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CRC IR 021/2022

Re: Management Discussion and Analysis (MD&A) for the three-month and nine-month period ended 30 September 2022

To: President

The Stock Exchange of Thailand

Date 14 November 2022

Central Retail Corporation Public Company Limited (“the Company” or “CRC”) would like to clarify Management Discussion and Analysis for the operating results for three-month and nine-month period ended 30 September 2022

Please be informed accordingly.

Yours Sincerely,

-Signature-

(Mr. Ty Chirathivat)

Chief Financial Officer

Central Retail Corporation Public Company Limited

Performance Overview

The overall Thai economy constantly recovers thanks to export and domestic consumption, which reflects economic activities and gradually bounces back after the ease of Covid-19 prevention measures, as well as the rebounding of tourism and service sectors, as the country is fully reopened. However, the Thai economy remains vulnerable as the high inflation puts certain pressure on households' purchasing power and consumption including funding costs are likely to rise due to a policy rate hike announced by the Bank of Thailand (BOT). With respect to the overall global economy, a tendency to slowdown is noticed after a decrease in purchasing power. The trend is mainly a result of the still high global inflation and energy prices, European energy crisis, prolonged Russian-Ukrainian war. Moreover, central banks in many countries are adjusting their interest rates, leading to an increase in the overall funding costs globally. All the above are regarded as risk factors that potentially affect the company's operations and require close monitoring and management.

Business Situation in Q3 of 2022

The third quarter of 2022 marked a continued improvement of the company's operating results if compared to the previous quarter. The primary factor was the reopening of countries, coupled with less concerns over the Covid-19 epidemic, which also contributed to the improvement of economic activities and domestic consumption. However, the rising inflation rate turned into a negative impact on energy and raw material costs, as well as higher electricity rates, directly affecting consumers' concerns and spending. In this regard, the company will continue to deliberately manage its expenses, products, and promotions, to ensure they suit the ongoing situations and complement the needs of each customer group. Furthermore, it employed energy-saving innovations, e.g., solar panel installation, use of electric-powered trucks (EV) across multiple business units to transport goods and reduce the company's operating costs while also adjusting the funding cost structure so that it corresponded to the rising interest rates.

- **Thailand:** The business situation in Thailand continued to recover compared to the previous quarter. Tourism began to improve as international travel restrictions were relaxed, resulting in an increase in numbers of tourists while the implemented economic stimulus measures led to a gradual economic recovery. With respect to the company's business operations, as for this quarter, the company had launched new branches and renovated existing ones. As a result, the sales of all businesses actively grew, compared to the previous quarter and from the same period last year. The company continued with boosting sales through omnichannel platforms, as well as improving services available on mobile devices and applications to touch the needs of consumers.

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Accordingly, the omnichannel sales of the nine-month rose by 17% compared to those of the previous year, accounting for 23% of the total sales of the Thailand segment.

- **Vietnam:** Overall, Vietnam's economy saw robust growth, supported by the production and export sectors, including the government announced to lift Covid-19 restriction, and an improvement in domestic economic activities. For this quarter, the company renovated shopping centers and some branches for food and hardline segments as it had planned. As a result, the company's sales then achieved continuous growth, compared to the previous quarter and to the same period last year. The company also drove sales through omnichannel, thus those of the nine-month grew by 51% compared to the previous year, accounting for 9% of the total sales of the Vietnam segment.
- **Italy:** The business situation in Italy was likely to consistently recover due to the reopening of the country that encouraged spending of both local customers and tourists. As for this quarter, the sales generated by Italy improved, compared to the previous quarter and to the same period last year, thanks to the continuous improvement of flagship department stores as it had planned, enhanced brand selections to fulfill customer preferences, and omnichannel platforms. Thus, the omnichannel sales rose by 47% year-on-year, accounting for 5% of the total sales generated by the Italy segment. Furthermore, the company implemented an energy-saving plan, turning down the temperature in each department store during winter to accommodate the uncertain energy situation in Europe. Although the company will not be affected by the rising energy prices this year due to its advance purchase of energy before the price changes, the company will closely monitor the energy situation.

