

CENTRALRETAIL

CRC IR 002/2024

Re: Management Discussion and Analysis (MD&A) for the three-month and 12-month period ended 31 December 2023

To: President

The Stock Exchange of Thailand

28 February 2024

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 12-month period ended 31 December 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 in 2023 has continued to expand unevenly, or in a K-shaped recovery, with economic growth facing various challenges. Factors supporting the recovery of the Thai economy derived mainly from the tourism sector, with the number of foreign tourists in 2023 exceeding 28 million compared to 11 million last year. Although there were fewer than expected, especially among Chinese tourists, it still helped support employment and private consumption to expand. The Thai government has issued visa-free measures for Chinese tourists and tourists from other countries to stimulate the number of tourists visiting the country during the high seasons. Meanwhile, economic activities in other areas still face pressure from rising costs, the debt burden, and the cost of living of households. The slowdown of the world economy, together with the uncertainty of the government's economic stimulus measures, resulted in the weakening of the purchasing power of consumers. Meanwhile, Vietnam's economy continues to grow gradually, even though it is affected by contraction in exports, and consumers are still cautious about their spending. The Vietnamese government has issued measures to stimulate the economy and domestic consumption, such as reducing the value-added tax (VAT) rate from July 2023 to mid-2024, reducing the policy interest rate, and raising the minimum wage, which will be effective from July 2024 onward.

For the year 2024, the Company will continue to conduct its business according to the cautionary principle amid the uncertain economic direction and closely monitor key factors that will affect the economy in the countries in which the Company operates, such as global geopolitical conflicts in various regions, domestic factors, and government measures to support the economy as well.

Business Situation in Q4 2023

The 4th quarter was the high season for retail business. The Company's performance in Q4/2023 for Thailand and Italy operations continued to expand when compared to the previous quarter and the same period last year. Vietnam's operation showed its slightly soften from the previous quarter due to fragile macroeconomic recovery. 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 compared to the previous quarter and 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 fourth quarter, the Company launched Central Department Store Westville and new branches in the hardline and food segments including new B2B food business under banner GO Wholesale. 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 4th quarter registered 3.9% YoY growth, by which the Omnichannel sales accounted for 24% of the total sales in Thailand.
- Vietnam: Vietnam's economic outlook remained sluggish which was affected by softening global demand. During this fourth quarter, the Company launched a new branch of Tops and go! supermarket and renovated GO! malls, GO! hypermarkets. Sales in Vietnam for the 4th quarter dropped by 11.7%, compared to the same period last year due to economic slowdown 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. During the fourth quarter, sales in Italy improved when compared to the previous quarter and the same period last year and posted its highest growth as the Company renovated flagship store and offered more brands to resonate with the needs of consumers. These efforts led to an increase in the 4th quarter sales by 11.8%, compared to the same period of last year and the Omnichannel sales accounted for 3% of the total sales in Italy.

The Company is committed to conducting business sustainably in order to develop Central Retail's potential to be a Green & Sustainable Retail, a model retail and wholesale organization for sustainability in Asia that operates business while creating sustainable growth in all dimensions.

- Environmental aspect: The Company places its importance on the use of clean energy and renewable energy. It expanded the installation of solar cells in each business group in Thailand and Vietnam to a total of 142 branches, able to produce a total of 101,872 megawatt-hours of electricity. In addition, the Company has also established partnerships with logistics service providers to promote the use of electric trucks. Tops joins with DHL Supply Chain Thailand to launch a 4-wheel electric delivery vehicle that is 100% electric with 10 pilot electric-powered delivery vehicles to transport and distribute products to Tops Daily stores throughout Bangkok. In

addition, Tops plans to increase the number of electric-powered delivery vehicles in the Tops transportation system to an additional 29 vehicles in 2024.

- Social aspect: The Company places its importance on promoting diversity and inclusion. It has launched the CRC Women Series, aimed at empowering women in the workplace. The Company also supports the aging society by employing the elderly to provide career opportunities for the elderly to prove their values and abilities at every stage of life. In addition, to promote participation and well-being of employees, the Company organized the Central Group ICARE Games 2023.
- Good governance management aspect: The Company remains committed to operating its business in accordance with the principles of good corporate governance. In the fourth quarter of 2023, the Company reviewed and updated its vision and mission to be in line with the Company's strategy, reviewed the board skills matrix, and improved the charter of the board of directors, good corporate governance policy, charter, and other guidelines that may need refinement. This includes improving the manual on good corporate governance by communicating and emphasizing it to the Company's personnel and its subsidiaries to use it as a reference and as a guideline to adhere to through public relations media and training via various channels within the Company.

