



No. IDR 16/2023

Date: 10 November 2023

Re: Management Discussion and Analysis (MD&A) for the Third Quarter of 2023

To: The President

The Stock Exchange of Thailand

CP All Public Company Limited (CPALL or the Company) would like to clarify operating results for the third quarter of 2023 in which the company and its subsidiaries has reported a net profit of Baht 4,424 million. The main reasons are as follows:

Total Revenues

In 3Q23, the Company reported total revenues at Baht 226,427 million, increased by 6.0 percent YoY. This was the result of an increase in revenue from sale of goods and rendering of services from convenience store business and grocery wholesaling and retailing business and other supporting businesses, according to an increase of economic activity and domestic consumption. In addition, the marketing strategy and O2O strategy of each business unit continued to be an important supporting factors during rainy season.

Gross Profit

Gross profit from sales and services in 3Q23 was reported at Baht 47,966 million, increased by 5.7 percent YoY, attributed by convenience store business and other supporting businesses. While, the consolidated gross profit margin was reported at 21.8 percent from 21.9 percent in the same quarter last year.

Distribution Costs and Administrative Expenses

In 3Q23, CPALL reported proportion of distribution costs and administrative expenses as follows:

Costs and Expenses	3Q23
Employee Benefits	33.0%
Store management fees	12.8%
Rental and depreciation and amortization	20.7%
Advertising and sales promotion	8.7%
Utilities and others	24.8%
Total	100.0%

The Company reported distribution costs and administrative expense at Baht 44,486 million, increased by 5.9 percent YoY. Distribution costs was reported at Baht 37,170 million, increased by



7.2 percent YoY to support store expansion, revenue growth, also support the strategic plans of each business unit. Administrative expenses was reported at Baht 7,316 million, slightly decreased by 0.4 percent YoY. An increased expenses were mainly due to utilities costs and employee benefits. However, each business unit has maintained stringent and efficient cost control.

Profit before Finance Costs and Tax Expense, and Net Profit

In 3Q23, the Company reported profit before interest and tax expense at Baht 10,040 million, increased by 5.0 percent YoY. The Company reported a decrease of finance costs at amount of Baht 288 million as a consequence of debenture issuance for debt prepayments of CPAXT for the purpose to reduce costs and risks of financial expenses. Therefore, the Company reported net profit at amount of Baht 4,424 million, increased by 20.3 percent YoY and reported consolidated earnings per share at Baht 0.48 per share.

Operating Results for the first nine months of 2023

The Company and its subsidiaries reported total revenues at Baht 680,749 million, increased by 8.5 percent YoY and reported net profit at amount of Baht 12,985 million, increased by 28.1 percent YoY. The consolidated earnings per share was reported at Baht 1.41 per share. This was mainly due to an improvement of convenience store business performance, followed higher economic activities.

Proportion of Total Revenues and Profit before Tax Expense before Elimination Contributed from Major Businesses

In 3Q23, total revenue before elimination contributed from major businesses were, (1) convenience store business and other businesses, accounted for 50 percent and (2) grocery wholesaling and retailing businesses, accounted 50 percent which were in the same level with previous quarter.

Profit before tax expense before elimination contributed from major businesses in 3Q23 were, (1) Convenience store business and other businesses, accounted for 71 percent and (2) grocery wholesaling and retailing businesses, accounted for 29 percent which were in the similar level with previous quarter which (1) still contributed higher growth of profit before tax.

Operating Results of the Convenience Store Business

In 3Q23, the convenience store business opened a total of 176 new stores. At the end of 3Q23, CPALL had a total of 14,391 stores, divided into

- (1) 7,258 corporate stores (approximately 50 percent of total stores) or a net new store of 125 stores in this quarter.
- (2) 7,133 SBP and sub-area stores (approximately 50 percent of total stores) or a net new store of 51 stores in this quarter.



Majority of our stores were stand-alone, accounted for 86 percent of total stores, while the rest portion of total stores were in PTT gas stations.

