

CENTRALRETAIL

CRC IR 004/2023

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

To: President

The Stock Exchange of Thailand

13 November 2023

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

Please be informed accordingly.

Yours Sincerely,

-Signature-

(Mr. Panet Mahankanurak)

Chief Financial Officer

Central Retail Corporation Public Company Limited

Performance Overview

In Q3/2023, the global economy remains unstable due to tightness in the global financial market and pressures from macroeconomic factors. As a result, the economies of the countries in which the company operates, Thailand, Vietnam, and Italy, stand the risk of stagnating, particularly in the export sector. However, private consumption in Thailand improved in the tourism and related services sectors due to higher foreign tourist arrivals, with the number of foreign tourists exceeding 20 million in the first nine months of the year compared to 6 million in the previous year, though this was still lower than expected, particularly the number of Chinese tourists. Since the end of September, the Thai government has implemented a Visa exemption scheme for travelers from China and Kazakhstan aiming to promote tourism during high season. Meanwhile, the Vietnamese economy continues to weaken as exports to the country's key markets, the United States and Europe, remained soften, and consumers remain cautious in spending. The Vietnamese government has announced stimulus package to boost the economy and tourism, such as VAT reduction from July 2023 to mid-2024, lowering the policy rate, and extending the validity of electronic visas to 90 days (from 30 days) starting in mid-August.

Towards the end of 2023, the Company will continue to operate the business with due diligence amidst the uncertain environments and closely monitor key factors that potentially affect domestic stabilities, e.g., global geopolitical conflicts in various regions, financial market volatility due to strict monetary policies in various countries, and China's economy which is experiencing a downturn, etc.

Business Situation in Q3 2023

The Company's performance in Q3/2023 for Thailand and Italy operations continued to expand despite seasonality effect and rainy season. Vietnam's operation showed its slow pace due to macroeconomic fluctuation. In addition, various headwinds persisted e.g., rising costs such as higher finance costs and operating expenses for store expansion. Nevertheless, the Company continues to manage expenses with vigilance, such as managing inventories and promotions to suit and meet the needs of each customer group, including 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 grow 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 third quarter, the Company launched Robinson Lifestyle and Robinson Department Store Chalong, Phuket and new branches in the hardline and food segments. Not to mention 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 services efficiency through its mobile application to serve the needs of consumers. These all together resulted in Thailand's sales during the 3rd quarter registered 6% YoY growth, by which the Omnichannel sales accounted for 24% of the total sales in Thailand.

- Vietnam: Vietnam's economic outlook in Q3/2023 remained sluggish as the manufacturing and export sectors continued to contract due to the gradual recovery of its primary markets, Europe and the United States. During this third 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 3rd quarter lowered by 12% 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 continued to recover 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 for both offline and Omnichannel platforms. These efforts led to an increase in the 3rd quarter sales by 15%, compared to the same period of last year and the Omnichannel sales accounted for 3% of the total sales in Italy.

The Company enhanced and upgraded sustainable development information coverage on the website, encompassing environmental, social, and governance dimensions, to ensure it was of quality and more effortlessly accessible.

With respect to the environment, the Company consistently executed the ReNEW strategy. For example, CRC Thai Watsadu Co., Ltd. accelerated the transition to clean energy transportation, arranging more electric truck routes, originally from 21 routes to 60 routes, with a target to use more 5 electric trucks by 2023. The food business of Central Retail cooperated with a startup called Jaikla to reprocess excess food for insect farming. Power Buy erected 40 e-waste collection points for convenience and to ensure correct disposal and recycling of electronic waste based on globally recognized standards. Moreover, Central Retail Vietnam worked with partners on plastic waste management and green space expansion.

As for the social dimension, the Company was committed to building 'A Great Place to Work,' providing skill training for employees of all levels, including executives and managers, and organizing CRC League sports to strengthen cooperation among departments and underline its organizational values – I-CARE. The Company was also acknowledged with 6 awards from HR Excellence Awards and as the Best Company to Work for in Asia 2023 by HR Asia Magazine. At the same time, the Company actively supported partners and local communities; for instance, 'Vietnamese Week in Thailand 2023,' which

unlocked trade opportunities and developed the economy, introducing over 100 small and medium sized Vietnamese entrepreneurs to the market in order to promote community products, SME goods, and OCOP (One Commune, One Product). Robinson Lifestyle, also allocated a space for the Thai for Thai store to promote MSMEs' products. The Jingjai Farmers' Market project received a Social Empowerment award from Asia Responsible Enterprise Awards while the Na Meun Sri project was acknowledged with a Sustainability of the Year Award from Retail Asia Awards.

