

## Translation

Date: May 10, 2022

Subject: Management Discussion and Analysis for the First Quarter of 2022

To: President of the Stock Exchange of Thailand

Siam Makro Public Company Limited (“the Company”) would like to announce the financial performance of the Company and its subsidiaries for the first quarter ended March 31, 2022, which has been reviewed by its Certified Public Accountant as follows:

### 1. Operating Results: Company and its Subsidiaries

(unit: million Baht)	Q1/22	Q4/21	Q1/21	QoQ (%)	YoY (%)
<b>Consolidated Financial Performance</b>					
Sales	106,268	96,342	54,868	10.3	93.7
<i>Wholesale business</i> <sup>(1)</sup>	56,622	58,839	54,868	(3.8)	3.2
<i>Retail business</i> <sup>(2) (3)</sup>	49,646	37,503	n/a	32.4	n/a
Revenue from rental and rendering retail services	3,057	2,269	90	34.8	3,286.3
<b>Total revenues</b>	<b>111,217</b>	<b>100,411</b>	<b>56,097</b>	<b>10.8</b>	<b>98.3</b>
<b>Gross profit</b> <sup>(4)</sup>	<b>15,214</b>	<b>14,097</b>	<b>5,534</b>	<b>7.9</b>	<b>174.9</b>
<i>Gross profit margin (%)</i>	14.3	14.6	10.1	(2.2)	41.9
<b>EBITDA</b> <sup>(5)</sup>	<b>8,637</b>	<b>14,552</b>	<b>3,243</b>	<b>(40.6)</b>	<b>166.3</b>
Finance costs	1,494	1,148	129	30.2	1,055.6
<b>Net profit</b>	<b>2,050</b>	<b>9,094</b>	<b>1,734</b>	<b>(77.5)</b>	<b>18.3</b>
<i>Wholesale business</i> <sup>(1)</sup>	1,741	2,180	1,734	(20.1)	0.5
<i>Retail business</i> <sup>(2) (3)</sup>	309	397	n/a	(22.3)	n/a
<i>Accounting gain on step acquisition</i> <sup>(6)</sup>	n/a	6,714	n/a	n/a	n/a
<i>Business combination-related costs</i> <sup>(7)</sup>	n/a	(197)	n/a	n/a	n/a
<b>Earnings per share (Baht per share)</b>	<b>0.19</b>	<b>1.58</b>	<b>0.36</b>	<b>(87.7)</b>	<b>(46.4)</b>

(1) Consisting of Makro-Thailand, Makro-International, and Food Service APME

(2) Consisting of retail businesses under “Lotus’s” and mall business in Thailand and Malaysia (Lotus’s Thailand and Lotus’s Malaysia)

(3) In 2021, Retail business’s Operating results start from October 25 to December 31, 2021

(4) Gross profit from Sales

- (5) Earnings before interest, tax, depreciation and amortization
- (6) Accounting profit recognized from the difference between the fair value and the carrying amount of interests from business combination under common control.
- (7) Business combination-related costs of Baht 197 million as part of investments in subsidiaries in the separate financial statements, which are considered expenses in the consolidated financial statements. For other business transfer expenses amounting to Baht 109 million, recorded as expenses in the separate financial statements.

## 1Q/2022 Performance of the Company and its Subsidiaries

### Revenue

In the first quarter of 2022, the Company and its subsidiaries registered Baht 106,268 million in sales revenue, an increase of Baht 51,400 million or 93.7% YoY, due mainly to the business combination of the retail group since October 25, 2021, and the continued sales growth of Baht 1,754 million or 3.2% from Makro-Thailand, Makro-International as well as Food Service APME as a result of HoReCa businesses recovering from the COVID-19 crisis.

In addition, the Company and its subsidiaries generated Baht 1,453 million from revenue from rendering of services, Baht 3,057 million in revenue from rental and rendering retail services, and Baht 439 million from other income, totaling Baht 4,949 million, an increase of Baht 3,720 million, representing 302.6% YoY, primarily owing to revenue from rental and rendering retail services from the retail business of Baht 2,960 million. Therefore, in the first quarter of 2022, the Company and its subsidiaries had total revenues of Baht 111,217 million surged by Baht 55,120 million or 98.3% compared to the same quarter of the previous year.

### Cost of rental and rendering of services, Distribution Costs, and Administrative Expenses

In the first quarter of 2022, the Company and its subsidiaries incurred Baht 1,460 million in costs from cost of rental and rendering of services, an increase of Baht 1,445 million, mainly from the retail business.

Distribution costs and administrative expenses totaled Baht 14,616 million, which accounted for 13.1% of total revenues, and a growth of Baht 10,189 million or 230.2% YoY from the retail business outlays amounting to Baht 9,822 million. The wholesale business saw an increase of Baht 367 million, due to the rise in employee expenses by the number of stores, delivery costs from the sales growth of online channels, increased full-charge land and buildings taxes compared to the previous year's of only 10%, and costs of the new B2B Marketplace business (the Maknet project) under the Company's strategic plan.

