

Translation

Date: 9 May 2024

Subject: Management Discussion and Analysis for the First Quarter of 2024

To: President of the Stock Exchange of Thailand

CP Aextra Public Company Limited (“the Company”) would like to announce the financial performance of the Company and its subsidiaries for the three-month period ended 31 March 2024, which has been reviewed by its Certified Public Accountant as follows:

1. Operating results: the Company and its subsidiaries

Consolidated Financial Performance (unit: million Baht)	Q1/24	Q1/23	YoY
Sales	121,182	114,044	6.3%
<i>Wholesale business</i> ⁽¹⁾	67,800	63,993	6.0%
<i>Retail business</i> ⁽²⁾	53,382	50,051	6.7%
Revenue from rental and rendering retail services	3,523	3,558	(1.0%)
Total revenues	127,020	120,222	5.7%
Gross profit from sales	17,030	16,017	6.3%
<i>Gross profit margin from sales (%)</i>	14.1	14.0	10 bps
EBITDA ⁽³⁾	9,013	9,038	(0.3%)
Finance costs	1,414	1,895	(25.4%)
Net profit (Equity holders of the Company)	2,481	2,166	14.6%
<i>Wholesale business</i> ⁽¹⁾	1,568	1,897	(17.3%)
<i>Retail business</i> ⁽²⁾	913	269	239.2%
Earnings per share (Baht per share)	0.23	0.20	14.6%

(1) Consisting of Makro-Thailand, Makro-International, and Food Service APME.

(2) Consisting of retail businesses under “Lotus’s” and mall business in Thailand and Malaysia (Lotus’s Thailand and Lotus’s Malaysia).

(3) Earnings before interest, tax, depreciation, and amortization.

1.1. Performance of the Company and its subsidiaries in the first quarter of 2024

Revenue

In the first quarter of 2024 (“1Q/2024”), the Company and its subsidiaries reported total revenues of Baht 127,020 million, an increase of Baht 6,798 million or 5.7% year-on-year (“YoY”). While revenue from sales of goods was Baht 121,182 million, which rose by Baht 7,138 million or 6.3% from the same quarter last year. Supportively, the revenue from wholesale business increased by 6.0% from the same quarter last year, owing to an increase in same-store sales growth (“SSSG”), particularly in online, out-store, along with delivery products to customers (“Omni Channel”), and the new stores of Makro-Thailand, as well as an expansion of Makro-International and Foodservice APME businesses. With a similar trend, the revenue from the retail business grew 6.7% YoY, by strategically focusing on fresh food and the Omni Channel. Meanwhile, the proportion of Omni Channel of the Company and its subsidiaries accounted for 16.3% of total sales, which exceeded the initial target of 15.0%. This accomplishment emphasized the company’s position as “ a Leading Retail Tech”, which is the key catalyst to enhance the competitive landscape both domestically and regionally.

In this quarter, the Company and its subsidiaries had revenues from rendering of services and other income of Baht 2,315 million, a decrease of Baht 305 million or 11.6% compared to the same quarter last year. This was mainly attributed to an accounting gain from foreign exchange forward contracts related to loan prepayments last year accounted for a portion of the other income from the retail business.

Revenue from rental and rendering retail services

In 1Q/2024, the Company and its subsidiaries had revenue from rental and rendering retail services of Baht 3,523 million, a drop of Baht 35 million or 1.0% over the same quarter last year.

The Company and its subsidiaries reported a gross profit from rental and rendering retail services of Baht 1,972 million, similar to the same quarter last year. As a result of efficient cost management, the gross profit margin of rental and rendering retail services rose to 56.0% from 55.3% in the same quarter last year.

Gross profit from sales

In 1Q/2024, the Company and its subsidiaries had a gross profit margin from sales of 14.1%, which marginally increased from the same quarter last year when the margin was 14.0%, primarily due to the wholesale business.

