

CENTRALRETAIL

CRC IR 003/2023

Re: Management Discussion and Analysis (MD&A) for the six-month period ended 30 June 2023

To: President

The Stock Exchange of Thailand

15 August 2023

Central Retail Corporation Public Company Limited (“the Company” or “CRC”) would like to clarify Management Discussion and Analysis for the operating results for six-month ended 30 June 2023

Please be informed accordingly.

Yours Sincerely,

-Signature-

(Mr. Panet Mahankanurak)

Chief Financial Officer

Central Retail Corporation Public Company Limited

Performance Overview

The overall Thai economy during the second quarter of 2023 continued to recover owing to the rebound of the tourism sector, as recognized by the number of international tourists of approximately 12.9 million throughout the first 6 months of 2023, an increase of more than 520% when compared to the same period last year, among whom tourists from ASEAN, East Asian, and European countries dominated the majority. In addition, private consumption in the tourism and service sectors improved as a result from increased employment rates and consumer confidence. Economic activities, however, were pressured due to high costs of living and high household debts, especially among low-income families. In parallel, pressure still persisted in part of exports after patchy global demands, which slowed down the economic growth in Thailand and Vietnam. With respect to financial side, even though inflationary pressure was easing, central banks in many countries were still hike interest rates in the second half of the year and retain those high levels, thereby stretching the overall global financial costs. Moreover, the political uncertainty in Thailand was of concerns among consumers due to the delay in forming a new government after the general election in May 2023. As a result, the Company still needs to take careful considerations in regard to business operations and closely monitor in the face of persistent economic uncertainties.

Business Situation in Q2 2023

The Company's performance in Q2 of 2023 has continued to improve when compared to last year thanks to strong business model driven by CRC Retail Intelligence strategy and adjusted operational strategies to be in line with changing business environment, including the development of the Central Retail Ecosystem and Omnichannel platform. However, the Company's performance in this Q2 of 2023 slowed down due to seasonality effect and the sluggish macro economy in Vietnam, while business situations in Italy continued its positive momentum. In this 2nd quarter of 2023, various headwinds persisted e.g., rising costs such as electricity expenses and higher finance costs and operating expenses for store expansion. The Company continues to manage expenses with vigilance, such as managing products and promotions to suit and meet the needs of each customer group, or using energy-saving innovations, e.g., the installation of solar panels or the use of electric trucks (EV) for goods transportation in several business units to reduce its operating costs as well as adjusting the funding cost structure to be appropriate amid the rising interest rates.

- Thailand: The business situation in Thailand continued to recover when compared to the previous year, especially sales in tourist provinces and renovated existing branches of Department Store which improved compared to that of the previous year. The Company has executed its scheduled plan whereby, during this second quarter, the Company launched new branches in the hardline and food segments, and renovated existing Department Stores of Central and Robinson e.g. Chidlom, Mega Bangna and Fashion Island branches. Additionally, the Company never ceases to develop a variety of omnichannel platforms and improve performance of services provided

through its mobile application, in order to serve the needs of consumers. These all together resulted in Thailand's sales during the 2nd quarter registered 8% YoY growth, and the Omnichannel sales accounted for 23% of the total sales in Thailand.

- **Vietnam:** The overall Q2/2023 economy of Vietnam maintained its slow pace due to a sluggish macroeconomy where consumers were more cautious in spendings and changed their purchase behavior to align with limited budget. During this second quarter, the Company launched a new go! supermarket and renovated GO! malls, GO! hypermarkets and hardline stores. With persisting economic slowdown, sales in Vietnam for the 2nd quarter lowered by 10% compared to the same period last year while the Omnichannel sales accounted for 10% of the total sales in Vietnam.
- Italy: Business situations in Italy achieved continued recovery thanks to the reopening of the country, which has stimulated purchases of domestic consumers and tourists. The Company renovated the Rinascente Department Stores and provided more brands to resonate with the needs of consumers at both offline and through Omnichannel platforms. These efforts led to an increase in the 2nd quarter sales by 20%, compared to the same period of last year and the Omnichannel sales accounted for 4% of the total sales in Italy.