With respect to governance, the Company remains committed to drive the business on the basis of good governance and corporate ethics. Chief Executive Officers and Presidents of the Company and its subsidiaries has consistently communicated on the importance of corporate ethics to employees of all levels for their awareness and adherence.

Furthermore, the Company promoted the GRC (Governance, Risk and Compliance) mission, encouraging its executives and employees to apply the principles to their daily operations. This was to ensure, at every step they take, transparency and good corporate governance through risk management tools, to manage uncertainties in the operating process, and to comply with applicable laws, regulations, policies, and announcements, both inside and outside the organization.

Additionally, anti-corruption was rooted in the business practices. The Company proactively cascaded and provided training sessions concerning anti-corruption to its employees, which also covered all of subsidiaries while policies relating to the matter were communicated to all partners for their acknowledgement and compliance, highlighting transparency and accountability throughout the operations, with active anti-corruptions measures and strict punishments. In Q1/2023, the Company declared its intent to be a CAC Change Agent (Thailand Private Sector Collective Action Coalition Against Corruption) and expressly encouraged SME companies to declare their intentions for the same purpose during the second quarter. In Q3/2023, the Company reinforced its commitment in discouraging corruption in "Anti-Corruption Day 2023" and published a Success Story, which was an interview with Mr. Yol Phokasup, Chief Executive Officer, on CAC's communication platforms and those of the Company. Moreover, the Company provided anti-corruption training sessions for its directors and high-ranking executives to fulfill the requirements of GRI/DJSI and CAC.

In this regard, for the fourth consecutive year, the Company again enjoyed a full 100 score, or the "Excellent" tier, for evaluating the quality of holding general shareholder meetings from the project to assess the quality of holding general shareholder meetings of companies listed on the Stock Exchange of Thailand for the year 2023 (AGM Checklist) organized by the Thai Investors Association (TIA) and the Federation of Thai Capital Market Organizations (FETCO) and the Company received corporate

governance assessment with 5 stars level or “Excellent” for three consecutive years from Corporate Governance Report of Thai Listed Company (CGR) survey which organized by Thai Institute of Directors (IOD). This award reflected its commitment to operating the business on the basis of governance, alongside responsibilities toward society, environmental and key stakeholders for sustainable growth and build confidence with local and foreign investors.

In addition, the Company has received prestigious awards from various institutions and organizations both national and international. The Company received 6 awards in Human Resource Development in terms of HR Leader of the Year (Gold), Leadership Development (Gold), Graduate Recruitment and Development (Gold), Learning and Development (Bronze), Best HR team (Bronze) and Employer of the Year (Bronze) at the HR Excellence Awards 2023 by Human Resources Online in Singapore which filled us with pride to see our collective effort to make Central Retail 'A Great Place to Work'. Tops, a food business, has won the "Best Company to Work for in Asia 2023" award from HR Asia reflects our excellence in efficient HR management and reaffirms our position as a retail leader that continues to grow in all aspects. Power Buy, an electronic business, received 'Retail Asia Award 2023' in the 'Retail App of the Year 2023' category. Power Buy Application serves as a platform that provides the most seamless shopping experience and perfectly fulfills the needs of all consumers in the digital age. In addition, the Company also received Best CEO Best CFO and Best IR at IAA Awards for Listed Companies 2022-2023 by IAA. These awards have reflected the listed company's excellence in business management.

With respect to sustainability, the Company was recognized in the AAA tier of the SET ESG Ratings 2023, which is the highest level. This reflects that the Company is outstanding in its determination to enhance the business for sustainable and progressive growth. It takes into account good corporate governance and environmental-oriented business administration, with responsibility toward society and all groups of stakeholders (Environmental, Social and Governance: ESG). Moreover, the Company has clear operational and management guidelines in place to ensure it is ready to accommodate potential risks in the future.