In addition, anti-corruption operations have also been carried out through communicating and organizing continuous anti-corruption training for employees and has expanded the scope to cover the Company and all subsidiaries. It also communicated anti-corruption policy to all business partners for their acknowledgment and compliance to underline the transparency, verifiability, and strong measures and penalties against persons committing corruption of the Company. In the fourth quarter, the company also worked intensively in inviting SME companies to announce their intentions to continue joining the Thai private sector's Coalition Against Corruption (CAC), including emphasizing the importance of receiving gifts during festivals.

Awards and Recognition in Q4 of 2023

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

- In terms of Corporate Excellence. The Company received Corporate Excellence Awards from Asia Pacific Enterprise Awards which organized by Enterprise Asia and received Thailand Digital Excellence Awards 2023 in Digital Capability Builder from TMA Excellence Awards 2023

reinforces a leader in development of comprehensive Omnichannel platform blending online and offline channels together and Tops Daily, food business received Kincentric Best Employer Award in Thailand 2023 and Engaging Leader Special Recognition, as acknowledged by Kincentric, a premier global consultancy specializing in human resource management. These esteemed international accolades underscore the organization's excellence in efficient human resource management.

- In terms of Investor Relations. The Company received Best Overall Investor Relations (mid-cap) and Best Investor Relations Officer (mid-cap) for 3 consecutive years from IR Magazine's South East Asia Awards 2023. This award was selected by fund managers and analysts in South East Asia.
- In terms of sustainability and corporate governance. The Company received Commended in Sustainability Awards from SET Awards 2023 and attained the highest tier of "AAA" in the SET ESG Ratings 2023. The Company has been selected as a member of the DJSI from World and the Emerging Markets for 2 consecutive years and being ranked in the Top 4 in the retail sector out of 502 participating companies around the world. The recognition reinforcing Green & Sustainable Retail positioning and the Company received Best Environmental Excellence Award for Samui Model project and Top Community Centric Companies in Asia Award for Central Tham project. The Company received Strongest Adherence to Corporate Governance & Most Consistent Dividend Policy awards from Alpha Southeast Asia 13th Institutional Investor Corporate Awards. These awards have reflected the company's excellence in business management.

In addition, Central Retail Vietnam was honored as the champion among the top 10 Reputable companies in the Food, Beverage, Retail and Packaging Industries for the third consecutive year in 2023. This ranking is conducted by Vietnam Report (VNR), a leading company specializing in reporting, evaluating, and ranking businesses, products, and services in Vietnam. The recognition of Central Retail Vietnam as the best retail company this year is attributed to the company's robust financial standing and its enduring positive reputation among Vietnamese people. This award reflected on being Platform of Trust, earning the trust of Vietnamese's consumers and business partners alike through product and service quality.

Major developments in 2023

1) Branch Expansion and Renovation

In 2023, the Company continuously expanded and renovated its business branches in three countries where we operated. In Thailand, it launched new branches including Central Department Store Westville, Robinson Lifestyle and Robinson Department Store Chalong, Phuket, 14 branches of Thai Watsadu and Thai Watsadu x BnB, 9 branches of Top supermarket and 4 branches of GO Wholesale. As for Vietnam, the Company launched 7 branches of Tops supermarket and go! 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 7 rebranding and renovation of Big C branches into GO! mall and GO! Hypermarket while in Italy it had renovated Rinascente department stores namely Milan, Florence and Cagliari.

As of December 31, 2023, the Company has a network of stores under retail and wholesale brands of 3,809 stores in total with a net sales area of 3,557,778 square meters, increased by 8.1% from the same period last year and there are a total of 72 shopping center branches, totaling 743,487 square meters of net leasable area with an increase of 1.2% from the same period 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 12-month, Omnichannel sales grew by 12%, compared to the same period of last year, accounting for 19% 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.

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. In 2023, the Company launched 4 GO Wholesale stores including Srinakarin Samutprakarn, Chiang Mai, Amata and Pattaya Chonburi.