The company never ceases to steer its business to achieve sustainable growth in the environmental, social, and economic aspects, and always ensures its management under the good governance principles. Moreover, the company has formulated the CRC ReNEW strategy to turn the organization into a Green & Sustainable Retailer. It aims at reducing GHG emission and achieving the net-zero goal by 2050, as a long-term target. A short-term target is to be accomplished by 2030.

During the third quarter of 2022, the company took several actions for the sake of the environment, collaborating with Unilever Thailand and SCG Chemicals to launch the first pilot project of refuel station at Tops Market, Central Westgate, with an objective to raise public awareness and participation in waste management, encouraging them to reduce the use of disposable plastics and enjoy cost effectiveness through reusage.

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With respect to the social aspect, the company launched the "Tops Tongtin" website (www.topstongtin.com) to serve as the first online platform for food retail businesses, enlarging distribution channels for SME entrepreneurs and forming a TOP Tongtin team to work on acquiring the best food and beverage manufacturing SMEs across Thailand and qualifying products to be displayed at Tops, Tops Food Hall, and FamilyMart nationwide.

In terms of management under the good governance principles, the company implemented good corporate governance and anti-corruption practices, cascading a manual containing both and corporate ethics to empower all employees and ensure their compliance.

As for the company's operation to achieve the sustainable development goals in both short and long terms, it was recognized and reflected its success through being shortlisted as "Sustainable Stocks" of 2022 Thailand Sustainability Investment (THSI) for the 2nd consecutive year by the Stock Exchange of Thailand.

Moreover, the company was granted with two global business excellence awards, namely the 1st prize winner with the highest votes in Asia's Outstanding Companies Poll 2022 conducted by Asiamoney in the Most Outstanding Company category among Consumer Discretionary businesses for the second year in a row, and the Corporate Excellence Award from the Asia Pacific Enterprise Awards 2022 (APEA) Regional Edition, both of which reflected its solid, effective, and productive organizational management, which was so outstanding that it was recognized by leading international institutions.

Major developments in Q3 of 2022

1) Branch Expansion and Improvement

The company continuously expanded and renovated its business branches. During the third quarter, it launched new branches, namely Robinson Lifestyle Thalang in Phuket, two branches of Thai Watsadu in Nan Province and Bangsaen District, Chonburi Province. The latter was introduced in a hybrid format, that is, combining Thai Watsadu and BnB home into one store. Moreover, the company opened new membership-based store "Tops CLUB" on Rama 2, with imported exclusive offerings from over 3,500 SKUs in all categories, ranging from fresh food, dry food, snacks & bakery, kitchenware, household items, electrical appliances, outdoor equipment, toys, sports equipment, pet supplies, beverages, and wine. Customers also have accessibility to an online order option via Tops CLUB application. Additionally, the company has continuously launched specialty stores as well as various brand shops in Thailand and Vietnam.

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With respect to Renovation & Rebranding in Thailand, the company had renovated branches of Robinson Lifestyle and flagship stores, e.g., Lat Phrao and Chidlom branches, as well as renovating other smaller stores. In Vietnam, the company rebranded and renovated Big C branches into GO! mall and GO! Hypermarket, while in Italy it had renovated flagship department stores such as Milan, Florence, and Cagliari branches.

As of September 30, 2022, the Company has 3.3 million square meters of net sales area and 0.7 million square meters of net leasable area, which increased by 2% and 12% respectively.

2) Omnichannel

The company continuously developed the platform to become Next-Gen Omnichannel, which is superior and able to connect offline, online, and Metaverse platforms seamlessly, covering the entire Central Retail network in Thailand, Vietnam, and Italy. The core of its success is an in-depth analysis to cater customers with perfect shopping experiences. It also creates Inclusive Growth for partners, making this platform a 'Destination' for customers, partners, and everyone.

As for the nine-month, omnichannel sales grew by 21%, compared to the same period of last year, accounting for 18% of the total sales of the Company.

