



No. IDR 17/2024

Date: 13 November 2024

Re: Management Discussion and Analysis (MD&A) for the Third Quarter of 2024

To: The President
The Stock Exchange of Thailand

Operating Results for the Third Quarter of 2024

CP All Public Company Limited (CPALL or the Company) would like to clarify operating results for the third quarter of 2024 in which the Company and its subsidiaries have reported a net profit of Baht 5,608 million and an adjusted net profit* of Baht 6,190 million. The main reasons are as follows:

*Adjusted net profit excludes net foreign exchange gain/loss and expenses related to CP Aextra Plc.'s amalgamation.

Economic Overview

Thailand's economy in 3Q24 overall continued to expand from the previous quarter, driven mainly by the export sector, tourism, and government spending, despite facing pressures from unrest in the Middle East, changes in the Prime Minister and Cabinet, and even flooding in the northern and northeastern regions of the country. The stability of Thailand's economy remained solid, with steady inflation and the Thai baht strengthening in line with currency movements in the region, resulted from the easing monetary policies in the US, while the unemployment rate also remained stable.

In this quarter, the tourism sector remained a key driver of domestic consumption, with the number of incoming foreign tourists to Thailand reaching 8.6 million people, growing over 21 percent from the same period of last year. However, consumers exercised more caution in spending, following concerns about flooding, household debt levels, high costs of living, and slow economic expansion. Meanwhile, the government implemented an economic stimulus package for 2024 (Baht 10,000 cash handout) which began disbursements at the end of 3Q24. This stimulus scheme boosted private consumption of general consumer goods and is expected to sustain its support in the coming period.

Total Revenues

In 3Q24, the Company reported total revenues at Baht 241,282 million, increasing by 6.6 percent YoY. This was the result of an increase in revenue from sale of goods from all business units, including convenience store business, grocery wholesale and retail businesses and mall, and other supporting businesses. The growth followed an expansion in domestic consumption resulting from government economic stimulus measures implemented at the end of the quarter, as well as enhanced tourism this quarter which was supported by a continued increase in tourist numbers. Moreover, the O2O strategy of



each business unit continued to be another additional factor in revenue growth, despite facing heavy rainfall during the rainy season.

Gross Profit

Gross profit from sales and services in 3Q24 was reported at Baht 53,175 million, increasing by 10.9 percent YoY, resulting from an improved sale of goods from all business units which was still brought about by every business unit's product strategy that delivered products that satisfy customer needs in each time period to enhance profitability. For these reasons, the Company reported higher consolidated gross profit margin at 22.7 percent in 3Q24 from 21.8 percent in 3Q23.

Distribution Costs and Administrative Expenses

In 3Q24, CPALL reported proportion of distribution costs and administrative expenses as follows:

Costs and Expenses	3Q24
Employee benefits	33.0%
Store management fees	13.0%
Rental and depreciation and amortization	19.2%
Advertising and sales promotion	10.4%
Utilities and others	24.4%
Total	100.0%

The Company reported distribution costs and administrative expenses at Baht 48,565 million, increasing by 9.2 percent YoY. Distribution costs were reported at Baht 40,373 million, increasing by 8.6 percent YoY, along with an increase in administrative expenses to Baht 8,191 million, increasing by 12.0 percent YoY. The increased expenses were mainly due to employee benefits, store management fees, and advertising and sales promotion, which rose in tandem with revenues. Additionally, there was also a recognition of one-time expenses related to CP Aextra Plc.'s amalgamation for internal restructuring. On the other hand, the electricity cost continued to decrease from the lower electricity price per unit. Nonetheless, each business unit has maintained stringent and efficient cost control.

Profit before Finance Costs and Tax Expense, and Net Profit

In 3Q24, the Company reported profit before interest and tax expense at Baht 11,468 million, increasing by 14.2 percent YoY, and reported net profit at Baht 5,608 million, with an adjusted net profit* of Baht 6,190 million, increasing by 44.1 percent YoY. This came as a consequence of improved performance mainly in convenience store business and retail business and mall, as well as efficient cost control. The consolidated earnings per share for 3Q24 was reported at Baht 0.61 per share.

*Adjusted net profit excludes net foreign exchange gain/loss and expenses related to CP Aextra Plc.'s amalgamation.



Operating Results for the First Nine Months of 2024

The Company and its subsidiaries reported total revenues at Baht 730,233 million, which increasing by 7.3 percent YoY, resulting from the growth in revenues from all business units. The net profit was reported at Baht 18,167 million, with an adjusted net profit* of 18,458 million which increasing by 46.3 percent YoY, driven by enhanced performance mainly in convenience store business and retail business and mall. The Company reported the consolidated earnings per share for the first nine months of 2024 at Baht 1.98 per share.