Distribution costs and administrative expenses

In 1Q/2024, the Company and its subsidiaries recorded distribution costs and administrative expenses of Baht 16,838 million, which increased by Baht 732 million, or 4.5% YoY. This was primarily due to an increase in distribution costs and administrative expenses from the wholesale business, as a result of the investment

associated with a growth in Omni Channel, and higher operating expenses from new-store openings and renovating existing stores. Whereas the retail business experienced a decrease in distribution costs and administrative expenses due to effective cost management.

In addition, the proportion of distribution costs and administrative expenses to total revenues stood at 13.3%, down from 13.4% in the same quarter last year. While the proportion of distribution costs and administrative expenses for wholesale and retail businesses were 9.9% and 17.3%, respectively.

Earnings before interest, tax, depreciation, and amortization (“EBITDA”)

In 1Q/2024, the Company and its subsidiaries posted an EBITDA of Baht 9,013 million, flattish from the same quarter last year, representing 7.1% of total revenues.

Net profit

In 1Q/2024, the Company and its subsidiaries had a net profit of Baht 2,481 million, an increase of Baht 315 million or 14.6% YoY, attributed to strong sales growth and lower borrowing costs as a result of debt restructuring.

2. Operating results by business division

2.1. The wholesale business performance

Wholesale Business (unit: million Baht)	Q1/24	Q1/23	YoY
Sales	67,800	63,993	6.0%
Other revenues ⁽¹⁾	1,633	1,602	1.9%
Total revenues	69,433	65,595	5.9%
Gross profit from sales	7,630	6,986	9.2%
<i>Gross profit margin from sales (%)</i>	11.3	10.9	40 bps
EBITDA ⁽²⁾	3,477	3,599	(3.4%)
Net profit (Equity holders of the Company)	1,568	1,897	(17.3%)
Number of Stores (stores)	169	163	6
<i>Thailand</i> ⁽³⁾	160	153	7
<i>Overseas</i> ⁽⁴⁾	9	10	(1)
Sales Space (sq.m.)	910,670	862,563	48,107
<i>Thailand</i>	868,605	819,294	49,311
<i>Overseas</i>	42,065	43,269	(1,204)

(1) Comprises of revenue from rendering of services, revenue from rental and rendering retail services, and other income.

(2) Earnings before interest, tax, depreciation, and amortization and in the first quarter of 2023, it excluded interest expense of the loan from the retail business in an amount of Baht 49 million

(3) During the end of the first quarter of 2023 and the end of the first quarter of 2024, 11 new stores were opened, and 4 small stores were closed.

(4) During the end of the first quarter of 2023 and the end of the first quarter of 2024, 1 new Dark store was opened, and 2 stores in China were closed.

Revenue

In 1Q/2024, the wholesale business reported total revenues of Baht 69,433 million, which increased by Baht 3,838 million, or 5.9% YoY. Supportively, the revenue from sales of goods was Baht 67,800 million, rose by Baht 3,807 million or 6.0% YoY. This growth was driven by an increase in same-store sales growth (“SSSG”), particularly in Omni Channel and the new stores of Makro-Thailand on the back of growth in all customer segments. Positively, the businesses of Makro-International and Foodservice APME showed continued growth. Furthermore, Makro-Thailand reported a SSSG of 3.4%. However, without an impact of the fresh food price deviation, SSSG of Makro-Thailand will mark at 5.2%.

In this quarter, the wholesale business registered revenue from the rendering of services of Baht 1,171 million and other income of Baht 329 million, totaling Baht 1,500 million, which increased by Baht 24 million, or 1.6% YoY, mainly due to an accounting gain from Mark-to-Market rate on forward exchange contracts.

Revenue from rental and rendering retail services

In 1Q/2024, the wholesale business had revenue from rental and rendering retail services of Baht 133 million, an increase of Baht 7 million or 5.3% YoY, primarily from an increase in rental spaces in Makro-Thailand. Therefore, the gross profit from rental and rendering retail services was Baht 104 million, with a margin of 78.2%.

Gross profit from sales

In 1Q/2024, the wholesale business had a gross profit of 11.3%, an increase from 10.9% in the same quarter last year. This was primarily due to an increase in the gross profit margin of Foodservice APME and Makro-Thailand. Makro-Thailand saw its margin improve to 10.9% from 10.8%, thanks to a higher dry food margin.