3) The Progress of Synergy Plan

The Company has implemented a synergy plan to cultivate benefits in terms of both revenues and efficient management of expenses. The projects have progressed as planned, as follows:

- Generating incremental sales through product cross listings that to serve the needs of customers in each business on each platform.
- Long-term profit margin increase was done by increasing gross margins and managing expenses more efficiently in all departments of the Company. The cost of purchasing products has been managed, pool purchasing to achieve reasonable costs, which increases the gross profit margin.
- In part of expenses, the Company focuses on cost reduction and management efficiency, such as reducing personnel costs due to redundant work, installing solar rooftops and EV truck to save energy and be environmentally friendly, adjusting advertising through online channels or social commerce to reduce marketing costs, and managing obsolete goods to be more efficient.

4) New format and New Growth pillar

The Company has developed a new store model and expanded stores continuously to meet the lifestyle of customers as well as stretching the customer base to cover all groups while also accelerating the expansion of the new business segment Health & Wellness to meet the trend of demand for health products and services of consumers today; for example, Tops Vita (selling health products with emphasis on vitamins and dietary supplements) and Tops Care (pharmacy, pharmaceutical and health care products with consulting services –omni-pharmacist). Moreover, it actively expands go!WOW (miscellaneous goods) and go!Power (electronic appliances). In the 3rd quarter, the Company launched its first branch of go! lifestyle shopping mall in Chandee, Nakhon Si Thammarat. At the end of nine-month, the Company operated go!WOW 26 stores, go! Power 10 stores, Tops Vita 21 stores and Tops Care 4 stores.

5) Partnership and acquisition

The Company continues to accomplish new milestones under the concept Inclusive Growth, attaining success together with partners through driving the business by leveraging CRC Retailelligence strategy under the new business expansion strategy (Build New Growth Pillars) to strengthen the Company's ecosystem and ensure its capacity to meet the needs of customers regardless of their lifestyles.

In addition, Thailand's e-book distributor, MEB Corporation Company Limited, or MEB, which is a subsidiary of Central Retail, has filed a registration statement with the SEC in September 2022 for an initial public offering (IPO) to raise funds from both local and international investors for the purposes of supporting its continued growth by expanding the business on the current platform, introducing new businesses, and using the funds as a working capital for further business operations.

Overview of the Operating Results for the Third Quarter of 2022

Central Retail Corporation Public Company Limited and its subsidiaries (“the Company”) reported Q3/2022 business performance that total revenue was THB 57,998 million, increased by 39.8% and net profit was THB 1,259 million, increased by 156.7% from the same period of last year. The company achieved an increase in the sales revenue of every business as all segments had returned to normal operations and the tourism sector continuously recovered. In contrast, during the same period last year, the company was affected by Covid-19 outbreaks in Thailand between July and August, resulting in temporary closure of some branches as required by lockdown measures. In addition, the sales revenue of this quarter also increased due to the renovation of flagship and existing branches, as well as new store expansions, consistent launches of new store formats and the rebranding of the food segment. With respect to the selling and administrative expenses, both increased, but at a lower percentage than the increase in sales. However, the selling and administrative expenses, as a proportion of total revenue, decreased when compared to the same period of last year.