## Net Profit

In the first quarter of 2022, the Company and its subsidiaries had a net profit of Baht 2,050 million, an increase of Baht 316 million or 18.3% year-on-year, resulting from the wholesale business's net profit of Baht 1,741 million, which slightly grew compared to the same period of last year, and the retail business's net profit that amounted to Baht 309 million, or a net profit of Baht 0.19 per share.

## 2. Operating Results by Business Division

### 2.1. The Wholesale Business

(unit: million Baht)	Q1/22	Q4/21	Q1/21	QoQ (%)	YoY (%)
<b>Wholesale Business Performance</b>					
Sales	56,622	58,839	54,868	(3.8)	3.2
Revenue from rendering of services	1,026	1,093	1,010	(6.1)	1.6
<b>Total revenues</b>	<b>57,948</b>	<b>60,234</b>	<b>56,097</b>	<b>(3.8)</b>	<b>3.3</b>
<b>Gross profit <sup>(1)</sup></b>	<b>5,862</b>	<b>6,575</b>	<b>5,534</b>	<b>(10.8)</b>	<b>5.9</b>
<i>Gross profit margin (%)</i>	10.4	11.2	10.1	(7.3)	2.6
<b>EBITDA <sup>(2)</sup></b>	<b>3,282</b>	<b>3,818</b>	<b>3,243</b>	<b>(14.0)</b>	<b>1.2</b>
<b>Net profit</b>	<b>1,741</b>	<b>2,180</b>	<b>1,734</b>	<b>(20.1)</b>	<b>0.5</b>
<i>Makro-Thailand</i>	1,843	2,263	1,877	(18.6)	(1.8)
<i>Makro-International</i>	(135)	(143)	(163)	6.2	17.6
<i>Food Service APME</i>	33	60	20	(43.8)	68.5
<b>Number of Stores</b> (stores)	<b>151</b>	<b>149</b>	<b>145</b>	<b>2</b>	<b>6</b>
<i>Thailand</i>	144	142	138	2	6
<i>Overseas <sup>(3)</sup></i>	7	7	7	-	-
<b>Sales Space</b> (sq.m.)	<b>822,952</b>	<b>819,983</b>	<b>810,797</b>	<b>2,969</b>	<b>12,155</b>
<i>Thailand</i>	789,013	786,044	776,858	2,969	12,155
<i>Overseas <sup>(3)</sup></i>	33,939	33,939	33,939	-	-

(1) Gross profit from Sales

(2) Earnings before interest, tax, depreciation and amortization

(3) Excluding a restaurant/food shop under Food Service APME.

### Revenue

In the first quarter of 2022, the wholesale business reported Baht 56,622 million in sales, increased by Baht 1,754 million or 3.2% YoY, due mainly to the sales increase from Makro-Thailand' s same-store sales growth and 6 new stores which have been operated since 1Q/2021, coupled with the sale growth of Makro-International from Cambodia, India, and Myanmar. While Food Service APME's sales were significantly recovering from the COVID-19 crisis.

When combined with revenue from rendering services of Baht 1,027 million, revenue from rental and retail services of Baht 90 million, and other income of Baht 202 million, the group had total revenues of Baht 57,948 million, an increase of 3.3% YoY.

#### **Distribution Costs, and Administrative Expenses**

In the first quarter of 2022, the wholesale business had distribution costs and administrative expenses totaling Baht 4,794 million, an increase of Baht 367 million YoY or increased by 8.3% principally because:

- Distribution costs increased by Baht 252 million or 8.0% owing to higher staff expenses with a greater number of stores, elevated delivery charges accompanied with sales growth through online distribution channels, and a full-charge of land and buildings taxes compared to that of the previous year of only 10%.
- Administrative expenses rose by Baht 115 million or 9.2% from costs related to the new B2B Marketplace business (the Maknet project).

#### **Net Profit**

In the first quarter of 2022, the wholesale business registered a net profit of Baht 1,741 million, slightly improved by 0.5% YoY, thanks to an improvement in the performance of the Food Service APME and the loss reduction of Makro-International in comparison with that of the same period of last year. Makro Cambodia reported its second consecutive profitable quarter in 1Q2022.