Distribution costs and administrative expenses

In 1Q/2024, the wholesale business had distribution costs and administrative expenses totaling Baht 6,884 million, representing 9.9% of total revenues, an increase of Baht 926 million or 15.5% YoY, principally because:

- Distribution costs increased by Baht 726 million, or 16.9% YoY, mainly from higher costs associated with a growth in Omni Channel and operating costs related to new store expansions, as well as costs related to renovating the existing stores to better serve the customers' needs.
- Administrative expenses increased by Baht 200 million, or 12.1% over the same quarter last year, owing to incurred costs prior to the commencement of operations of the new distribution center and costs related to the computer system.

Earnings before interest, tax, depreciation, and amortization ("EBITDA")

In 1Q/2024, the wholesale business posted EBITDA of Baht 3,477 million, a decrease of Baht 122 million or 3.4% compared to the previous year. This represented 5.0% of total revenues.

Net profit

In 1Q/2024, the wholesale business had a total net profit of Baht 1,568 million, a decline of 17.3% over the same quarter last year, mainly due to a debt restructuring of the retail business, expenses related to an investment in Omni Channel, operating costs related to new stores and renovating existing stores, as well as incurred costs prior to the commencement of operations of the new distribution center. Additionally, Makro-International narrowed its loss due to the improving performance in Cambodia and the strong performance in Myanmar, where its profit skyrocketed by 270.0% YoY. Furthermore, the Foodservice APME business maintained its upward growth trend.

2.2. The retail business performance

Retail Business (unit: million Baht)	Q1/24	Q1/23	YoY
Sales	53,382	50,051	6.7%
Revenue from rental and rendering retail services	3,390	3,432	(1.2%)
Total revenues ⁽¹⁾	57,587	54,627	5.4%
Gross profit from sales	9,400	9,031	4.1%
<i>Gross profit margin from sales (%)</i>	<i>17.6</i>	<i>18.0</i>	<i>(40 bps)</i>
EBITDA ⁽²⁾	5,536	5,439	1.8%
Net profit (Equity holders of the Company)	913	269	239.2%
Number of Stores (stores)	2,517	2,654	(137)
<i>Lotus's Thailand ⁽³⁾</i>	<i>2,448</i>	<i>2,589</i>	<i>(141)</i>
<i>Lotus's Malaysia</i>	<i>69</i>	<i>65</i>	<i>4</i>
Sales Space (sq.m.)	1,795,855	1,828,108	(32,253)
<i>Lotus's Thailand</i>	<i>1,496,280</i>	<i>1,537,122</i>	<i>(40,842)</i>
<i>Lotus's Malaysia</i>	<i>299,575</i>	<i>290,986</i>	<i>8,589</i>
Permanent Net Leasable Area (sq.m.)	1,103,356	1,066,917	36,439
<i>Lotus's Thailand</i>	<i>778,175</i>	<i>748,653</i>	<i>29,522</i>
<i>Occupancy rate (%)</i>	<i>93.4</i>	<i>90.0</i>	<i>340 bps</i>
<i>Lotus's Malaysia</i>	<i>325,181</i>	<i>318,264</i>	<i>6,917</i>
<i>Occupancy rate (%)</i>	<i>92.9</i>	<i>93.8</i>	<i>(90 bps)</i>

(1) In the first quarter of 2023, excluding interest income from lending to Makro Thailand in an amount of Baht 49 million.

(2) Earnings before interest, taxes, depreciation, and amortization.

(3) During the end of the first quarter of 2023 and the end of the first quarter of 2024, 33 new stores were opened, and 170 stores were closed.