The Company disclosed sustainability data with respect to the environment, society and governance in the 2022 Sustainability Report and Performance Data. Highlighted operating results are as follows: In terms of the environment, the Company has steered the business to achieve the Net Zero goal, expanding the proportion of renewable energy through solar cell installations to attain 76,130 MWh electricity generation and promoting adoption of electric vehicles in the Company's transportation system. Moreover, it has installed electric charging stations to promote customers' use of electric vehicles. On top of the energy-saving part, the Company also attaches great importance to efficient resource management. Tops, a food business under the roof of Central Retail, joined forces with startup Yindii, SEA's No.1 surplus food buying application, to change good quality surplus food into "Surprise Bags" at a special price. This initiative helps reduce the amount of food waste and consumers' spending. In this regard, Tops was recognized with a sustainability award by Asia-Pacific's renowned stage "Convenience Retail Sustainability Award", an honorary award given to retail organizations that value and operate their business on the basis of sustainability, contributing to positive influence to people, society and the environment.

In part of society, the Company has arranged training sessions for employees on human rights and conducted human rights due diligence, which is a process that allows the Company to be aware of human rights impacts caused by its operations throughout the value chain. Moreover, there are prevention mechanisms, mitigating measures, and remedies to minimize risks and impacts to ensure that the Company can responsibly operate its business in respect of human rights. As for community support, the Company organized “The Metropolis of Sincerity,” a fair that gathered products from farmers' communities nationwide to build on the grassroots economy and unlock access to good quality of life and sustainable income for the farmers. It also supported the Nong Sanit Organic Vegetables Agricultural Cooperative Group in Surin in order to upgrade conventional agriculture into organic farming while also assisting them in production planning to meet market demands. Last but not least, the Company has allocated spaces within its department stores to the farmers, generating more than 1 million baht for them.

With respect to good governance, the Company has been committed to conducting its business with integrity, ethics, and responsibility toward all groups of stakeholders with sustainability-centric strategies and tactics. GRC (Governance, Risk, and Compliance) was thus adopted in corporate management to enhance efficiency and effectiveness. It fostered business ethics by taking into account risk management and compliance to ensure positive reputations for the organization. The CEO conveyed the Company's message, encouraging the management team and employees to adopt the GRC framework in their daily operations, perform their tasks on the basis of transparency and good corporate governance, utilize risk management tools to cope with potential uncertainties during the operations, comply with laws, regulations, policies and announcements effective both within and outside the organization, and adhere to good corporate governance regardless of their positional roles.

Besides, the Company has engaged and implemented anti-corruption initiatives via consistent anti-corruption communications and internal training sessions to ensure enterprise-wide effect, both within the Company and its subsidiaries. The Company also has its anti-corruption policies acknowledged and agreed by all business partners to underscore the business of transparency and accountability with active anti-corruption measures and discipline in place. During the first quarter, the Company declared its intent to be part of the CAC Change Agent (Thai Private Sector Collective Action against Corruption) and, in the second quarter, proactively solicited SMEs to submit a declaration of intent to be part of the CAC.

Awards and Recognition in Q2 of 2023

The company has received prestigious awards from various institutions and organizations both national and international in terms of Corporate Excellence, Sustainability and Investor Relations.

In area of Corporate Excellence, the Company received Asia's Best CEO, Asia's Best CFO and Best Corporate Communications from Asian Excellence Awards 2023 Asia's leading award institution. In addition, International Finance, the UK's leading business and finance magazine has recognized the success of the organization and executives, awarding Best Luxury Retail CEO category to Mr. Yol Phokasub, Chief Executive Officer. The Company also received Best Company in Thailand – Bronze from FinanceAsia Awards for its outstanding agility in enhancing the overall Thai retail industry. The Company received App of the Year from Retail Asia Awards was given for Central Retail's PowerBuy Application as a digital platform that caters to all customers' needs.

In area of sustainability, the Company received Asia's Best CSR from Asian Excellence Awards, a testament to the company's position as a Green & Sustainable Retail and Thailand's first model organisation for sustainability. The Company also received Sustainability of the Year from Retail Asia Awards which was given to 'Na Muen Sri Project', an establishment of Weaving Community Learning Centre aimed to preserve ancient weaving culture of Trang province and received Social Empowerment from Asia Responsible Enterprise Awards which was given to 'Jing Jai Farmers' Market model', a sustainability project to improve socio-environmental impact by boosting local economy, educating, and advising farmers to help increase their income, and reducing both carbon footprint and plastic use.