At the end of December 2023, the Company operated 4 GO Wholesale stores, 20 go!WOW stores, 11 go! Power stores, 90 Tops Vita stores, 24 Tops Care stores and 8 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 Retailgence strategy to strengthen the Company's ecosystem and ensure its capacity to meet the needs of customers regardless of their lifestyles.

Besides, the Company maintains 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 terms of expenses, the Company

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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.

Q4/2023 Performance

Central Retail Corporation Public Company Limited and its subsidiaries (“Company”) reported operating results of Q4/2023, achieving a total revenue of THB 65,905 million, an increase of 1.2% compared to the previous year and net profit of THB 3,266 million, a decrease of 4.4% from last year. The Company’s sales increased thanks to the recovery of economic activities and tourism, renovations of existing branches, launches of new branches and new business expansion. Moreover, the Company generated higher rental and rendering service income from expanding rental spaces. However, selling and administrative expenses rose, resulting from the higher sales volumes, launches of new branches and new format and the increase in funding cost.

Financial Summary for the Fourth Quarter of 2023

	Three-month period ended	Three-month period ended	Three-month period ended	Increase (decrease)	Increase (decrease)
	31 December 2022	30 September 2023	31 December 2023	from last year	from last quarter
	THB millions	THB millions	THB millions	%	%
Revenue from sales	57,885	53,162	58,530	1.1%	10.1%
Fashion segment	17,601	14,692	18,260	3.7%	24.3%
Hardline segment	18,318	17,945	18,686	2.0%	4.1%
Food segment	21,967	20,526	21,584	(1.7%)	5.2%
Revenue from rental services	1,783	1,949	2,089	17.1%	7.2%
Revenue from services	417	411	484	16.2%	17.7%
Investment Income	55	54	90	64.6%	65.5%
Other income	5,007	3,999	4,711	(5.9%)	17.8%
Total revenue	65,147	59,576	65,905	1.2%	10.6%
Cost of sales of goods	41,882	38,947	42,340	1.1%	8.7%
Gross profit from sales	16,003	14,215	16,190	1.2%	13.9%
Cost of rental and rendering of services	579	590	612	5.7%	3.8%
Gross profit from rental&services	1,621	1,770	1,961	21.0%	10.8%
Gross profit	17,624	15,985	18,150	3.0%	13.5%
Selling expenses	12,599	12,319	13,081	3.8%	6.2%
Administrative expenses	5,291	5,110	5,256	(0.7%)	2.8%
Profit from operating activities	4,796	2,610	4,615	(3.8%)	76.8%
Finance costs	1,007	1,215	1,278	26.9%	5.2%
Share of profit of Asso and JV	309	283	86	(72.4%)	(69.8%)
Profit (loss) before tax expense (income)	4,098	1,678	3,422	(16.5%)	103.9%
Tax expense (income)	680	424	156	(77.1%)	(63.2%)
Profit for the year	3,417	1,254	3,266	(4.4%)	160.4%
Profit (loss) to owners	3,311	1,143	3,138	(5.2%)	174.7%
Operation information*					
EBITDA	9,497	7,415	9,297	(2.1%)	25.4%
Core EBITDA	8,563	7,635	9,016	5.3%	18.1%
Core Profit (loss)	2,670	1,430	3,041	13.9%	112.7%
Core Profit (loss) to owner	2,564	1,321	2,911	13.5%	120.4%
Financial position					
		31 December 2022	31 December 2023		
Total assets		275,984	287,097	4.0%	
Total liabilities		211,099	216,837	2.7%	
Total equity		64,885	70,260	8.3%	

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 Fourth Quarter of 2023

1. Revenue from sales of goods accounted for THB 58,530 million, an increase of 1.1% compared to the same period last year (increased by 10.1% 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 the fashion segment was THB 18,260 million, an increase of 3.7% from the same period of last year (increased by 24.3% from the previous quarter) driven by the increase in sales of the business in Italy, with sales increasing from an increase in the number of tourists and from continuous response to customer needs. As for sales of the business in Thailand, it also expanded, supported by fashion and lifestyle brands business and the increase in the number of tourists. In this quarter, the Company launched 1 new department store, namely Central Department

Store Westville Bangkok, which received great feedback from customers. Omnichannel sales increased by 10% from the previous year.