Revenue

In 1Q/2024, the retail business had total revenues of Baht 57,587 million, rose by 5.4% YoY. While the revenue from sales of goods was Baht 53,382 million, increased by 6.7% YoY, having the retail business's SSSG of 7.1%. This was primarily due to strategically focusing on fresh food, coupled with the development of products and services to align with customer needs, as well as providing convenience on the delivery services across large and small stores. Supportively, the revenue from sales of goods growth and SSSG of Lotus's Thailand was reported at 6.1% and 6.9% over the same quarter last year, respectively. Meanwhile, the revenue from

sales of goods growth and SSSG of Lotus's Malaysia in Malaysian Ringgit marked a rise of 11.7% and 8.4% from the same quarter last year, respectively.

Revenue from rental and rendering retail services

In 1Q/2024, the retail business had revenue from rental and rendering retail services of Baht 3,390 million, flattish YoY. Additionally, the occupancy rates of Lotus's Thailand and Lotus's Malaysia stood at 93.4% and 92.9%, respectively.

The retail business had a gross profit from rental and rendering retail services of Baht 1,868 million, flattish compared to the same quarter last year. While the gross profit margin from rental was 55.1%, slightly rose from 54.5% in the same quarter last year, primarily due to efficient cost management.

Gross profit from sales revenue

In 1Q/2024, the retail business had a gross profit of Baht 9,400 million, increased by Baht 369 million or 4.1% YoY, aligning with the sales growth. However, the gross profit margin slightly declined to 17.6% from 18.0% compared to the same quarter last year, primarily due to increased sales promotions by Lotus's Malaysia. Whereas Lotus's Thailand managed to achieve a marginal increase in gross profit margin of 10 bps.

Distribution costs and administrative expenses

In 1Q/2024, the retail business had distribution costs and administrative expenses totaling Baht 9,954 million, representing 17.3% of total revenues, which decreased by Baht 194 million or 1.9% YoY, principally because:

- Distribution costs decreased by Baht 540 million, or 6.4% YoY, mainly owing to efficient cost management and a decrease in electricity expenses due to a lower electricity rate per unit.
- Administrative expenses increased by Baht 346 million, or 19.6% from the same quarter last year, owing to the administrative expenses related to the maintenance system supporting the online platform.

Earnings before interest, tax, depreciation, and amortization ("EBITDA")

In 1Q/2024, the retail business posted EBITDA of Baht 5,536 million, an increase of Baht 97 million, or 1.8% compared to the same quarter last year. This represented 9.6% of total revenues.

Net Profit

In 1Q/2024, the retail business reported a net profit of Baht 913 million, an increase of Baht 644 million from a net profit of Baht 269 million in the same quarter last year, attributable to robust sales growth, efficient cost management, and lower borrowing costs as a result of debt restructuring.

3. Statement of financial position of the Company and its subsidiaries

The financial position of the Company and its subsidiaries as of 31 March 2024, compared to 31 December 2023 are as follows:

Consolidated financial statements (unit: million Baht)	31 March 2024	31 December 2023	Change	Percent
Assets				
Cash and cash equivalents	23,660	31,707	(8,047)	(25.4%)
Other current assets	46,915	45,032	1,883	4.2%
Non-current assets	467,085	463,632	3,453	0.7%
Total assets	537,660	540,371	(2,711)	(0.5%)
Liabilities				
Current liabilities	88,585	92,145	(3,560)	(3.9%)
Interest-bearing debts ⁽¹⁾	97,339	96,185	1,154	1.2%
Non-current liabilities	59,358	58,569	789	1.3%
Total liabilities	245,282	246,899	(1,617)	(0.7%)
Total equity	292,378	293,472	(1,094)	(0.4%)
Total liabilities and equity	537,660	540,371	(2,711)	(0.5%)

(1) Interest-bearing debts excluding lease liabilities.

Total assets

As of 31 March 2024, the Company and its subsidiaries had total assets of Baht 537,660 million, which included the goodwill of Baht 234,736 million, decreased by Baht 2,711 million, or 0.5% compared to as of 31 December 2023, owing to a decline of Baht 8,047 million in cash and cash equivalents disbursed in repayment liabilities for the goods at the end of the year, investments related to store expansion, and the acquisition of land for mixed-use project.