In area of Investor Relations, the Company received Best Investor Relations in Thailand – Gold from FinanceAsia Awards, regionally-accepted financial and capital market magazine and received Best Investor Relations Company from Asian Excellence Awards a reflection of its highest standard in investor relations management and for its presentation of transparent, correct, and complete data that allows the Company to establish and secure investors' confidence.

Major developments in Q2 2023

1) Branch Expansion and Renovation

In the 2nd quarter of 2023, the Company continuously expanded and renovated its business branches. In Thailand, it launched new branches for hardline and food segment, namely 3 branches of Thai Watsadu in Loei, Chainat and Muang-Ek Bangkok which is hybrid format, 1 branch of Top Standalone supermarket in Bangkok. In Vietnam, the Company launched 1 branch of go! Nhon Trach supermarket. Additionally,

the Company has continuously launched specialty stores as well as various brand shops in Thailand and Vietnam.

With respect to Renovation & Rebranding in Thailand, the Company had renovated branches of Central and Robinson Department Store namely Chidlom, Mega Bangna and Fashion Island, as well as renovating other smaller stores. In Vietnam, the Company continued to rebrand and renovate Big C branches into GO! mall and GO! Hypermarket 3 branches while in Italy it had continuously renovated Rinascente department stores namely Milan and Monza branches.

As of June 30, 2023, the Company has 3.4 million square meters of net sales area and 0.7 million square meters of net leasable area, which increased by 3.4% and 6.9% respectively compared to the same period of last year.

2) Omnichannel Development

The Company continuously developed the Next-Gen Omnichannel Platform to enhance ultra-personalized shopping experience, which is superior and able to connect offline, online 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 first 6-month, Omnichannel sales grew by 13%, compared to the same period of last year, accounting for 18% of the total sales of the company. In addition, the Company has continuously strengthened its Omnichannel platform of all segments and revamped mobile application efficiency.

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 which have been implemented in some business units.
- 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. This has been implemented in some business units.

- Strong and prudent financial management with the 3C strategy: The first C is Cost and expense management with maximum efficiency. The second C, Capex, focuses on investments that maximise the benefits of strategic businesses and accelerate the expansion of proven formats. The last C, Cash Flow, expands the ability to manage working capital to become more agile, flexible and that can increase cash flow for further business growth.
- 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 for example Thai Watsadu hybrid format which combining Thai Watsadu and BnB home into one store, go!WOW (miscellaneous goods store) and go!Power (electronic appliances store) in hardline segment 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 people's health and pet; for example, Tops Vita (selling health products with emphasis on vitamins and dietary supplements), Tops Care (pharmacy, pharmaceutical and health care products with consulting services –Omni-pharmacist) and Pet 'N Me. At the end of June 2023, the Company operated go!WOW 21 stores, go! Power 12 stores, Tops Vita 56 stores, Tops Care 21 stores and Pet 'N Me 5 stores.

5) Partnership and Acquisition

The Company continues to accomplish new milestones under the concept Inclusive Growth, attaining success together with partners to strengthen the Company's ecosystem and ensure its capacity to meet the needs of customers regardless of their lifestyles.

Q2/2023 Performance

Central Retail Corporation Public Company Limited and its subsidiaries (“Company”) reported operating results of Q2/2023, achieving a total revenue of THB 60,002 million, an increase of 5.6% compared to the previous year and net profit of THB 1,690 million, an increase of 5.3% from last year. The Company’s sales increased in all segments thanks to the recovery of economic activities and tourism after renovations of existing branches and launches of new branches in all segments, as well as the rebranding of the food segment. Moreover, the Company generated higher revenue from expanding rental spaces, both in Thailand and Vietnam, and higher other incomes in accordance with the sales growth. At the same time, selling and administrative expenses rose due to the higher sales volumes, launches of new branches, and the increase in electricity tariffs in Thailand.