- II. Revenue from sales of the hardline segment was THB 18,686 million, an increase of 2.0% from the same period of last year (increased by 4.1% from the previous quarter). The sales of business in Thailand have increased, especially branches in tourist provinces and from the renovation of existing branches and the opening of new branches. The Company has launched 4 Thai Watsadu stores in Srisaket, Nakhon Sawan, and Yasothon and Thai Watsadu hybrid format in Nakhon-In Nonthaburi, including the procurement of products to adequately meet customer needs due to increased allocation from distributors and from direct sales of B2B products. Sales from the business in Vietnam have decreased as consumers were still cautious in spending amid the country's economic slowdown. Omnichannel sales continued to grow. In this quarter, Omnichannel sales increased by 19% compared to the previous year.
 - III. Revenue from sales of the food segment was THB 21,584 million, a decrease of 1.7% from the same period of last year (increased by 5.2% from the previous quarter) which was attributed to an increase in sales from the business in Thailand. In this quarter, the Company opened 4 GO Wholesale stores in Srinakarin Bangkok, Chiang Mai, and Amata and South Pattaya Chonburi. In addition, 3 new branches of Tops were launched in Bang Bua Thong, Foody Farm Bang Yai Nonthaburi, and Rawayana Phuket. However, the sales volume generated by Vietnam declined as consumers were more conscious of their spending due to economic slowdown. In this quarter, there were launches of new branches, namely one Tops Supermarket in Hanoi and 3 Mini go! supermarkets in Ninh Hao Thanh, Rach Gia, and Hong Ngu. Omnichannel sales increased by 0.2% compared to the previous year.
2. **Revenue from rental services** was THB 2,089 million, grew by 17.1% from the same period last year resulting from the increasing number of service users which resulted in increased revenue collection from tenants and the expansion of leasable areas in Thailand.
 3. Revenue from **service income** was THB 484 million, an increase of 16.2% from the same period last year as there were more visitors to food courts.
 4. **Gross profit** was recorded at THB 18,150 million, an increase of 3.0% from the same period last year. Key components are as follows:
 - **Gross profit from sales** was THB 16,190 million, an increase of 1.2% from the previous year (increased by 13.9% from the previous quarter), representing a gross profit margin of 27.6% which relatively stable compared to the same period last year.

- Gross profit from rental and service provision was THB 1,961 million, an increase of 21.0% from the same period last year (increased by 10.8% from the previous quarter), representing a gross profit margin of 76.2% compared with 73.7% of the previous year due to lower discounts to tenants. The discounts were provided only for areas closed for renovation and from an increased number of service users.
- 5. Other income was THB 4,711 million, a decrease of 5.9% from the same period last year due to there was income generated by selling brands in Malaysia that have ceased operations.
- 6. **Selling expenses** was THB 13,081 million, an increase of 3.8% from last year. This was due to an increase in sales and from the expansion of new branches, resulting in higher expenses related to sales staff, depreciation, and commission. The administrative expenses were 19.8% of total revenue, increasing from 19.3% from the same period last year.
- 7. Administrative expenses were THB 5,256 million, a decrease of 0.7% from the same period last year mainly due to lower technology service expenses and the decrease in the provision of losses for obsolete and shrinkage. The administrative expenses were 8.0% of total revenue, decreasing from 8.1% from the same period last year.
- 8. Finance costs which were interest expenses from loans and lease agreements, were THB 1,278 million, increased by 26.9% due to an increase in both interest rates and borrowing.
- 9. **Share of profits of associates and joint ventures using the equity method** was THB 86 million, decreased by 72.4% from the same period last year. This was mainly due to the decline in profits of associates and joint ventures.
- 10. Tax expenses (income) was THB 156 million, decreased by 77.1% from the same period last year. This was due to the operations in Italy that have received tax benefits from the government. For the operations in Vietnam, the previous year's deferred taxes have been recognized in the current year.