## 2.2. The Retail Business

(unit: million Baht)	Q1/22	Q4/21	Q1/21	QoQ (%)	YoY (%)
<b>Retail Business Performance <sup>(1)</sup></b>					
Sales	49,646	37,503	n/a	32.4	n/a
Revenue from rental and rendering retail services	2,960	2,174	n/a	36.1	n/a
<b>Total revenues</b>	<b>53,269</b>	<b>40,177</b>	<b>n/a</b>	<b>32.6</b>	<b>n/a</b>
Gross profit <sup>(2)</sup>	9,352	7,522	n/a	24.3	n/a
<i>Gross profit margin (%)</i>	18.8	20.1	n/a	(6.1)	n/a
EBITDA <sup>(3)</sup>	5,355	4,217	n/a	27.0	n/a
Net profit	309	397	n/a	(22.3)	n/a
<b>Number of Stores</b> (stores)	<b>2,664</b>	<b>2,680</b>	<b>n/a</b>	<b>(16)</b>	<b>n/a</b>
<i>Lotus's Thailand</i>	2,600	2,618	n/a	(18)	n/a
<i>Lotus's Malaysia</i>	64	62	n/a	2	n/a
<b>Sales Space</b> (sq.m.)	<b>1,827,340</b>	<b>1,813,696</b>	<b>n/a</b>	<b>13,644</b>	<b>n/a</b>
<i>Lotus's Thailand</i>	1,528,289	1,519,227	n/a	9,062	n/a
<i>Lotus's Malaysia</i>	299,051	294,469	n/a	4,582	n/a
<b>Permanent Net Leasable Area</b> (sq.m.)	<b>1,026,272</b>	<b>1,017,786</b>	<b>n/a</b>	<b>8,486</b>	<b>n/a</b>
<i>Lotus's Thailand</i>	722,693	717,224	n/a	5,469	n/a
<i>Occupancy rate</i>	90	90	n/a	-	n/a
<i>Lotus's Malaysia</i>	303,579	300,562	n/a	3,017	n/a
<i>Occupancy rate</i>	91	92	n/a	(1)	n/a

(1) In 2021, Retail business's Operating results start from October 25 to December 31, 2021

(2) Gross profit from Sales

(3) Earnings before interest expenses, taxes, depreciation and amortization

### Revenue

In the first quarter of 2022, the retail business recorded total revenues of Baht 53,269 million, comprised of total sales of Baht 49,646 million, revenue from rental and rendering retail services of Baht 2,960 million, and other income of Baht 663 million, in comparison with the same quarter last year, sales growth was 6.0 %.

### Cost of rental and rendering of services, Distribution Costs, and Administrative Expenses

In the first quarter of 2022, the retail business incurred cost of rental and rendering of services of Baht 1,440 million.

Distribution costs, and administrative expenses totaling Baht 9,822 million, comprising distribution costs of Baht 8,022 million, and administrative expenses of Baht 1,800 million mainly from expenses associated with store operation, amortization of new IT system and a rebranding cost.

### Net Profit

Due to the spending of new system and rebranding occurred last year, in the first quarter of 2022, the retail business declared a net profit of Baht 309 million mainly from the additional amortization cost of the mentioned expenses.

### 3. Statement of Financial Position of the Company and its Subsidiaries

The financial position of the Company as of March 31, 2022 compared to December 31, 2021 are as follows:

	As of 31		Change	Change %
	March 2022	December 2021		
(unit: million Baht)				
<b>Consolidated financial statements</b>				
<b>Assets</b>				
Cash and cash equivalents, and Current investment	64,007	68,530	(4,523)	(6.6)
Other current assets	41,702	41,470	232	0.6
Non-current assets	458,777	459,490	(713)	(0.2)
<b>Total assets</b>	<b>564,486</b>	<b>569,490</b>	<b>(5,004)</b>	<b>(0.9)</b>
<b>Liabilities</b>				
Current liabilities	109,553	116,394	(6,841)	(5.9)
Long-term loans from financial institutions (including Current portion)	106,522	107,122	(600)	(0.6)
Non-current liabilities	58,193	57,476	717	1.2
<b>Total liabilities</b>	<b>274,268</b>	<b>280,992</b>	<b>(6,724)</b>	<b>(2.4)</b>
<b>Total equity</b>	<b>290,218</b>	<b>288,498</b>	<b>1,720</b>	<b>0.6</b>
<b>Total liabilities and equity</b>	<b>564,486</b>	<b>569,490</b>	<b>(5,004)</b>	<b>(0.9)</b>

#### Total Assets

As of March 31, 2022, the Company and its subsidiaries had total assets of Baht 564,486 million, plummeted by Baht 5,004 million or 0.9% compared to as of December 31, 2021, owing to a decline of Baht 4,523 million in cash and cash equivalents, and current investment disbursed in store expansion, new IT system, and an interest payment from loans.

#### Total Liabilities

As of March 31, 2022, the Company and its subsidiaries registered total liabilities of Baht 274,268 million, a drop of Baht 6,724 million or 2.4% compared to as of December 31, 2021, due mainly to a decline of Baht 3,843 million in account payable which was in line with a lower stock available for sale during new year and Chinese New Year seasons.



## Equity

As of March 31, 2022, the Company and its subsidiaries reported Baht 290,218 million in equity, an increase of Baht 1,720 million or 0.6% compared to as of December 31, 2021.

Please be informed accordingly.

Yours faithfully,

Siam Makro Public Company Limited

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(Saowaluck Thithapant)

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