Financial Summary for the Second Quarter of 2023

	Three-month period ended	Three-month period ended	Three-month period ended	Increase (decrease)	Increase (decrease)
	30 June 2022	31 March 2023	30 June 2023	from last year	from last quarter
	THB millions	THB millions	THB millions	%	%
Revenue from sales	51,202	56,712	53,521	4.5%	(5.6%)
Fashion segment	12,820	14,994	14,632	14.1%	(2.4%)
Hardline segment	18,356	18,723	18,839	2.6%	0.6%
Food segment	20,025	22,995	20,050	0.1%	(12.8%)
Revenue from rental services	1,610	1,852	1,896	17.8%	2.4%
Revenue from services	355	397	435	22.7%	9.7%
Investment Income	54	69	84	56.3%	22.3%
Other income	3,606	4,176	4,065	12.7%	(2.7%)
Total revenue	56,826	63,206	60,002	5.6%	(5.1%)
Cost of sales of goods	38,160	42,006	39,297	3.0%	(6.4%)
Gross profit from sales	13,042	14,706	14,224	9.1%	(3.3%)
Cost of rental and rendering of services	538	568	581	7.9%	2.2%
Gross profit from rental & services	1,426	1,680	1,751	22.7%	4.2%
Gross profit	14,468	16,386	15,975	10.4%	(2.5%)
Selling expenses	11,030	12,041	12,232	10.9%	1.6%
Administrative expenses	4,553	4,958	5,027	10.4%	1.4%
Profit from operating activities	2,545	3,632	2,866	12.6%	(21.1%)
Finance costs	828	1,031	1,117	34.9%	8.4%
Share of profit of Associates and JVs	144	299	322	123.4%	7.5%
Profit (loss) before tax expense	1,861	2,901	2,071	11.3%	(28.6%)
Tax expense (income)	256	589	380	48.5%	(35.4%)
Profit for the year	1,605	2,312	1,690	5.3%	(26.9%)
Profit (loss) to owners	1,486	2,168	1,567	5.4%	(27.7%)
Operation information*					
EBITDA	6,912	8,179	7,545	9.2%	(7.7%)
Core EBITDA	7,208	8,242	7,732	7.3%	(6.2%)
Core Profit (loss)	1,842	2,363	1,840	(0.1%)	(22.1%)
Core Profit (loss) to owners	1,723	2,219	1,717	(0.4%)	(22.6%)
Financial position					
		31 December 2022	30 June 2023		
Total assets		275,984	276,534		0.2%
Total liabilities		211,099	206,826		(2.0%)
Total equity		64,885	69,708		7.4%

Note: *Non-operating items for adjustments are gain/loss on foreign exchange, gain/loss on disposal of assets and investments and gain/loss on derivatives (gain/loss on derivatives is firstly included in adjustment items in 2nd quarter of 2023 and adjusted in previous year for comparison purpose)

The Analysis of Operating Results for the Second Quarter of 2023

1. Revenue from sales of goods accounted for THB 53,521 million, an increase by 4.5% compared to the same period last year (decreased by 5.6% from the previous quarter). Revenue from sales of goods can be classified based on the Company's business segments as follows:
 - I. Revenue from sales of fashion segment was THB 14,632 million, an increase of 14.1% from the same period of last year (decreased by 2.4% from the previous quarter) due to an increase in Thailand's sales. The major contributing factor is an increase in tourist traffic, resulting in higher sales contributed by branches located in tourist areas, e.g., Phuket, Patong, Chiang Mai and Pattaya. Another contributor was the positive feedback towards the renovated branches, consisting of Lad Phao, Rama 2, and Khon Kaen. As for Italy, the sales rose due to tourist

recovery and an enlarged variety of brands to meet consumer needs. Omnichannel sales decreased by 5% from the previous year as offline stores became more preferable.

