised by types of customers as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Business to Business (B2B)	360,474	352,078	360,474	352,078
Business to Customer (B2C)	8,523,486	8,528,429	8,523,391	8,528,429
Customer to Customer (C2C)	9,891,654	10,010,949	9,891,654	10,010,949
<b>Total</b>	<b>18,775,614</b>	<b>18,891,456</b>	<b>18,775,519</b>	<b>18,891,456</b>

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Overtime	16,828,185	16,917,569	16,828,090	16,917,569
Point in time	1,989,585	1,999,493	1,989,585	1,999,493
<b>Total</b>	<b>18,817,770</b>	<b>18,917,062</b>	<b>18,817,675</b>	<b>18,917,062</b>

## 27 OTHER INCOME

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Commission income	504	1,057	504	1,057
Management services income	44,997	37,005	44,997	40,155
IT services income	14,977	2,784	14,977	2,784
Interest income calculated using the effective interest method	13,825	8,289	14,908	8,614
Interest income from debt investments measured at FVOCI	15,054	-	15,054	-
Gain from fair value of financial assets measured at fair value through profit or loss	15,747	-	15,747	-
Gain from transfer of lease contracts to subsidiary	-	-	-	24,955
Dividend income	-	-	279,300	-
Others	49,207	43,857	58,526	42,555
<b>Total</b>	<b>154,311</b>	<b>92,992</b>	<b>444,013</b>	<b>120,120</b>

## 28 EXPENSES BY NATURE

The following expenditure items, classified by nature, have been charged to profit or loss:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Staff expense	6,733,090	6,065,174	5,422,175	5,644,783
Subcontract cost	4,200,009	3,789,050	7,780,805	5,020,427
Fuel cost	1,835,100	1,296,220	848,432	1,033,098
Lease payment – short-term leases	573,967	693,594	573,967	681,559
Lease payment – low-value leases	126,546	138,572	126,546	138,572
Cost of inventories and consumable supplies	558,784	480,347	557,787	480,347
Depreciation and amortisation	2,342,181	2,355,559	1,477,676	1,974,491
IT service fee	16,142	13,712	16,099	13,703
Agent service fee	1,348,811	1,362,178	1,348,811	1,362,178
Repair and maintenance expense	43,404	31,380	42,892	31,380
Mobile phone expense	103,384	148,387	103,384	148,387
Advertising expense	69,176	104,994	68,762	101,450

## 29 INCOME TAX

Income tax for the year is comprised of the following:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Current tax:				
Current tax on profits for the year	25,635	346,172	-	335,042
Deferred income tax:				
Increase in deferred tax assets (note 18)	(53,458)	(17,135)	(53,997)	(13,186)
<b>Income tax</b>	<b>(27,823)</b>	<b>329,037</b>	<b>(53,997)</b>	<b>321,856</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Profit before tax	17,114	1,734,062	(22,706)	1,659,467
Tax calculated at a tax rate of 20%	3,423	346,812	(4,541)	331,893
Tax effect of:				
Expenses not deductible for tax purpose	22,252	6,376	24,778	14,114
Additional deductible expense and double deductible expense	(53,498)	(24,151)	(18,374)	(24,151)
Others	-	-	(55,860)	-
<b>Tax charge</b>	<b>(27,823)</b>	<b>329,037</b>	<b>(53,997)</b>	<b>321,856</b>

The weighted average applicable tax rate was (162.62)% in the consolidated financial statements and (237.81)% in the separate financial statements (2020: 19.39%).

However, the weighted average applicable tax rate in the separate financial statements includes the effects from dividend income of subsidiaries which is an exempted income tax and double tax deductible. The weighted average applicable tax rate in the consolidated financial statements includes the effects from additional deductible expenses in the subsidiaries' financial statements which are mainly from the impact of depreciation expenses in the accounting method and rental expenses in tax method of the leases assets. These are the significant items when comparing to the profit (loss) before tax for the current year.