Financial Summary for the Third Quarter of 2022

	Three-month period ended	Three-month period ended	Three-month period ended	Increase (decrease)	Increase (decrease)
	30 September 2021	30 June 2022	30 September 2022	from last year	from last quarter
	THB millions	THB millions	THB millions	%	%
Revenue from sales	37,660	51,202	52,122	38.4%	1.8%
Fashion segment	8,294	12,820	13,579	63.7%	5.9%
Hardline segment	13,015	18,356	17,985	38.2%	(2.0%)
Food segment	16,351	20,025	20,558	25.7%	2.7%
Revenue from rental services	903	1,610	1,678	85.8%	4.2%
Revenue from services	138	355	389	182.8%	9.7%
Investment Income	35	54	56	62.1%	4.4%
Other income	2,746	3,606	3,752	36.6%	4.1%
Total revenue	41,482	56,826	57,998	39.8%	2.1%
Cost of sales of goods	28,977	38,160	38,686	33.5%	1.4%
Gross profit from sales	8,683	13,042	13,436	54.7%	3.0%
Cost of rental and rendering of services	433	538	536	23.8%	(0.4%)
Gross profit from rental&services	608	1,426	1,531	152.0%	7.3%
Gross profit	9,291	14,468	14,967	61.1%	3.4%
Selling expenses	9,246	11,030	11,496	24.3%	4.2%
Administrative expenses	4,608	4,553	4,882	5.9%	7.2%
Profit from operating activities	(1,782)	2,545	2,398	234.5%	(5.8%)
Finance costs	789	828	868	10.1%	4.8%
Share of profit of Asso and JV	12	144	232	1,797.5%	60.7%
Profit (loss) before tax expense	(2,559)	1,861	1,761	168.8%	(5.4%)
Tax expense (income)	(339)	256	502	248.2%	96.2%
Profit for the year	(2,220)	1,605	1,259	156.7%	(21.6%)
Profit (loss) to owners	(2,241)	1,486	1,173	152.3%	(21.1%)
Operation information					
EBITDA	2,541	6,912	7,017	176.2%	1.5%
Normalized EBITDA	2,694	7,365	7,165	165.9%	(2.7%)
Normalized Profit (loss)	(2,048)	1,967	1,377	167.2%	(30.0%)
Normalized Profit (loss) to owner	(2,070)	1,849	1,292	162.4%	(30.1%)
Financial position					
		31 December 2021	30 September 2022		
Total assets		263,228	271,000	3.0%	
Total liabilities		204,147	204,233	0.0%	
Total equity		59,081	66,766	13.0%	

The Analysis of Operating Results for the Third Quarter of 2022

1. **Revenue from sales of goods** was THB 52,122 million, increased by 38.4% from the same period of last year and increased by 1.8% from the previous quarter. Revenue from sales were categorized as follows:

I. **Revenue from sales of fashion segment** was THB 13,579 million, increased by 63.7% from the same period of last year (and increased by 5.9% from the previous quarter). This was owing due to the return to normal operations, the tourism sector has recovered and the overall branches located in tourism provinces achieved steady growth. In contrast, during the same period last year, some branches were required to be temporarily closed in July-August due to Covid-19 lockdown measures. Moreover, in this quarter, Robinson Lifestyle Thalang was launched in Phuket while several branch renovation projects were constantly conducted, including Chidlom, Ladprao and Rama 2 branches. As for Italy, sales continued to increase as tourists hit higher numbers. There were renovation projects at Milan, Florence, and Cagliari branches and more brands were introduced to touch the needs of consumers. For the omnichannel sales revenue as generated by

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Central App, as well as New O2O Channel, e.g., Personal Shopper, Social Commerce, Chat & Shop, and E-ordering, the company still maintained the growth rate compared to last year despite the fact that more customers return to offline shopping.