Major developments in Q3 2023

1) Branch Expansion and Renovation

In the 3rd quarter of 2023, the Company continuously expanded and renovated its business branches. In Thailand, it launched new branches including Robinson Lifestyle and Robinson Department Store Chalong, Phuket as well as 3 hybrid branches of Thai Watsadu in Samutprakarn, Chiangmai and Bang Yai Nonthaburi, 1 branch of Top supermarket in Robinson Lifestyle Chalong, Phuket and 1 standalone format in Chiangmai. As for Vietnam, the Company launched 1 branch of go! Dien Ban 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 completed 6 rebranding and renovation of Big C branches into GO! mall and GO! Hypermarket while in Italy it had renovated Rinascente department stores namely Milan, Monza, and Roma Fiume branches in the first 9 month of 2023.

As of September 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 5.4% and 4.1% 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, to facilitate customers with a seamless offline and online platforms connection, 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 9-month, Omnichannel sales grew by 12%, 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 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 continuously developed new store models to fulfill lifestyle needs of customers; for example, Health and Wellness segment, to meet the trend of demand for people's health and pet, including Tops Vita (a health product store with vitamins and dietary supplements as product highlights), Tops Care (pharmaceutical store with medical supplies, health products, and consulting services rendered by omni-pharmacists) and Pet 'N Me. Besides, in September 2023, the Company introduced a B2B food wholesale business under brand GO Wholesale, which was a membership-based food hub for customers, HORECA (hospitality, restaurant, catering) and food services in factories, hospitals, and other businesses, and food retailers. The first store was launched in Srinakarin, Samut Prakan on October 27, 2023, upon an area of over 7,000 square meters, completed with more than 20,000 items of fresh food, dry food, and consumer products. At the end of September 2023, the Company operated 20 go!WOW stores, 11 go! Power stores, 69 Tops Vita stores, 23 Tops Care stores and 6 Pet 'N Me stores.

5) Partnership and Acquisition

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

In addition, the Company was recognized with the Company's credit rating of "AA-" by TRIS Rating Company Limited. This reflects its expertise, financial strength, stable and accountable retail leadership thanks to business administration and the flexible and agile portfolio, as well as the success in covering all business segments, both domestically and internationally. Moreover, the Company could manage its costs and expenses effectively with its credit rating outlook being "Stable," indicating it was able to secure the leading position in the retail market in Thailand and other countries while also capable of progressively improving operating results and maintaining a stable, strong financial position to gain trust of all shareholders and stakeholders.

Q3/2023 Performance

Central Retail Corporation Public Company Limited and its subsidiaries (“Company”) reported operating results of Q3/2023, achieving a total revenue of THB 59,576 million, an increase of 2.7% compared to the previous year and net profit of THB 1,254 million, a decrease of 0.3% from last year. The Company’s sales increased thanks to the recovery of economic activities and tourism, renovations of existing branches and launches of new branches in all segments. 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 higher provision expenses for shrinkage and obsolescence, in line with store expansion and the increase in funding cost.

Financial Summary for the Third Quarter of 2023

	Three-month period ended	Three-month period ended	Three-month period ended	Increase (decrease)	Increase (decrease)
	30 September 2022	30 June 2023	30 September 2023	from last year	from last quarter
	THB millions	THB millions	THB millions	%	%
Revenue from sales	52,122	53,521	53,162	2.0%	(0.7%)
Fashion segment	13,579	14,632	14,692	8.2%	0.4%
Hardline segment	17,985	18,839	17,945	(0.2%)	(4.7%)
Food segment	20,558	20,050	20,526	(0.2%)	2.4%
Revenue from rental services	1,678	1,896	1,949	16.1%	2.8%
Revenue from services	389	435	411	5.7%	(5.4%)
Investment Income	56	84	54	(3.2%)	(35.3%)
Other income	3,752	4,065	3,999	6.6%	(1.6%)
Total revenue	57,998	60,002	59,576	2.7%	(0.7%)
Cost of sales of goods	38,686	39,297	38,947	0.7%	(0.9%)
Gross profit from sales	13,436	14,224	14,215	5.8%	(0.1%)
Cost of rental and rendering of services	536	581	590	10.0%	1.6%
Gross profit from rental&services	1,531	1,751	1,770	15.6%	1.1%
Gross profit	14,967	15,975	15,985	6.8%	0.1%
Selling expenses	11,496	12,232	12,319	7.2%	0.7%
Administrative expenses	4,882	5,027	5,110	4.7%	1.7%
Profit from operating activities	2,398	2,866	2,610	8.9%	(8.9%)
Finance costs	868	1,117	1,215	39.9%	8.8%
Share of profit of Associates and JVs	232	322	283	22.4%	(11.9%)
Profit before tax expense (income)	1,761	2,071	1,678	(4.7%)	(18.9%)
Tax expense (income)	502	380	424	(15.6%)	11.5%
Profit for the year	1,259	1,690	1,254	(0.3%)	(25.8%)
Profit to owners	1,174	1,567	1,143	(2.6%)	(27.1%)
Operation information*					
EBITDA	7,017	7,545	7,415	5.7%	(1.7%)
Core EBITDA	7,374	7,732	7,635	3.5%	(1.3%)
Core Profit	1,544	1,840	1,430	(7.4%)	(22.3%)
Core Profit to owner	1,459	1,717	1,321	(9.4%)	(23.1%)
Financial position					
		31 December 2022	30 September 2023		
Total assets		275,984	281,231	1.9%	
Total liabilities		211,099	210,345	(0.4%)	
Total equity		64,885	70,886	9.2%	