The tax relating to components of other comprehensive income is as follows:

Consolidated financial statements						
	2021			2020		
	Before tax Thousand Baht	Tax (charge) credit Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax (charge) credit Thousand Baht	After tax Thousand Baht
Remeasurement on retirement benefit obligations	11,879	(2,376)	9,503	(9,220)	1,844	(7,376)
Remeasurements of:						
- Financial assets measured at fair value through other comprehensive income	(8,442)	1,940	(6,502)	-	-	-
<b>Other comprehensive income</b>	<b>3,437</b>	<b>(436)</b>	<b>3,001</b>	<b>(9,220)</b>	<b>1,844</b>	<b>(7,376)</b>

Separate financial statements						
	2021			2020		
	Before tax Thousand Baht	Tax (charge) credit Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax (charge) credit Thousand Baht	After tax Thousand Baht
Remeasurement on retirement benefit obligations	9,009	(1,802)	7,207	(9,730)	1,946	(7,784)
Remeasurements of:						
- Financial assets measured at fair value through other comprehensive income	(8,442)	1,940	(6,502)	-	-	-
<b>Other comprehensive income</b>	<b>567</b>	<b>138</b>	<b>705</b>	<b>(9,730)</b>	<b>1,946</b>	<b>(7,784)</b>

## 30 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders by the number of ordinary shares for basic earnings per share calculation, plus the weighted average number of shares to be issued as if warrants were exercised.



The earnings per share for the year ended 31 December 2021 is as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b>Reconciliations of earnings used in calculating earnings per share</b>				
<b>Basic earnings per share</b>				
Profit attributable to ordinary shareholders of the Company used in calculating basic earnings per share (Thousand Baht)	46,918	1,405,025	31,291	1,337,611
<b>Weighted average number of shares used as the denominator (Thousand shares)</b>				
Weighted average number of ordinary shares outstanding used as the dominator in calculating basic earnings per share	1,740,035	1,264,110	1,740,035	1,264,110
Adjustments for diluted earnings per share calculation:				
Warrants - KEX ESOP	12,263	430	12,263	430
Weighted average number of ordinary shares outstanding used as the dominator in calculating diluted earnings per share	1,752,298	1,264,540	1,752,298	1,264,540
Basic earnings per share (Baht per share)	0.027	1.111	0.018	1.058
Diluted earnings per share (Baht per share)	0.027	1.111	0.018	1.058

## 31 DIVIDENDS

### 2021

On 11 August 2021, the Board of Directors' meeting approved an interim dividend payment in respect of the retained earnings of 2020 at Baht 0.743 per share for 1,740 million ordinary shares totalling Baht 1,292.74 million. The dividends were paid on 10 September 2021.

On 23 April 2021, the Annual General Meeting of Shareholders approved an annual dividend payment in respect of the financial results of 2020 at Baht 0.22 per share for 1,740 million ordinary shares totalling Baht 382.75 million. The dividends were paid on 21 May 2021.

### Subsidiary

On 29 December 2021, the subsidiary, Kerry Express Service Limited approved an interim dividend payment in respect of financial results of 11-month period of 2021 at Baht 5 per share for 5,100 preferred shares totalling Baht 25,500 and at Baht 57,000 per share for 4,900 ordinary shares totalling Baht 279,300,000. The dividends were paid on 7 February 2022.

## 2020

On 14 August 2020, the Board of Directors' Meeting approved an interim dividend payment in respect of the financial results of 2020 at Baht 0.435 per share for 1,440 million ordinary shares totalling Baht 626.40 million and appropriate its net income to legal reserve amounting to Baht 10.50 million. The dividends were paid on 11 September 2020.

On 23 April 2020, the Annual General Meeting of Shareholders approved an annual dividend payment in respect of the financial results of 2019 at Baht 0.25 per share for 1,440 million ordinary shares totalling Baht 360 million and appropriate its net income to legal reserve amounting to Baht 66.50 million. The dividends were paid on 22 May 2020.

On 17 January 2020, the Board of Directors' meeting approved an interim dividend payment in respect of the financial results of 2019 at Baht 550 per share for 1.20 million ordinary shares totalling Baht 660 million. The dividends were paid on 13 February 2020.