- II. Revenue from sales of hardline segment** was THB 17,985 million, increased by 38.2% from the same period of last year (decreased by 2.0% from the previous quarter). This was driven by the normal operation while, during the same period last year, some branches needed to temporarily close following the COVID-19 lockdown measures. There were launches of new branches including 2 branches of Thai Watsadu in Nan Province and Bang Saen District, Chonburi Province. The new branches were in a hybrid format, combining Thai Watsadu and BnB home. In addition, 3 go! WOW branches were launched, i.e., Tha Kham branch, Si Saman branch in Nonthaburi Province, and Chandi branch in Nakhon Si Thammarat. The other two branches of go!Power were also rolled out, including Chandi branch and Nhong Bua Lamphu branch. For the sales revenue of COL, it increased thanks to B2S, OfficeMate and the consistent growth of MEB as there were higher demands for electronic books (e-Books). The omnichannel sales grew as more products were available online while there were also discount promotions to encourage purchase. The omnichannel grew by 17% from the same period of last year.
 - III. Revenue from sales of food segment** was THB 20,558 million, increased by 25.7% from the same period of last year (increased by 2.7% from the previous quarter). The contribution was primarily from the higher sales revenue generated by the segment in Vietnam and the active rebranding of Big C to GO! Mall and GO! hypermarket. As for Thailand, it achieved higher sales as department stores and shopping centers could operate as usual. The expansion of new store formats included standalone Tops Food Hall in Sukhumvit 39. The company also expedited the expansion of the health & wellness segment, including Tops Care and Tops Vita while branches in major tourism provinces had recovered. In this regard, the sales revenue achieved steady growth even though the segment was affected by the Co-payment Scheme of the government in September. With respect to sales generated through omnichannel platforms, it has continued to increase by 31% from the same period of last year.
- 2. Rental Revenue** was THB 1,678 million, rose by 85.8% from the same period of last year. It was mainly driven by the number of service users was getting higher and leased spaces in Thailand and Vietnam expanded with less rental discounts offered.
 - 3. Service Revenue** was THB 389 million, grew by 182.8% from the same period of last year, mainly resulting from an increasing number of users at food courts, especially the branches located close to office buildings.

- 4. Gross Profit** was recorded at THB 14,967 million, rose by 61.1% from the same period of last year. Key components are as follows:
- **Gross profit from sales** was THB 13,436 million, increased by 54.7% from the same period of last year and gross profit margin was 25.8%, compared to 23.1% from the same period last year. For the fashion segment, which had a higher margin than that of other segments, it achieved significant increase in sales, both in Thailand and Italy. Moreover, products could be sold at a higher margin as customers returned to offline stores. For Thailand, promotional discounts were adjusted to ensure they were appropriate. With respect to the hardline segment, the gross margin was slightly lower as the sale of high-margin products dropped. For the food segment, the margin slightly increased as it could sell more high-margin products while during last year customers had concerns about shopping during the Covid-19 outbreaks.
 - **Gross profit from rental and services** was THB 1,531 million, rose by 152.0% from the same period of last year and gross profit margin was 74.1%, compared to 58.4% from the same period last year. As the number of users increased while rental discounts were less offered, rental and service revenues were higher.
- 5. Other income** was THB 3,752 million, expanded by 36.6% from the same period of last year. It was driven by an increase in promotional and advertising income and logistics and distribution income in line with the increase in sales.
- 6. Selling expenses** was THB 11,496 million, increased by 24.3% from the same period of last year. This was mainly driven by a rise in sale volumes as department stores could operate as usual. There were also expansions of new branches and new store formats, resulting in increasing expenses related to sales employee, rent, utilities, advertising costs, cleaning and security fees, credit card fees. However, the company was able to manage selling expenses effectively. The selling expenses to total revenue declined to 19.8% in this quarter from 22.3% in the same period of last year.
- 7. Administrative Expenses** was THB 4,882 million, increased by 5.9% from the same period of last year. This was primarily due to an increase in employee expenses, increased technology costs, which were to maintain and develop the omnichannel platforms, the increase in land and building tax as the Thai Government abolished the land tax discount. On the other hand, the provision for bad debts and the cost of obsolete goods decreased thanks to better management. The administration expenses to total revenue declined to 8.4% in this quarter from 11.1% in the same period of last year.
- 8. Finance costs**, which were interest expenses from loans and lease agreement, was THB 868 million, increased by 10.1% from the same period of last year. It was due owing to an increase in the interest rates of loan.

- 9. Share of profit of associates and joint ventures** was THB 232 million, increased by 1,797.5% from the same period of last year, mainly due to increasing profits were contributed by associates and joint ventures.
- 10. Tax expense (income)** was THB 502 million, increased by 248.2% from the same period of last year. This resulted from the Company's operating profit while, during the previous year, there was a loss incurred by the operations.