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 Third Quarter of 2023

1. Revenue from sales of goods accounted for THB 53,162 million, an increase by 2.0% compared to the same period last year (decreased by 0.7% 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 14,692 million, an increase of 8.2% from the same period of last year (increased by 0.4% from the previous quarter) due to an increase in Thailand's sales. The major contributing factor is an increase in tourist arrival, resulting in higher sales contributed by branches located in tourist areas, e.g., CentralWorld, Patong Phuket, and Chiang Mai. In this quarter, the Company rolled out a new branch, namely Robinson Lifestyle and Robinson Department Store Chalong, Phuket. As for Italy, the sales rose due to tourist recovery and an enlarged variety of brands to meet consumer needs as well

as the renovations of department store in Italy. Omnichannel sales was stable compared to last year.

- II. Revenue from sales of **hardline segment** was THB 17,945 million, a decrease of 0.2% from the same period of last year (decreased by 4.7% from the previous quarter). Branches in tourism locations achieved higher growth and from store renovations and launches of new branches. The Company opened 3 hybrid branches of Thai Watsadu in Samut Prakan, Chiang Mai, and Bang Yai Nonthaburi. It had sufficient stocks to meet customer needs as more supplies were provided by distributors. The sales volume in Vietnam decreased as consumers were still cautious in spending amid its economic slowdowns. On the other hand, Omnichannel sales continued to expand, that is, increasing by 25% 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 20,526 million, a decrease of 0.2% from the same period of last year (increased by 2.4% 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 tourist provinces and selective promotions in accordance to customer need, as well as efficiently respond to customer demand through Omnichannel platforms e.g., via Personal Shopper. Besides, it also launched new branches including Tops Supermarket in Robinson Lifestyle Chalong, Phuket, and a standalone format in Chiang Mai. The sales volume generated by Vietnam dropped as consumers were more cautious in their spending amid the economic slowdowns. In this quarter, it launched a branch of mini supermarket go! Dien Ban and rebranded 2 branches of Big C into GO! Mall and GO! Hypermarket. The sales generated through Omnichannel platforms continued to grow. In this quarter, Omnichannel sales rose by 2% compared to that of last year.
2. **Revenue from rental services** was THB 1,949 million, rose by 16.1% 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 411 million, an increase of 5.7% from the same period last year due to more traffic to food courts.
 4. **Gross profit** was recorded at THB 15,985 million, an increase of 6.8% from the same period last year. Key components are as follows:
 - **Gross profit from sales** was THB 14,215 million, an increase of 5.8% from the previous year, representing a gross profit margin of 26.7%, an increase from 25.8% of the previous year (increase from 26.6% in the previous quarter). Gross profit margin of every segment increased thanks to properly trade discounts adjustment. For fashion segment, which had a greater margin than that

of other segments, it achieved substantially higher sales volumes, both in Thailand and Italy, while more high-margin products were sold.