## 32 RELATED PARTY TRANSACTIONS

Individuals and entities that directly or indirectly control or are controlled by or are under common control with the Company, including investment entities, associates, joint venture and individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities controlled or jointly controlled by these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company's major shareholder is KLN Logistics (Thailand) Limited which owns 52.14% (2020: 52.14%) of the Company's shares. Kerry Logistics Network Limited was the ultimate controlling party until 27 September 2021 and Shenzhen Mingde Holding Development Co., Ltd., a parent company of S.F. Holding Co., Ltd. is the ultimate controlling party since 28 September 2021 up to now.

Relationship between the Company and related parties, which has transactions are as follows:

Company	Nature of relationship
Kerry Logistics Network Limited	Ultimate parent company (to 27 September 2021)
Kerry Logistics (Hongkong) Limited	Entity under common control
Kerry Logistics (Thailand) Limited	Entity under common control
Kerry Logistics (Bangna) Limited	Entity under common control
Kerry Express (Hong Kong) Limited	Entity under common control
Kerry Express (Cambodia) Limited	Entity under common control
Kerry Express (Vietnam) Limited	Entity under common control
Kerry Freight (Thailand) Limited	Entity under common control
Kerry Freight (Lao) Co., Ltd.	Entity under common control
Kerry-Apex (Thailand) Co., Ltd.	Entity under common control
Kerry Siam Seaport Limited	Entity under common control
Kerry Distribution (Thailand) Limited	Entity under common control
Kerry Worldbridge Express (Holdings) Limited	Entity under common control
Kerry Worldbridge Express Limited	Entity under common control
KART (THAILAND) Limited	Entity under common control
KMMT Company Limited	Entity under common control
Times E-Commerce Limited	Entity under common control
Times E-Commerce (Thailand) Limited	Entity under common control
Shangri-la Hotel Public Company Limited	Entity under common control
Kuok Registrations Ltd.	Entity under common control
VGI Global Media Public Company Limited	Shareholder
Rabbit - Line Pay Company Limited	Joint venture of shareholder
Rabbit Rewards Company Limited	Joint venture of shareholder
888 Media Co., Ltd.	Subsidiary of shareholder
Kerry Express Service Limited	Subsidiary (since 3 July 2020)
Rabbit Insurance Broker Company Limited	Joint venture of shareholder
KLN (Thailand) Co., Ltd	Entity under common control
Kerry Betagro Company Limited	Subsidiary (since 27 July 2021)
Kerry Express Cargo Company Limited	Subsidiary (since 27 July 2021)
Betagro Agro Industry Company Limited	Non-controlling interest of subsidiary
S.F. Express Company Limited	Entity under common control (since 28 September 2021)
Shenzhen Mingde Holding Development Co., Ltd.	Ultimate parent company (since 28 September 2021)
S.F. Express Co., Ltd.	Parent company

Pricing policy regarding business transactions with related entities comprises the following:

Related transaction	Pricing policies
Sales and services income	Mutually-agreed price by referring to market price or actual cost incurred plus margin
Management service income	Mutually-agreed price by referring to actual cost incurred plus margin
Commission income	Mutually-agreed price by referring to market price
Interest income	Fixed rate at 2.50% per annum
Rental income	Mutually-agreed price by referring to actual cost incurred plus margin
Cost of services and purchase of equipment and advertising	Mutually-agreed price by referring to market price or actual cost incurred plus margin
Transaction fee	Fixed percentage by referring to market price
Cost of rental and services	Mutually-agreed price by referring to market price
Management fee and IT service fee	Mutually-agreed price by referring to actual cost incurred

Transactions with related parties are as follows:

### 32.1 Sales of goods and services

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>For the year ended 31 December</b>				
<b>Revenues</b>				
Sales of services to:				
Shareholder	4,597	2,692	4,597	2,692
Subsidiary	-	-	20	-
Non-controlling interest	114	-	-	-
Related parties	196,172	234,818	196,172	234,818
	200,883	237,510	200,789	237,510
<b>Other income</b>				
Interest income from:				
Subsidiary	-	-	1,085	325
Management service income from:				
Subsidiary	-	-	7,560	3,150
Commission income from:				
Joint venture of shareholder	5	43	5	43
IT service income from:				
Related parties	14,881	-	14,881	-
Sales of equipment:				
Related parties	56	54	56	54
Rental income from:				
Related parties	5,642	5,911	5,642	5,911
Dividend income from:				
Subsidiary	-	-	279,300	-
Others from:				
Shareholder	1	-	1	-
Related parties	86	-	86	-
	87	-	87	-

## 32.2 Purchases of goods and services

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Purchases of service from:</b>				
Shareholder	13,678	8,914	13,678	8,914
Subsidiary	-	-	3,580,796	1,231,377
Related parties	14,333	17,718	14,333	17,718
	28,011	26,632	3,608,807	1,258,009
<b>Transaction fee:</b>				
Joint venture of shareholder	12,558	15,620	12,558	15,620
<b>Rental and service expense:</b>				
Shareholder	1,369	1,874	1,369	1,874
Related parties	54,460	58,854	54,460	58,854
	55,829	60,728	55,829	60,728
<b>Payment on lease liabilities:</b>				
Shareholder	3,135	2,657	3,135	2,657
Related parties	113,369	85,860	113,369	85,860
	116,504	88,517	116,504	88,517
<b>Interest expense on lease liabilities:</b>				
Shareholder	209	249	209	249
Related parties	5,288	2,774	5,288	2,774
	5,497	3,023	5,497	3,023
<b>IT service fee:</b>				
Related parties	14,558	13,712	14,516	13,703
<b>Purchases of equipment from:</b>				
Related parties	3,645	5	3,645	5

### 32.3 Outstanding balances arising from sales and purchases of goods and services

The outstanding balances at the end of the period in relation to transactions with related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
<b>Trade receivables from:</b>				
Shareholder	392	-	392	-
Related parties	34,678	38,708	34,678	38,708
	35,070	38,708	35,070	38,708
<b>Other receivables from:</b>				
Subsidiary	-	-	287,389	674
Related parties	13,132	1,620	13,132	1,620
	13,132	1,620	300,521	2,294
<b>Contract assets:</b>				
Shareholder	-	369	-	369
Subsidiary	-	-	20	-
Non-controlling interest	114	-	-	-
Related parties	4,697	8,551	4,697	8,551
	4,811	8,920	4,717	8,920
<b>Accrued interest income from:</b>				
Subsidiary	-	-	-	325
<b>Deposit and advance to:</b>				
Shareholder	1,219	1,219	1,219	1,219
Related parties	30,590	25,941	30,590	25,941
	31,809	27,160	31,809	27,160
<b>Trade payables to:</b>				
Subsidiary	-	-	327,608	248,341
<b>Other payables to:</b>				
Subsidiary	-	-	84	40,084
Related parties	2,407	11,014	2,407	11,014
	2,407	11,014	2,491	51,098
<b>Cash on delivery payable to:</b>				
Related parties	14,900	10,816	14,900	10,816
<b>Accruals to:</b>				
Shareholder	30	-	30	-
Related parties	4,499	20,903	4,447	20,894
	4,529	20,903	4,477	20,894
<b>Lease liabilities:</b>				
Shareholder	8,024	11,076	8,024	11,076
Related parties	279,124	271,721	279,124	271,721
	287,148	282,797	287,148	282,797
<b>Refundable deposits from:</b>				
Related parties	11,000	21,521	11,000	21,521

### 32.4 Short-term loan to related party

The movements of short-term loan to related party can be analysed as follows:

	Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht
At 1 January	60,000	-
Loans advanced during the period	-	60,000
Loans repayment received	(60,000)	-
At 31 December	-	60,000

The short-term loan to related party is an unsecured loan denominated in Thai Baht. The loan bears interest at 2.50% per annum. The repayment for this loan was received during the year 2021.