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The nine-month performance of 2022 are as follows:

	Nine-month period ended		Increase (Decrease) %
	30 September 2021	30 September 2022	
	THB millions	THB millions	
Revenue from sales	123,254	154,018	25.0%
Fashion segment	27,319	37,896	38.7%
Hardline segment	44,536	54,533	22.4%
Food segment	51,398	61,589	19.8%
Revenue from rental services	3,539	4,800	35.6%
Revenue from services	677	994	47.0%
Investment Income	146	159	9.2%
Other income	9,274	11,126	20.0%
Total revenue	136,889	171,098	25.0%
Cost of sales of goods	94,839	115,617	21.9%
Gross profit from sales	28,415	38,401	35.1%
Cost of rental and rendering of services	1,291	1,569	21.5%
Gross profit from rental&services	2,924	4,226	44.5%
Gross profit	31,339	42,627	36.0%
Selling expenses	29,160	33,075	13.4%
Administrative expenses	12,190	13,574	11.4%
Profit from operating activities	(591)	7,263	1,329.9%
Finance costs	2,307	2,472	7.2%
Share of profit of Asso and JV	125	511	307.0%
Profit (loss) before tax expense	(2,772)	5,301	291.3%
Tax expense (income)	(585)	1,114	290.4%
Profit for the year	(2,187)	4,188	291.5%
Profit (loss) to owners	(2,311)	3,864	267.2%
Operation information			
EBITDA	12,028	20,551	70.9%
Normalized EBITDA	12,261	21,028	71.5%
Normalized Profit (loss)	(1,896)	4,569	341.0%
Normalized Profit (loss) to owner	(2,021)	4,245	310.1%

The Analysis of Operating Results for the nine-month of 2022

- I. **Revenue from sales of goods** was THB 154,018 million, increased by 25.0% from the same period of last year. Revenue from sales were categorized as follows:
 - I. **Revenue from sales of fashion segment** was THB 37,896 million, rose by 38.7% from the same period of last year. It was owing due to an increase in sales in both Thailand and Italy segments as the business could operate as usual while customers were less concerned and international travel restrictions were relaxed in the second quarter. In contrast, during last year, the segment was affected by Covid-19 outbreaks during January, April and July-August in Thailand, and for Italy, in January, March and April. In addition, it benefited from the Shopping Incentive Scheme announced by the Thai Government which was launched at the beginning of the year, consistent branch renovations, additions of brands to meet consumer needs, and partly on the positive feedback towards the rebranding of Robinson Khon Kaen to the Central Department Store in December last year. At the same time, the omnichannel sales achieved steady growth and further grew by 11% from the same period last year.
 - II. **Revenue from sales of hardline segment** was THB 54,533 million, rose by 22.4% from the same period of last year. This was mainly due to the growth of both existing and new branches. Every branch could operate as usual and accommodate higher demands for residential repairs and renovations. As students returned to schools and office workers returned to onsite work during the second quarter and the roll-out of new branches, e.g., Thai Watsadu in Chaiyaphum Province, Nan Province, and Bang Saen District, Chonburi Province; BnB in Chanthaburi Province, and specialty store, as well as new format stores, namely go!WOW and go!Power. Moreover, there were sales generated by the COL, which was consolidated with the Company since February 2021 and new stores expansion of its subsidiaries, namely B2S and OfficeMate including B2S, coupled with the growth of MEB thanks to the continuous growth of e-Book demands. The omnichannel continued to grow and register its growth by 21% from the same period of last year.
 - III. **Revenue from sales of food segment** was THB 61,589 million, grew by 19.8% from the same period of last year. It was mainly due to the segment in Vietnam as the Covid-19 outbreak had eased. Moreover, there was an increase in sales generated by the launch of a new branch of mini go! and the rebranding of Big C to GO! Mall, GO! Hypermarket, or Tops Market. As for Thailand, the food segment marked a steady increase in sales as the Covid-19 outbreaks were still at an alarming rate during the first half of the year. For now, the company implemented strict prevention measures while customers had less concern thanks to widespread distribution of vaccinations. Moreover, as department stores and shopping centers could operate as usual, there was an increase in numbers of customers. Stores in major tourism provinces also recovered due to the

easing of international travel restrictions. The omnichannel grew by 60% from the same period of last year.