In 3Q23, the convenience store business reported revenue from sales and services of Baht 99,115 million, increased by 9.6 percent YoY. The average sales per store per day in 3Q23 was at Baht 79,308, together with SSSG which was at 3.5 percent. For average spending per ticket was approximately at Baht 82, and average number of customer per store per day was 959 persons. The number of customers increased from same period last year despite continuous heavy rain throughout the quarter was due to continued strong domestic consumption, along with the number of both Thai and foreign tourists that continuously increased in this quarter. Moreover, the convenience store business has implemented strategic plans to be consistent with the current situation by retaining the existing customers' base and expanding new customers' base by offering new products with promotions to attract customers, for example stamp campaign that launched for attracting customers during rainy season. In addition, revenue from selling products through the O2O strategy, such as 7-Eleven Delivery and All Online, were still able to meet customer's needs in the current situation, O2O sales was approximately 10 percent of total sales revenue.

In 3Q23, 75.4 percent of revenue from sales contributed from food categories and 24.6 percent from non-food categories. The sales mix of food and beverage products increased YoY due to the change of consumer lifestyle, together with the launch of new products with the promotion of the food and beverage categories which were able to attract more customers.

Gross profit for convenience store business in 3Q23 was at Baht 27,672 million, increased by Baht 2,672 million or 10.7 percent YoY. Gross profit margin was reported at 27.9 percent, increased from 27.6 percent in 3Q22. The main reason was from product strategy adjustment by focusing on the adaptation to satisfy customer's needs to ensure that it was able to generate sales and additional profits to the business, as well as emphasize on the gross profit margin of the product.

The convenience store business also recognized other income at Baht 5,874 million, increased by Baht 354 million or 6.4 percent YoY mainly due to an additional revenue from non-merchandising income, including and income from utilizing commercial space in each store. While recognized dividend income from subsidiaries at amount of Baht 1,144 million, increased by 2.9 percent YoY.

In 3Q23, distribution costs and administrative expenses were Baht 28,475 million, increased by Baht 2,400 million or 9.2 percent YoY, mainly due to utilities cost and employee benefits, resulted from an increase in electricity unit price and store expansion respectively.

However, the Company continued to control expenses tightly, and continued to expand 7-Eleven stores as planed and added more channels for customers to access products and services. The



convenience store business continued to report an increase in operating profit to Baht 6,376 million, an increase of 12.0 percent YoY, and a net profit of Baht 3,480 million, an increase of 11.9 percent YoY.

As of September 30, 2023, the Company operated convenience store business (7-Eleven) in Cambodia with total store of 72 stores and open 1st store in Laos in this quarter.

Outlook for Convenience Stores Business in 2023

Store expansion	The Company plans to develop distribution channels for products and services both online and offline platforms, together with new store rollout following the growth of communities, various infrastructures, tourist destinations and other high potential areas to be in line with consumer behavior that has adapted to New Normal and to facilitate and access the needs of customers as much as possible. The Company plans to open about 700 new stores in Thailand and plans to achieve 100 stores in Cambodia as well as opens first store in Lao PDR in 2023.
Sales and services revenue growth	Revenue growth of Convenience Stores Business is driven by contribution from new store, positive SSSG and sales through other channels including 7-Delivery, All Online and Vending Machine which forecast to grow in line with the projected economic growth in Thailand (GDP growth). However, this is subjected to other factors including inflation rate, raw material price, energy price and private consumption growth, etc.
Gross profit margin	Gross profit margin advancement is expected to continue on the back of our product strategy in order to cater to consumer demand. We also continue to drive higher sales participation of the higher-margin products in both food and non-food categories.
CAPEX	<p>CAPEX is projected to be approximately Baht 12,000-13,000 million with details as follows (unit: million Baht)</p> <ul style="list-style-type: none"> ● Stores expansion 3,800 - 4,000 ● Stores renovation 2,900 - 3,500 ● Investment in new project, subsidiaries and DC 4,000 - 4,100 ● Fixed assets and IT system 1,300 – 1,400

Please be informed accordingly.

Sincerely yours,

Mr. Kriengchai Boonpoapichart

Chief Financial Officer

Authorized to sign on behalf of the Company