Loans is are a current portion. The fair value is equal to the book value since the effect of the discount rate is insignificant. The fair value of loan to related party is calculated from future cash flows that is discounted at market interest rates of 2.50%. This is within the level 2 of the fair value hierarchy.

### 32.5 Key management compensation

Key management includes directors (executive and non-executive), members of the executive committee. The compensation paid or payable to key management are as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Salaries and other short-term employee benefits	46,406	58,732	46,406	58,732
Post-employment benefits	1,128	3,489	1,128	3,489
Share-based payments	16,697	594	16,697	594
<b>Total</b>	<b>64,231</b>	<b>62,815</b>	<b>64,231</b>	<b>62,815</b>



### 33 COMMITMENTS AND CONTINGENT LIABILITIES

#### 33.1 Capital expenditure commitments

Capital expenditure contracted as at the statement of financial position date but not recognised as liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Purchases of equipment	142,415	19,668	142,415	19,668
Purchases of intangible assets	96	3,685	96	3,685
	142,511	23,353	142,511	23,353

#### 33.2 Leases – where the Company is the lessee

The Group entered into various leases in respect of parcel shops, offices, warehouses and vehicles which are non-cancellable agreements. The majority of these lease terms are between 1 year and 5 years, renewable at the end of the lease period at market rate.

Commitments for minimum lease payments and related services in relation to non-cancellable leases which are not recognised in statement of financial position are as follows:

	Consolidated financial statements		Separate financial statements	
	2021 Thousand Baht	2020 Thousand Baht	2021 Thousand Baht	2020 Thousand Baht
Within 1 year	397,989	443,406	397,989	435,745
Later than 1 year but not later than 5 years	49,495	105,622	49,495	105,622
Later than 5 years	-	1,569	-	1,569
<b>Total</b>	<b>447,484</b>	<b>550,597</b>	<b>447,484</b>	<b>542,936</b>

### 33.3 Letters of bank guarantee

As at 31 December 2021, the Group has letters of guarantee issued by a financial institution for the purpose of ordinary course of business amounting to Baht 200.16 million (31 December 2020: Baht 204.04 million).

### 33.4 Guarantee

As at 31 December 2021, the Company guaranteed to Kerry Express Service Limited (subsidiary) under the lease contracts of trucks and pick-up trucks which are leased by a subsidiary. The guarantees are full amount of lease payments amounting to Baht 3,024 million (31 December 2020: Baht 4,000 million).

## Auditors Information and Fee

### Auditors Information

- |                               |                 |
|-------------------------------|-----------------|
| 1. Ms. Nopanuch Apichatsatien | C.P.A. No. 5266 |
| 2. Mr. Paiboon Tunkoon        | C.P.A. No. 4298 |
| 3. Ms. Sanicha Akarakittilap  | C.P.A. No. 8470 |

Firm: PricewaterhouseCoopers ABAS Limited

15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120, Thailand

Tel + 66 (0) 2344 1000, +66 (0) 2286 9999

### Audit fee and Non-audit fee

KEX	FY2021 (Baht)
Audit the financial statements	2,370,000
Review the quarterly financial information	1,230,000
<b>Total</b>	<b>3,600,000</b>
Non-audit fee	3,323,830
<b>Grand total</b>	<b>6,923,830</b>

Subsidiaries	FY2021 (Baht)
Kerry Express Service	700,000
Kerry Betagro	50,000
Kerry Express - Central	50,000

Note: non of above companies have non-audit fee

# COMPANY INFORMATION AND OTHER INFORMATION



# COMPANY INFORMATION AND OTHER INFORMATION

## Company Information

Name	Kerry Express (Thailand) Plc.
Headquarters	Room 906, 9th Floor, Chao Phya Tower, 89 Soi Wat Suan Plu, Charoen Krung Road, Bangrak, Bangkok 10500, Thailand
Registration Number	0107563000037
Telephone Number	+ 66 (0) 2238 5558
Facsimile Number	+ 66 (0) 2237 3752
Website	<a href="https://th.kerryexpress.com">https://th.kerryexpress.com</a>
Call Centre	1217
Investor Relations	Ms. Tipnipa Kananub Website: <a href="https://investor.th.kerryexpress.com/en">https://investor.th.kerryexpress.com/en</a> E-mail: <a href="mailto:ir@kerryexpress.com">ir@kerryexpress.com</a> Tel. +66 (0) 63 198 1217
Company Secretary	<a href="mailto:company.secretary@kerryexpress.com">company.secretary@kerryexpress.com</a>