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Financial Summary for the Year of 2023

	Year ended	Year ended	Increase (decrease)
	31 December 2022	31 December 2023	%
	THB millions	THB millions	
Revenue from sales	211,904	221,926	4.7%
Fashion segment	55,496	62,579	12.8%
Hardline segment	72,852	74,192	1.8%
Food segment	83,556	85,155	1.9%
Revenue from rental services	6,583	7,785	18.3%
Revenue from services	1,411	1,727	22.4%
Investment Income	214	298	39.3%
Other income	16,133	16,952	5.1%
Total revenue	236,245	248,688	5.3%
Cost of sales of goods	157,499	162,590	3.2%
Gross profit from sales	54,405	59,336	9.1%
Cost of rental and rendering of services	2,148	2,351	9.5%
Gross profit from rental&services	5,847	7,161	22.5%
Gross profit	60,252	66,497	10.4%
Selling expenses	45,674	49,673	8.8%
Administrative expenses	18,865	20,351	7.9%
Profit from operating activities	12,059	13,724	13.8%
Finance costs	3,479	4,642	33.4%
Share of profit of Asso and JV	820	990	20.7%
Profit (loss) before tax expense (income)	9,400	10,072	7.1%
Tax expense (income)	1,794	1,550	(13.6%)
Profit for the year	7,606	8,523	12.1%
Profit (loss) to owners	7,175	8,016	11.7%
Operation information*			
EBITDA	30,049	32,436	7.9%
Core EBITDA	29,602	32,626	10.2%
Core Profit (loss)	7,248	8,674	19.7%
Core Profit (loss) to owner	6,818	8,168	19.8%

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 the Year of 2023

1. Revenue from **sales** of goods was THB 221,926 million, an increase of 4.7% 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 the fashion segment was THB 62,579 million, an increase of 12.8% from the same period last year due to the increase in sales of the business in Thailand, especially branches in tourist provinces that grew significantly from last year and from the launches of two new department store branches and continuous store renovations. For business in Italy, sales have increased due to increased number of tourists from store renovation including adding product brands to meet customer needs while last year the country was locked down until it reopened to accommodate foreign tourists in March 2022. Omnichannel sales increased by 0.5% from the previous year.
 - II. Revenue from sales of hardline segment was THB 74,192 million, an increase of 1.8% from the same period last year mainly due to the business in Thailand in which sales grew, especially in branches located in tourism provinces. It also resulted from the renovation of existing branches and the continuous opening of new branches of Thai Watsadu and Thai Watsadu x BnB, totaling 14 branches and from providing products to adequately meet customer needs. As for sales from the business in Vietnam, it has decreased as consumers were more cautious with their spending conforming with the country's economic slowdown. The Omnichannel sales increased by 26% from last year, thanks to e-ordering promotions of Thai Watsadu and other Omnichannel platforms.
 - III. Revenue from sales of food segment was THB 85,155 million, an increase of 1.9% from the same period last year with sales increasing from the business in Thailand while decreasing in Vietnam. For Thailand, sales increased as a result from the recovering tourism, lifting the revenue of this segment in key tourism provinces, opening a new branch and rebranding Tops so that customers can easily remember the brand. Sales from Vietnam business have continued to decline since 2nd quarter as consumers became more cautious about their spending as a consequence to the country's economic slowdown. However, it met customer needs through Omnichannel platforms, the revenue of which was consistently generated, increasing 6% from the previous year.
2. **Revenue from rental services** was THB 7,785 million, increased by 18.3% from the same period last year, thanks to higher number of service users which resulted in higher revenue collection from tenants and the expansion of leasable areas in Thailand and Vietnam.
 3. Revenue from service income was THB 1,727 million, rose by 22.4% from the same period last year as there were more visitors to food courts, especially branches near office buildings.
 4. **Gross profit** was THB 66,497 million, grew by 10.4% from the same period last year, thanks to the followings:

- **Gross profit from sales** was THB 59,336 million, an increase of 9.1%, or representing a gross profit margin of 26.7%, compared to 25.7% from the same period of last year. This was mainly contributed by the fashion segment, which had a higher profit margin than other segments and achieved substantially increase in sales in Thailand and Italy. In addition, it sold more products with high-margin products and that trade discounts were appropriately adjusted. For the hardline and the food segments, the gross margin was higher due to the reduced trade discounts to be more appropriate.
 - **Gross profit from rental and services** was THB 7,161 million, an increase of 22.5% from the same period of last year. The gross profit margin represented 75.3%, increased from 73.1% from the same period of last year. It was owing to lower rental discount to tenants and an increased number of service users.
5. **Other income** was THB 16,952 million, an increase of 5.1% from the same period of last year, thanks to the increase of income generated by sales promotions and advertisement, logistics and distribution income in line with the sales growth and increased number of activities, and from increased utilities income.
 6. **Selling expenses** was THB 49,673 million, an increase of 8.8% from the same period of last year, following an increase in sales and from the expansion of new branches and renovation of branches into new formats, resulting in higher expenses related to sales staff, utilities, rent, depreciation, and advertising and public relations. Selling expenses were 20.0% of the total revenue, increasing from 19.3% in the same period last year.
 7. **Administrative expenses** was THB 20,351 million, an increase of 7.9% from the same period of last year. This was mainly owing to an increase in personnel expenses and an increase in provision of losses for obsolete and shrinkage, while the expenses of technology services have decreased. The administrative expenses accounted for 8.2% of the total revenue, increasing from 8.0% in the same period last year.
 8. **Finance costs** which were interest expenses from loans and lease agreements, was THB 4,642 million, an increase of 33.4% from the same period of 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 990 million, an increase of 20.7% from the same period of last year. It was due mainly to the increased profit of associated companies and joint ventures.

10. Tax **expenses** (income) was THB 1,550 million, a decrease of 13.6% from the same period last year. This was due to the business in Italy that has received tax benefits from the government. For the business in Vietnam, the previous year's deferred taxes have been recognized in the current year.

Financial Position

1. Total assets as of 31 December 2023 and 31 December 2022 were THB 287,097 million and THB 275,984 million, respectively, which increased by THB 11,113 million or 4.0%. This was substantially due to the increase in property, plant and equipment of THB 8,452 million, inventory of THB 2,737 million, trade receivables of THB 1,423 million and intangible asset of THB 543 million while there was a decrease in right-of-use assets of THB 1,555 million, goodwill of THB 899 million and other current financial assets of THB 458 million.
2. Total liabilities as of 31 December 2023 and 31 December 2022 were THB 216,837 million and THB 211,099 million, respectively, which increased by THB 5,738 million or 2.7%. This was substantially due to the issuance of debenture of THB 6,993 million and the increase in trade payable of THB 2,003 million and other current payable of THB 1,076 million while there was a decrease in bank overdrafts and borrowings from financial institutions of THB 4,164 million
3. Total equity as of 31 December 2023 and 31 December 2022 were THB 70,260 million and THB 64,885 million, respectively, which was an increase of THB 5,375 million or 8.3%. This was substantially due to the increase retained earnings of THB 8,016 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 1,449 million, while there was a decrease in other components of equity (translation reserve) of THB 1,660 million and the increase in non-controlling interest of THB 438 million.

Capital Structure

As of 31 December 2023, the Company's capital structure comprised of total liabilities of THB 216,837 million, which included interest-bearing debts of THB 84,124 million (excluding lease liabilities), and total shareholders' equity totaled THB 70,260 million. Net interest-bearing debt to equity ratio was at 1.0 times.

Statement of Cash Flows

For the year ended 31 December 2023, the Company reported the cash flows as follows:

- 1) Cash flows from (used in) operating activities of THB 27,483 million, increased by THB 5,024 million from the same period of last year. This was substantially due to an increase of profit after adjusted to cash of THB 3,756 million while there were changes in operating assets and liabilities being a cause of cash increased of THB 2,136 million and tax paid increased of THB 868 million.
- 2) Cash flows from (used in) investing activities was THB (15,687) million, increased by THB 839 million from the same period of last year. This was substantially due to the increase of property, plant and equipment of THB 1,917 million, net acquisition of other intangible assets of THB 417 million while there was a decrease in net financial asset of THB 304 million, net acquisition of subsidiaries of THB 187 million, net acquisition of investment properties of THB 178 million, interest received of THB 80 million and an increase in dividend received of THB 714 million.
- 3) Cash flows from (used in) financing activities of THB (12,210) million, increased by THB 2,572 million from the same period of last year. This was substantially due to loan repayments of THB 8,645 million, an increase in interest paid of THB 1,212 million, dividend payment of THB 944 million and increased of lease liabilities of THB 493 million while net cash proceeds from debenture issuance of THB 6,993 million and 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 Retaillignce 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.

In addition, the Company never ceases to steer its business to achieve sustainable growth in the environmental, social, and economic aspects under 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 through ReNEW strategy on Reduce Greenhouse Gases, Navigate Society Wellbeing, Eco-friendly Product & Packaging and Waste Management.

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.