- II. Revenue from sales of **hardline segment** was THB 18,839 million, an increase by 2.6% from the same period of last year (increased by 0.6% from the previous quarter). Sales of the branches located in tourist provinces expanded, which was also a result from renovations and store launches of Thai Watsadu in Loei province, Chainat province and Muang-Ek, Bangkok which is hybrid format. The Company could manage to supply products and adequately meet customer needs as more allocations were made by the suppliers and greater sales volumes of electronic appliances, e.g., air-conditioning, fans, as influenced by seasonal factors during the second quarter, which was summer in Thailand. The sales in Vietnam decreased as consumers became more cautious of their spending in the face of persisting economic slowdown. On the other hand, Omnichannel sales continued to expand, that is, increasing by 37% from last year thanks to promotional campaigns available on Thai Watsadu's e-ordering and other Omnichannel platforms.
 - III. Revenue from sales of food **segment** was THB 20,050 million, an increase by 0.1% from the same period of last year (decreased by 12.8% from the previous quarter), with sales growth in Thailand, primarily attributed to the recovery of tourism, resulting in better sales growth of branches located in major provinces and positive feedback from the rebranding of Tops to be recognizable and memorable. Consumer needs were effectively fulfilled through omnichannel platforms, e.g., via the Personal Shopper. In addition, it launched a new standalone branch of Tops Supermarket at People's Park, On Nut Bangkok. The sales generated by Vietnam decreased as consumers were more cautious of their shopping behavior during the economic downturn. In this quarter, a new branch was launched called go! Nhon Trach. The sales generated through Omnichannel platforms continued to grow. In this quarter, Omnichannel sales rose by 13% compared to that of last year.
2. **Revenue from rental services** was THB 1,896 million, rose by 17.8% from the same period last year as a result from a rise in service users and the expansion of the rental space in Thailand and Vietnam.
 3. Revenue from **service income** was THB 435 million, an increase of 22.7% from the same period last year due to more traffic to food courts.
 4. **Gross profit** was recorded at THB 15,975 million, an increase of 10.4% from the same period last year. Key components are as follows:
 - **Gross profit from sales** was THB 14,224 million, an increase of 9.1% from the previous year, representing a gross profit margin of 26.6%, an increase from 25.5% of the previous year (increase from 25.9% in the previous quarter). The major contribution was from the fashion segment, which

had a higher profit margin than others and significantly generated sales both in Thailand and Italy while more high-margin products were sold and trade discounts were properly adjusted. For hardline segment, there was a slight decrease in profit margins as a result from both Thailand's and Vietnam's operations. For food segment, profit margin slightly decreased due to operations in Vietnam.

- **Gross profit from rental** and services was THB 1,751 million, an increase by 22.7% from the same period last year. The gross profit margin represented 75.1%, compared with 72.6% in last year (increase from 74.7% from previous quarter), as the Company offered lower discounts to tenants and limited discounts for store renovations only.
- 5. **Other income** was THB 4,065 million, an increase of 12.7% from the same period last year due to higher income contributed by sales promotions, advertising campaigns, and income from transportation and distribution in line with higher sales volume and activities as well as utility income.
- 6. **Selling expenses** was THB 12,232 million, an increase by 10.9% from last year following the increase in sales and from the expansion of new branches and new store formats, resulting in higher expenses related to sales workforce, utility bills, depreciation, advertising and public relations costs, rental including the adjustment of the electricity tariff. Selling expenses were 20.4% of the total revenue, an increase from 19.4% from the same period last year.
- 7. **Administrative expenses** was THB 5,027 million, an increase of 10.4% from the previous year. This was mainly owing to the rise in personnel expenses and provision expenses for shrinkage and obsolete. The administrative expenses accounted for 8.4% of the total revenue, an increase from 8.0% from the same period last year.
- 8. **Finance cost** which were interest expenses from loans and lease agreements, was THB 1,117 million, increased by 34.9% from the same period last year due to an increase in interest rates and borrowing.
- 9. **Share of profits of associates and joint ventures using the equity method** was THB 322 million, increased by 123.4% from the same period last year. This was mainly due to the increase in profits of associates and joint ventures.
- 10. **Tax expenses (income)** was THB 380 million, increased by 48.5% from the same period last year as the Company generated more profit from its operations.

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Financial Summary for first half of 2023

	Six-month period ended		Six-month period ended		Increase (decrease)	
	30 June 2022		30 June 2023			
	THB millions		THB millions		%	
Revenue from sales	101,896	110,233		8.2%		
Fashion segment	24,317	29,627		21.8%		
Hardline segment	36,549	37,561		2.8%		
Food segment	41,031	43,046		4.9%		
Revenue from rental services	3,122	3,748		20.1%		
Revenue from services	605	832		37.4%		
Investment Income	103	153		49.1%		
Other income	7,374	8,242		11.8%		
Total revenue	113,100	123,208		8.9%		
Cost of sales of goods	76,931	81,303		5.7%		
Gross profit from sales	24,965	28,931		15.9%		
Cost of rental and rendering of services	1,033	1,149		11.3%		
Gross profit from rental & services	2,695	3,430		27.3%		
Gross profit	27,659	32,361		17.0%		
Selling expenses	21,579	24,273		12.5%		
Administrative expenses	8,693	9,985		14.9%		
Profit from operating activities	4,865	6,499		33.6%		
Finance costs	1,603	2,148		34.0%		
Share of profit of Associates and JVs	279	621		122.5%		
Profit (loss) before tax expense	3,541	4,972		40.4%		
Tax expense (income)	611	969		58.5%		
Profit for the year	2,929	4,002		36.6%		
Profit (loss) to owners	2,690	3,735		38.8%		
Operation information*						
EBITDA	13,534	15,724		16.2%		
Core EBITDA	13,665	15,975		16.9%		
Core Profit (loss)	3,034	4,203		38.5%		
Core Profit (loss) to owners	2,795	3,936		40.8%		