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## Subsidiaries

### Kerry Express Service Ltd.

Nature of business	Providing transportation services
Registered capital	Baht 1,000,000 (10,000 shares)
Par value	Baht 100 per share
Proportion of shares held by the Company	48.97 per cent
Headquarters	Room 906, 9th Floor, Chao Phya Tower, 89 Soi Wat Suan Plu, Charoen Krung Road, Bangrak, Bangkok 10500, Thailand
Telephone Number	+ 66 (0) 2238 5558
Facsimile Number	+ 66 (0) 2237 3752

**Kerry Express – Central Co., Ltd.**

Nature of business	Operating a bulky delivery platform
Registered capital	Baht 1,000,000 (10,000 shares)
Par value	Baht 100 per share
Proportion of shares held by the Company	100 per cent
Headquarters	Room 906, 9th Floor, Chao Phya Tower, 89 Soi Wat Suan Plu, Charoen Krung Road, Bangrak, Bangkok 10500, Thailand
Telephone Number	+ 66 (0) 2238 5558
Facsimile Number	+ 66 (0) 2237 3752

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**Kerry Betagro Co., Ltd.**

Nature of business	Operating a forefront cold delivery platform
Registered capital	Baht 50,000,000 (500,000 shares)
Par value	Baht 100 per share
Proportion of shares held by the Company	60 per cent
Headquarters	Room 906, 9th Floor, Chao Phya Tower, 89 Soi Wat Suan Plu, Charoen Krung Road, Bangrak, Bangkok 10500, Thailand
Telephone Number	+ 66 (0) 2238 5558
Facsimile Number	+ 66 (0) 2237 3752

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**KETH Corporate Services Ltd.**

Nature of business	Providing administrative and corporate support services
Registered capital	HKD 10,000 (10,000 shares)
Par value	HKD 1 per share
Proportion of shares held by the Company	100 per cent
Headquarters	16/F., Kerry Cargo Centre, 55 Wing Kei Road, Kwai Chung, New Territories, Hong Kong

## Other Information

Registrar	Thailand Securities Depository Co., Ltd.
Address	93 Rachadapisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand
Telephone Number	+ 66 (0) 2009 9000
Facsimile Number	+ 66 (0) 2009 9991
Website	<a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>
E-mail Address	<a href="mailto:setcontactcenter@set.or.th">setcontactcenter@set.or.th</a>

# GLOSSARY AND ACRONYMS



# GLOSSARY AND ACRONYMS

Company name	
<b>Kerry Express or KEX or the Company</b>	Kerry Express (Thailand) Plc.
<b>Subsidiaries</b>	Kerry Express Service Ltd., Kerry Betagro Co., Ltd., Kerry Express – Central Co., Ltd., KETH Corporate Services Ltd.
<b>KEX Group</b>	Kerry Express (Thailand) Plc. and its subsidiaries
<b>Kerry Express Service</b>	Kerry Express Service Ltd.
<b>Kerry Betagro</b>	Kerry Betagro Co., Ltd.
<b>Kerry Express–Central</b>	Kerry Express – Central Co., Ltd.
<b>VGI</b>	VGI Plc., a major shareholder of KEX
<b>BTS</b>	BTS Group Holdings Plc.
<b>KLNTH</b>	KLN Logistics (Thailand) Ltd., a major shareholder of KEX
<b>KLN</b>	Kerry Logistics Network Ltd., a Hong Kong-listed company that holds 100 per cent stake in KLNTH
<b>KRL</b>	Kuok Registrations Ltd.
<b>SF</b>	S.F. Holding Co., Ltd.
<b>S.F. Express</b>	S.F. Express Co., Ltd., a wholly-owned subsidiary of SF
<b>Flourish</b>	Flourish Harmony Holdings Co., Ltd.
<b>BTG or Betagro</b>	Betagro Plc.
Services	
<b>C2C</b>	Consumer-to-Consumer commerce
<b>B2C</b>	Business-to-Consumer commerce
<b>B2B</b>	Business-to-business commerce
<b>D2D</b>	Door-to-Door service
<b>D2C</b>	Direct to Consumer
<b>SD</b>	SameDay Parcel Delivery Service
<b>AM</b>	Delivery-before-Noon
<b>ND</b>	Next-Day Delivery
<b>2D</b>	Express Delivery within 2 days
<b>3D</b>	Express Delivery within 3 days
<b>DCSP</b>	Distribution Centre Service Points