- **Gross profit from rental and services** was THB 1,770 million, an increase of 15.6% from the same period last year. The gross profit margin represented 75.0%, compared with 74.1% in last year (relatively stable from previous quarter), as the Company offered lower discounts to tenants and only renovation stores were entitled for discounts.
- 5. **Other income** was THB 3,999 million, an increase of 6.6% from the same period last year due to higher income contributed by sales promotions, advertising campaigns as a result from sales volume and more activities, and the rise in utility income.
- 6. **Selling expenses** was THB 12,319 million, an increase of 7.2% 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, rental, depreciation and utilities. Selling expenses were 20.7% of the total revenue, an increase from 19.8% from the same period last year.
- 7. **Administrative expenses** was THB 5,110 million, an increase of 4.7% from the previous year. This was mainly owing to the rise in provision expenses for shrinkage and obsolete as more products from store expansion while technological servicing fee decreased. The administrative expenses accounted for 8.6% of the total revenue, an increase from 8.4% from the same period last year.
- 8. **Finance cost** which was interest expenses from loans and lease agreements, was THB 1,215 million, increased by 39.9% 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 283 million, increased by 22.4% 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 424 million, decreased by 15.6% from the same period last year as the Company earned less profit from its operations.

Financial Summary for first nine-month of 2023

	Nine-month period ended 30 September 2022 THB millions	Nine-month period ended 30 September 2023 THB millions	Increase (decrease) %
Revenue from sales	154,018	163,396	6.1%
Fashion segment	37,896	44,319	16.9%
Hardline segment	54,533	55,506	1.8%
Food segment	61,589	63,571	3.2%
Revenue from rental services	4,800	5,696	18.7%
Revenue from services	994	1,243	25.0%
Investment Income	159	208	30.6%
Other income	11,126	12,241	10.0%
Total revenue	171,098	182,784	6.8%
Cost of sales of goods	115,617	120,250	4.0%
Gross profit from sales	38,401	43,146	12.4%
Cost of rental and rendering of services	1,569	1,739	10.8%
Gross profit from rental&services	4,226	5,200	23.1%
Gross profit	42,627	48,347	13.4%
Selling expenses	33,075	36,591	10.6%
Administrative expenses	13,574	15,095	11.2%
Profit from operating activities	7,263	9,109	25.4%
Finance costs	2,472	3,363	36.1%
Share of profit of Associates and JVs	511	904	77.1%
Profit before tax expense (income)	5,301	6,650	25.4%
Tax expense (income)	1,114	1,393	25.1%
Profit for the year	4,188	5,257	25.5%
Profit (loss) to owners	3,864	4,878	26.2%
Operation information*			
EBITDA	20,551	23,139	12.6%
Core EBITDA	21,039	23,610	12.2%
Core Profit (loss)	4,578	5,633	23.0%
Core Profit (loss) to owners	4,254	5,257	23.6%

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 nine-month of 2023

1. Revenue from **sales** of goods was THB 163,396 million, an increase of 6.1% 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 44,319 million, increased by 16.9% 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, it was affected by the Covid-19 outbreaks and proactively carried out store renovations. As for Italy, there was an increase in sales thanks to the increasing number of tourists, 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 3% from the previous year as more customers prefer offline shopping.
 - II. Revenue from sales of hardline segment was THB 55,506 million, increased by 1.8% from the same period last year. It was mainly contributed by Thailand. Sales revenue grew, especially in branches located in tourism provinces. The increase was also a result from renovations and consistent launches of new branches, adequate stocks to meet customer needs. Sale revenue in Vietnam decreased as consumers were more cautious in spending amid its economic slowdowns. The Omnichannel sales increased by 29% from last year, thanks to e-ordering promotions of Thai Watsadu and other Omnichannel platforms.
 - III. Revenue from sales of food segment was THB 63,571 million, increased by 3.2% from the same period last year. The sales generated by Thailand while that of Vietnam's sales declined. For Thailand, its sales revenue increased as a result from the recovering tourism, lifting the revenue of this segment in key tourism provinces, launches of new branches, rebranding of Tops to ensure it was easily recognized by customers. The sales revenue of Vietnam had been decreasing since Q2 2023 as consumers were more cautious in spending amid the economic slowdowns. However, it met customer needs through Omnichannel platforms, the revenue of which was consistently generated, increasing 9% from the previous year.
2. **Revenue from rental services** was THB 5,696 million, increased by 18.7% 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 1,243 million, grew by 25.0% 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 48,347 million, grew by 13.4% from the same period last year, thanks to the followings:
 - **Gross profit from sales** was THB 43,146 million, an increase of 12.4%, or representing a gross profit margin of 26.4%, compared to 24.9% from the same period of last year. This was mainly contributed by the fashion segment, which had a higher margin than the others and achieved substantially increasing sales volumes, both in Thailand and Italy, while more products with high

margins were sold. Trade discounts were adjusted. As for the hardline and food segment, the margins were widened as trade discount entitlements were adjusted.