Total liabilities

As of 31 March 2024, the Company and its subsidiaries registered total liabilities of Baht 245,282 million, a drop of Baht 1,617 million, or 0.7% compared to as of 31 December 2023, owing primarily to a decrease in trade account payable from repayment liabilities for the goods at the end of the year.

Equity

As of 31 March 2024, the Company and its subsidiaries reported Baht 292,378 million in equity, a decrease of Baht 1,094 million compared to as of 31 December 2023.

4. Statement of cash flows of the Company and its subsidiaries

(unit: million Baht)	Consolidated For the three-month period ended 31 March	
	2024	2023
Net cash generated from (used in) operating activities	(879)	(704)
Net cash generated from (used in) investing activities	(6,155)	(3,942)
Net cash generated from (used in) financing activities	(1,230)	(19,493)
Exchange differences on translating financial statements	217	(783)
Net increase (decrease) in cash and cash equivalents	(8,047)	(24,922)
Cash and cash equivalents at the beginning of the period	<u>31,707</u>	<u>40,103</u>
Cash and cash equivalents at the end of the period	<u>23,660</u>	<u>15,181</u>

For the three-month period ended 31 March 2024, the Company and its subsidiaries had net cash used in operating activities in an amount of Baht 879 million, mainly due to repayment to trade account payable. Net cash used in investing activities was Baht 6,155 million, primarily from investment in new store expansions and land acquisition for the mixed-use project. Additionally, net cash used in financing activities was Baht 1,230 million, mainly from payments of lease liabilities. From the aforesaid use of funds, the net decrease in cash and cash equivalents was Baht 8,047 million, which resulted in cash and cash equivalents of Baht 23,660 million at the end of the period.

5. Business outlook

The Company and its subsidiaries are expected to continue revenue grow in 2024. This growth is driven by an emphasis on enhancing sales growth across all channels, including Omni Channel sales, expanding into new stores, renovating existing stores both domestically and internationally, as well as transforming the shopping centers into smart community hubs that cater to the preferences of all ages and the local community in both design and size. In 1Q/2024, the Company and its subsidiaries successfully launched four stores and one Lotus's Eatery, perfectly align with the expansion goals. Furthermore, the Omni Channel sales in 1Q/2024 showed exponential growth, beating the Company's aspirations. Promisingly, the Company has set an Omni Channel target to achieve a least 17.0% of the total sales. This driven by our commitment to offer a comprehensive range of products, develop services, and expand our footprint nationwide. By leveraging the strength of the wholesale and retail business through over 2,600 stores nationwide, these stores will serve as distribution centers for multi-fulfillments to enhance the potential of existing stores. In addition, we focus on B2B sales team strategies that understood and being accessible to serve our professional customer's needs.

Additionally, the Company and its subsidiaries prioritize on synergy to accelerate growth in fresh food and processed food, particularly in the development of ready-to-cook and ready-to-eat products, in order to differentiate and provide a variety of products at value prices. Moreover, we aim to enlarge the sales proportion of the Company's private label.

Meanwhile, the aforementioned revenue growth will be in line with the overall economic outlook, both domestically and in the other countries in which the Company has made investments. Encouragingly, the revival of the tourism, service, and manufacturing sectors will contribute positively to consumer spending and employment. Nevertheless, the company will encounter challenges such as the sluggish and uneven global economic recovery and limited consumer purchasing power, which may impact economic revitalization and the company's performance.

The Company is committed to driving business toward sustainability (ESG) to become a world-class sustainable organization. Utilizing the Company's capabilities will generate positive changes in the economy and society while minimizing negative environmental consequences. With a strategic approach focused on fostering growth in business and sustainability, mitigating comprehensive risks in accordance with economic trends and consumer behaviors, as well as effective cost control, the Company and its subsidiaries are committed to creating value and providing returns for all stakeholders.

Please be informed accordingly.

Yours faithfully,

CP Aextra Public Company Limited

(Saowaluck Thithapant)

Group Chief Executive Officer - Makro Business and

Group Chief Financial Officer

SET & Investor Relations

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