<b>RTSP</b>	Retail Service Points
<b>Kerry Club</b>	Kerry Express Loyalty Club, the loyalty program of KEX
<b>BKK</b>	Bangkok
<b>BSD</b>	Bangkok Same Day
<b>BTS-SHOP</b>	Bangkok Mass Transit System shop
<b>COD</b>	Cash on delivery
<b>CON</b>	Consignment
<b>CPC</b>	Cost per consignment
<b>DC</b>	Distribution Centre
<b>DEL</b>	Delivery
<b>FM</b>	First mile
<b>HUB</b>	Hub
<b>KBD</b>	Kerry buddy
<b>KE APP</b>	Kerry Express application
<b>KES</b>	Kerry Express System
<b>KE-SHOP</b>	Kerry Express shop
<b>KBLC</b>	Kerry Bangna Logistics Centre
<b>KMLC</b>	Kerry Minburi Logistics Centre
<b>KNLC</b>	Kerry Nonthaburi Logistics Centre
<b>KPLC</b>	Kerry Pathum Thani Logistics Centre
<b>KSLC</b>	Kerry Samut Sakhon Logistics Centre
<b>KSL</b>	Kerry service level
<b>LH</b>	Linehaul
<b>LM</b>	Last mile
<b>COLD delivery</b>	Cold Delivery Platform
<b>LTL or bulky</b>	Less than truckload
<b>POS</b>	Point of Sale
<b>PSP</b>	Parcel Service Point
<b>PUP</b>	Pick up
<b>RLP</b>	Rabbit LINE Pay
<b>RPP</b>	Revenue per parcel
<b>CPP</b>	Cost per parcel
<b>RTN</b>	Return
<b>SCL</b>	Self-collection
<b>SIP</b>	Scan in process

<b>SIP-L</b>	Scan in process linehaul
<b>SM</b>	Service master
<b>SOP</b>	Scan out process
<b>SOP-L</b>	Scan out process linehaul
<b>TS</b>	Transit
<b>QRM</b>	Quality and risk management
<b>UPC-SHOP</b>	Upcountry shop
<b>Committees</b>	
<b>The Board</b>	The Board of Directors
<b>AC</b>	The Audit Committee
<b>NRC</b>	The Nomination and Remuneration Committee
<b>Excom</b>	The Executive Committee
<b>RMC</b>	The Risk Management Committee
<b>Position</b>	
<b>CEO</b>	The Chief Executive Officer
<b>D-CEO</b>	The Deputy Chief Executive Officer
<b>CFO</b>	The Chief Financial Officer
<b>COO</b>	The Chief Operations Officer
<b>CIO</b>	The Chief Investment Officer
<b>CA</b>	The Chief Accountant
<b>Others</b>	
<b>DLT</b>	The Department of Land Transport
<b>IPO</b>	Initial Public Offering
<b>SEC</b>	The Securities and Exchange Commission
<b>SET</b>	The Stock Exchange of Thailand
<b>TSD</b>	Thailand Securities Depository Co., Ltd.
<b>AGM</b>	The Annual General Meeting of Shareholders
<b>EGM</b>	The Extraordinary General Meeting of Shareholders



# ANNUAL REPORT 2021



**Kerry Express (Thailand) Public Company Limited**

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