- **Gross profit from rental** and services was THB 5,200 million, an increase of 23.1% from the same period of last year. The gross profit margin represented 74.9%, increased from 72.9% when compared to the same period of last year. It was owing to lower rental discount to tenants.
- 5. **Other income** was THB 12,241 million, an increase of 10.0% from the same period of last year, thanks to the rise in income generated by sales promotions, advertising campaigns, and income from logistics and distribution following higher sales volumes and activities and the rise in utility income.
- 6. **Selling expenses** was THB 36,591 million, an increase of 10.6% 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 increase of utility bills. Selling expenses were 20.0% of the total revenue, increasing from 19.3% in the same period last year.
- 7. **Administrative expenses** was THB 15,095 million, an increase of 11.2% from the same period of last year. This was mainly owing to the rise in personnel expenses and provision expenses for shrinkage and obsolete while the decline in technology servicing fee. The administrative expenses accounted for 8.3% of the total revenue, increasing from 7.9% in the same period last year.
- 8. **Finance cost** which was interest expenses from loans and lease agreements, was THB 3,363 million, an increase of 36.1% 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 904 million, an increase of 77.1% from the same period last year. It was due mainly to the increased profit of associated companies and joint ventures.
- 10. **Tax expense** (income) was THB 1,393 million, an increase of 25.1% from the same period last year as the Company generated more profits from its operation.

Financial Position

1. Total assets as of 30 September 2023 and 31 December 2022 were THB 281,231 million and THB 275,984 million, respectively, which increased by THB 5,247 million or 1.9%. This was substantially due to the increase in property, plant and equipment of THB 4,564 million, inventory of THB 2,208 million, goodwill of THB 863 million, investments in joint ventures of THB 773 million and investment properties of THB 563 million while there was a decrease in cash and cash equivalents of THB 4,827 million and trade receivables of THB 519 million.
2. Total liabilities as of 30 September 2023 and 31 December 2022 were THB 210,345 million and THB 211,099 million, respectively, which decreased by THB 754 million or 0.4%. This was substantially due to the decrease in trade payable of THB 3,808 million and other current payable of THB 1,200 million while there was an increase in borrowings of THB 3,312 million and lease liabilities of THB 682 million.
3. Total equity as of 30 September 2023 and 31 December 2022 were THB 70,886 million and THB 64,885 million, respectively, which was an increase of THB 6,001 million or 9.2%. This was substantially due to the increase retained earnings of THB 4,878 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, other components of equity-mainly from gain on remeasurements of defined benefit plans of THB 2,031 million and non-controlling interest of THB 541 million.

Capital Structure

As of 30 September 2023, the Company's capital structure comprised of total liabilities of THB 210,345 million, which included interest-bearing debts of THB 84,606 million (excluding lease liabilities), and total shareholders' equity totaled THB 70,886 million. Net interest-bearing debt to equity ratio was at 1.05 times.

Statement of Cash Flows

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

- 1) Cash flows from (used in) operating activities of THB 14,250 million, increased by THB 1,024 million from the same period of last year. This was substantially due to an increase of profit after adjusted to cash of THB 3,138 million while there were changes in operating assets and liabilities being a cause of cash decreased of THB 1,371 million and tax paid increased of THB 743 million.

- 2) Cash flows from (used in) investing activities was THB (10,927) million, increased by THB 834 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 1,015 million and net acquisition of other intangible assets of THB 542 million and while there was an increase in dividend received of THB 304 million, decrease of net acquisition of investment properties of THB 242 million and net acquisition of subsidiaries of THB 226 million.
- 3) Cash flows from (used in) financing activities of THB (8,762) million, increased by THB 577 million from the same period of last year. This was substantially due to an increase in dividend payment of THB 941 million, interest payment of THB 898 million and increased of lease liabilities of THB 546 million while cash proceeds from MEB's IPO of THB 1,765 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.