2. **Revenue from rental service** was THB 4,800 million, increased by 35.6% from the same period of last year, as a result of the increasing number of users as the Covid-19 outbreaks were less severe and the leased space expansion in Thailand and Vietnam. However, the company continued to assist certain tenants, even though they could operate as usual, by offering discounts on rent, but at a lower rate.
3. **Revenue from rendering of service** was THB 994 million, rose by 47.0% from the same period of last year. This was mainly due to the increasing number of users at food courts, especially those located close to office buildings.
4. **Gross profit** was THB 42,627 million, increased by 36.0% from the same period of last year. Main components of the gross profit were as follows:
 - **Gross profit from sales** was THB 38,401 million, rose by 35.1% from the same period last year and gross profit margin was 24.9%, compared to 23.1% from the same period last year. This was mainly due to the changes in sales mix of each segment. The fashion segment, which had the highest profit margin compared to other segments, it achieved a significant increase in sales. In addition, sales of high-margin products increased as customers have returned to in-store shopping. With respect to the segment in Thailand, trade discounts were adjusted to ensure they were offered at an appropriate rate. For the hardline segment, the gross profit margin was slightly lower. This was due to the rising cost of imported goods from higher oil prices and the decline in high-margin sales. For the food segment, the profit margin was slightly higher as it could sell more private label products and the product assortments were actively adjusted.
 - **Gross profit from rental and services rendering of services** was THB 4,226 million, grew by 44.5% from the same period last year and gross profit margin was 72.9%, compared to 69.4% from the same period last year. This was mainly due to the number of users increased, the Company generated more rental and service fees while rental discounts were lowered.
5. **Other income** was THB 11,126 million, grew by 20.0% from the same period last year. This was mainly due to an increase in promotional and advertising income and logistics and distribution income in line with the increase in sales.
6. **Selling expenses** was THB 33,075 million, grew by 13.4% from the same period last year. This corresponded to the increase in sales as department stores could operate as usual. There were also expansions of new branches and new store formats, resulting in increasing expenses related to salespersons, rent, utilities, advertising costs, cleaning and security fees, credit card fees. However, the

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Company was able to manage selling expenses effectively. The selling expenses to total revenue declined to 19.3% from 21.3% in the same period of last year.

7. **Administrative Expenses** was THB 13,574 million, rose by 11.4% from the same period last year. This was mainly due to increased employee expenses, increased technology costs, which were to maintain and develop the omnichannel platforms, the increase in land and building tax as the Thai Government repealed the land tax discount, and loss from foreign exchange. On the other hand, the provision for bad debts and the cost of obsolete goods decreased thanks to better management. The administration expenses to total revenue declined to 7.9% in this quarter from 8.9% in the same period of last year.
8. **Finance costs** which were interest expenses from loans and lease agreement, was THB 2,472 million, increased by 7.2% from the same period of last year. It was due owing to an increase in the interest rates of loan.
9. **Share of profit of associates and joint ventures** was THB 511 million, increased by 307.0% from the same period of last year, mainly due to increasing profits were contributed by associates and joint ventures.
10. **Tax expense (income)** was THB 1,114 million, increased by 290.4% from the same period of last year.

Financial Position

1. **Total assets** as of 30 September 2022 and 31 December 2021 were THB 271,000 million and THB 263,228 million, respectively, which increased by THB 7,772 million or 3.0%. This was substantially due to the increase in inventory of THB 4,950 million, property, plant and equipment of THB 4,853 million, goodwill of THB 2,251 million, investment in associates and joint ventures of THB 1,034 million and investment properties of THB 736 million while there was a decrease in cash and cash equivalents of THB 4,459 million, right-of-use asset of THB 1,194 million and current financial investment of THB 1,155 million.
2. **Total liabilities** as of 30 September 2022 and 31 December 2021 were THB 204,233 million and THB 204,147 million, respectively, which increased by THB 87 million. This was substantially due to the increase in current portion of long-term loans of THB 3,157 million, other current payable of THB 1,125 million while there was a decrease in lease liabilities of THB 2,384 million, and trade payable of THB 1,641 million.
3. **Total equity** as of 30 September 2022 and 31 December 2021 were THB 66,766 million and THB 59,081 million, respectively, which was an increase of THB 7,685 million or 13.0%. This was substantially due to the increase retained earnings of THB 2,055 million from net profit of THB 3,864 million and dividend payment of THB 1,809 million and other components of equity-mainly from gain on remeasurements of defined benefit plans of THB 5,457 million.