Note: *Non-operating items for adjustments are gain/loss on foreign exchange, gain/loss on disposal of assets and investments and gain/loss on derivatives (gain/loss on derivatives is firstly included in adjustment items in 2nd quarter of 2023 and adjusted in previous year for comparison purpose)

The Analysis of Operating Results for first half of 2023

1. Revenue from **sales** of goods was THB 110,233 million, an increase of 8.2% compared to the same period last year. Revenue from sales of goods can be classified according to Company's business segments as follows:

- I. Revenue from sales of fashion segment was THB 29,627 million, increased by 21.8% from the same period last year. This was owing to higher sales growth in Thailand, especially branches located in tourist provinces that significantly expanded, compared to the same period last year, the segment was affected by the Omicron variant outbreaks and underwent several branch renovations. As for Italy, there was an increase in sales thanks to the increasing number of tourists and positive feedback from the store renovations, as well as a wider variety of product options to serve customer needs, while, last year, the country was locked down and reopened in March 2022. Omnichannel sales decreased by 4% from the previous year as more customers prefer offline shopping.
 - II. Revenue from sales of hardline segment was THB 37,561 million, increased by 2.8% from the same period last year. It was mainly contributed by Thailand, which generated an increase in sales, especially branches located in tourist provinces that grew after the reopening of the country and the renovations of existing stores and continuous launches of new stores, as well as adequate product acquisition to respond to customer requirements. As for the sales of Vietnam, it decreased as consumers were more cautious in their spending amidst economic slowdown. Omnichannel sales increased by 32% from the previous year, thanks to sales promotions available on Thai Watsadu's e-ordering and other Omnichannel platforms.
 - III. Revenue from sales of food segment was THB 43,046 million, increased by 4.9% from the same period last year. The increase in sales was contributed by both Thailand and Vietnam operations. For Thailand, higher sales were attributed to a recovery in tourism, benefiting sales volumes of branches located in major provinces. There were launches of new branches and rebranding of Tops to be recognizable and memorable. Sales generated by Vietnam also increased, partly thanks to positive feedback after the rebranding of Big C to GO! mall and GO! hypermarket and the opening of new stores. In addition, the segment also responded to customer needs through Omnichannel where Omnichannel sales consistently expanded, achieving, an increase by 12% from last year.
2. **Revenue from rental services** was THB 3,748 million, increased by 20.1% from the same period last year thanks to higher user traffic and the expansion of rental spaces in Thailand and Vietnam.
 3. Revenue from service income was THB 832 million, grew by 37.4% from the same period last year as there was greater traffic within food courts, especially those located close to office buildings.
 4. **Gross profit** was THB 32,361 million, grew by 17.0% from the same period last year, thanks to the followings:

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- **Gross profit from sales** was THB 28,931 million, an increase of 15.9%, or representing a gross profit margin of 26.2%, compared to 24.5% from the same period of last year. The main contribution was from the fashion segment, which had a higher profit margin than others and significantly generated sales both in Thailand and Italy while more high-margin products were sold and trade discounts were adjusted to be more suitable. As for the food segment, the profit margin was slightly higher after trade discounts were adjusted. For the hardline segment, the profit margin was stable compared to that of the previous year.
- **Gross profit from rental and services** was THB 3,430 million, an increase of 27.3% from the same period of last year. The gross profit margin represented 74.9%, increased from 72.3% when compared to the same period of last year. It was owing to lower rental discount to tenants.
- 5. **Other income** was THB 8,242 million, an increase of 11.8% from the same period of last year, thanks to the rise in income generated by sales promotions, advertising campaigns, and income from transportation and distribution following higher sales volumes and activities and utility income.
- 6. **Selling expenses** was THB 24,273 million, an increase of 12.5% from the same period of last year, following an increase in sales, the expansion of new stores and new store formats, resulting in higher expenses related to sales workforce, utility bills, rental, advertising and public relations costs, depreciation, as well as the significant increase of utility bills. Selling expenses were 19.7% of the total revenue, increasing from 19.1% in the same period last year.
- 7. **Administrative expenses** was THB 9,985 million, an increase of 14.9% from the same period of last year. This was mainly owing to the rise in personnel expenses and provision expenses for shrinkage and obsolete. The administrative expenses accounted for 8.1% of the total revenue, increasing from 7.7% in the same period last year.
- 8. **Finance cost** which were interest expenses from loans and lease agreements, was THB 2,148 million, an increase of 34.0% from the same period last year due to a rise in interest rates and borrowing.
- 9. **Profit sharing of associates and joint ventures using the equity method** was THB 621 million, an increase of 122.5% from the same period last year. It was due mainly to the increased profit of associated companies and joint ventures.
- 10. **Tax expenses (income)** was THB 969 million, an increase of 58.5% from the same period last year as the Company generated more profits from its operation.

Financial Position

1. Total assets as of 30 June 2023 and 31 December 2022 were THB 276,534 million and THB 275,984 million, respectively, which increased by THB 550 million or 0.2%. This was substantially due to the decrease in cash and cash equivalents of THB 4,552 million, trade receivables of THB 755 million and other current receivables of THB 514 million while there was an increase in property, plant and equipment of THB 3,095 million, goodwill of THB 1,056 million and inventory of THB 878 million.
2. Total liabilities as of 30 June 2023 and 31 December 2022 were THB 206,826 million and THB 211,099 million, respectively, which decreased by THB 4,273 million or 2.0%. This was substantially due to the decrease in trade payable of THB 3,777 million and other current payable of THB 1,673 million while there was an increase in borrowings of THB 874 million.
3. Total equity as of 30 June 2023 and 31 December 2022 were THB 69,708 million and THB 64,885 million, respectively, which was an increase of THB 4,823 million or 7.4%. This was substantially due to the increase retained earnings of THB 3,735 million from net profit for the period and dividend payment of THB 2,895 million and difference arising from change of non-controlling interest of THB 1,445 million and other components of equity-mainly from gain on remeasurements of defined benefit plans of THB 2,100 million.

Capital Structure

As of 30 June 2023, the Company's capital structure comprised of total liabilities of THB 206,826 million, which included interest-bearing debts of THB 82,169 million (excluding lease liabilities), and total shareholders' equity totaled THB 69,708 million. Net interest-bearing debt to equity ratio was at 1.03 times.

Statement of Cash Flows

For the year ended 30 June 2023, the Company reported the cash flows as follows:

- 1) Cash flows from (used in) operating activities of THB 9,322 million, increased by THB 416 million from the same period of last year. This was substantially due to an increase of profit after adjusted to cash of THB 2,601 million while there were changes in operating assets and liabilities being a cause of cash decreased of THB 1,481 million and tax paid increased of THB 705 million.
- 2) Cash flows from (used in) investing activities was THB (7,037) million, increased by THB 656 million from the same period of last year. This was substantially due to the increase of net acquisition of other current financial assets of THB 712 million and net acquisition of other intangible assets of THB 292 million and net acquisition of property, plant, equipment, investment property of THB 230 million while there was an increase in dividend received of THB 280 million.

- 3) Cash flows from (used in) financing activities of THB (7,395) million, decreased by THB 748 million from the same period of last year. This was substantially due to cash proceeds from MEB's IPO of THB 1,765 million and loans (net) increased of THB 736 million while increased of dividend payment of THB 936 million and interest payment of THB 575 million and increased of lease liabilities of THB 242 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 Retail Intelligence 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.
- 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.

Central Retail is committed to improving the efficiency of operational processes of all departments, ensuring that risk management is in line with the economic conditions and shifting consumer behavior, and that cost and expense management is efficient for robust and sustainable growth. The Company is also determined to direct all businesses toward sustainability (ESG). In this regard, the monetary goals or operational figures specified have been considered by the Company to be feasible, with supporting strategies or operational measures, along with guidelines to achieve such goals, in place.