Capital Structure

As of 30 September 2022, the Company's capital structure comprised of total liabilities of THB 204,233 million, which included interest-bearing debts of THB 80,724 million (excluding lease liabilities), and total shareholders' equity totaled THB 66,766 million. Net interest-bearing debt to equity ratio was at 1.03 times.

Statement of Cash Flows

For the nine months period ended 30 September 2022, the Company reported the cash flows as follows:

- 1) Cash flows from (used in) operating activities of THB 13,226 million, increased by THB 7,357 million from the same period of last year. This was substantially due to an increase of profit after adjusted to cash of THB 7,823 million and changes in operating assets and liabilities being a cause of cash decreased of THB 44 million, while tax paid increased of THB 422 million.
- 2) Cash flows from (used in) investing activities was THB (10,094) million, decreased by THB 5,803 million from the same period of last year. This was substantially due to the acquisition of subsidiaries COL of THB 10,778 million last year. The increase of net disposal of other current financial assets of THB 297 million from the repayment of loan to related parties of THB 180 million while the increase of net acquisition of property, plant, equipment and investment property of THB 5,538 million and the acquisition of subsidiaries MP Synergy of THB 187 million.
- 3) Cash flows from (used in) financing activities of THB (8,185) million, decreased by THB 15,655 million from the same period of last year. This was substantially due to loans (net) decreased of THB 14,345 million. The lease liabilities and interest payment increased by THB 1,503 million and THB 195 million while decreased of dividend payment by THB 353 million.

Business outlook

The Company is committed to creating sustainable growth for the business and to **becoming Asia's No. 1 Retailer of the Future** through its **CRC Retaillence Strategy** with 4 key strategies:

- 1) **Reinvent Next-Gen Omni Retail** – Elevate omnichannel platforms by merging physical and virtual worlds, and leveraging new digital technologies to deliver next-level shopping experiences across all business segments, including food, fashion, hardline, property and new businesses across Thailand, Vietnam, and Italy.
- 2) **Accelerate Core Leadership** – Accelerate growth across Central Retail's core businesses, both locally and globally, and capture new growth opportunities with world-class partners.

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- 3) **Build New Growth Pillars** – Capture new business opportunities by starting with the health and wellness segment followed by other segments that tap into changing global trends and consumer needs.
- 4) **Drive Partnership, Acquisition and Spin-Off** – Expand the business under the concept of inclusive growth, inspiring collective success with partners and enabling value-led sustainability.

In addition, leveraging data in the CRC Data Ecosystem as a key driver and analyzed customer insights collected in the The 1 member database and other loyalty programs in order to cater products and services that truly meet each customer's needs in a hyper personalized manner. Moreover, it also developed and upgraded omnichannel platforms to cover all business groups in every country so as to strengthen the organization, making it resilient, stable, and sustainably grow. In this regard, the Company is determined to improve the operation process of all business units, execute financial management for liquidity, and emphasize the local and global expansion of strategic growth projects in pursuit of future gains. For example, the expansion of Thai Watsadu stores, Robinson Lifestyle, and GO! Vietnam, including development of new concept stores or brands to meet customers' individual demands. Importantly, the Company focus on inclusive growth with our partners and actively exploring new opportunities to acquire (M&A) high potential businesses for the new revenue to boost revenues and enhance business capabilities in line with its growth plan in a stable and sustainable manner.

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