*Adjusted net profit excludes net foreign exchange gain/loss and expenses related to CP Aextra Plc.'s amalgamation.

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

In the first nine months of 2024, the total revenues before elimination contributed from major businesses were, (1) convenience store business and other businesses, accounting for 52 percent, and (2) grocery wholesale and retail businesses and mall, accounting for 48 percent. Revenue proportion of (1) grew from the previous year mainly due to the growth in revenues from the convenience store business.

Profit before tax expense before elimination contributed from major businesses were, (1) convenience store business and other businesses, accounting for 73 percent, and (2) grocery wholesale and retail businesses and mall, accounting for 27 percent. Profit proportion of (1) increased from the previous year due to better operating profit growth rate of convenience store business. Nonetheless, all business units achieved growth in profitability at a high level resulting from solid performance and cost control.

Operating Results from the Convenience Store Business

In 3Q24, the convenience store business opened a total of 199 stores. At the end of 3Q24, CPALL had a total of 15,053 stores, divided into:

- (1) 7,671 corporate stores (approximately 51 percent of total stores) or net new stores of 125 stores in this quarter
- (2) 7,382 SBP and sub-area stores (approximately 49 percent of total stores) or net new stores of 74 stores in this quarter

The majority of our stores were stand-alone, accounting for 86 percent of total stores, while the remaining portion of total stores were in PTT gas stations.

In 3Q24, the convenience store business reported total revenue from sales and services at Baht 107,850 million, increasing 8.8 percent YoY. The average sales per store per day in 3Q24 was at Baht 81,781, together with SSSG which was at 3.3 percent. The average spending per ticket was approximately Baht 84, and the average number of customers per store per day was 964 persons. The number of



customers increased from the same period of last year due to continuously improved economic activities from both government stimulus measures and the number of both Thai and foreign tourists which continued to increase from the previous year. The convenience store business has used strategic plans to be consistent with the current situation by retaining the existing customer base and expanding new customer base by offering new products with promotions to attract customers in each time period. Furthermore, the Company strived to improve the revenue generated from selling products through the O2O strategy, such as 7Delivery and All Online, which was able to meet current customers' needs well, contributing approximately 11 percent to total sales revenue.

In 3Q24, 76.3 percent of revenue from sales originated from food categories and 23.7 percent from non-food categories. The contribution of food categories to the sales mix grew from the same period of last year in accordance with the Company's key strategy which focuses on being the number one destination for food and drinks in customers' minds for all customer groups anywhere and anytime.

Gross profit for the convenience store business in 3Q24 was at Baht 31,409 million, increasing by Baht 3,737 million or 13.5 percent YoY. Gross profit margin was reported at 29.1 percent, increasing from 27.9 percent in 3Q23. The main reason was the aforementioned product strategy adjustment, as well as the emphasis on product margin by continually increasing the proportion of high-margin products.

The convenience store business also recognized other income at Baht 6,723 million, increasing by Baht 849 million or 14.5 percent YoY, which could be mainly attributed to utilizing commercial space in each store such as through rental, provision of services, and others, as well as recognizing dividend income from subsidiaries at the amount of Baht 1,145 million.

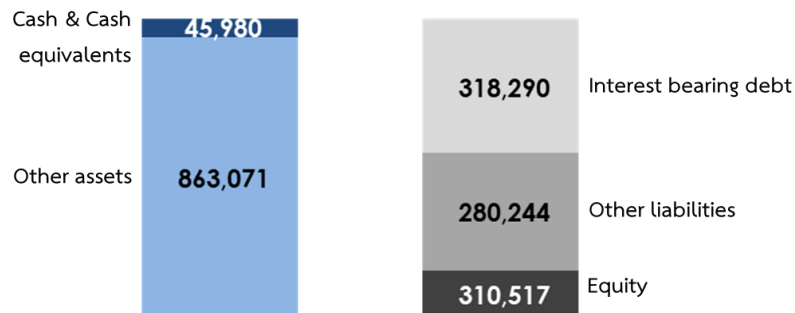
In 3Q24, distribution costs and administrative expenses were Baht 31,510 million, increasing by Baht 3,035 million or 10.7 percent YoY, mainly due to employee benefits, store management fees, and advertising and sales promotion, which rose in tandem with sales and store expansion, while the electricity cost continued to decrease from the lower electricity price per unit.

Nevertheless, the Company continuously endeavored to control expenses tightly and maximize efficiency, together with striving to expand 7-Eleven stores as planned and add more channels for customers to access products and services. The convenience store business continued to report an increase in operating profit to Baht 7,407 million, an increase of 16.2 percent YoY, and a net profit of Baht 4,467 million, an increase of 28.4 percent YoY. The Company's earnings per share from separate financial statements was reported at Baht 0.49 per share.

As of 30 September 2024, the Company operated the convenience store business (7-Eleven) with total stores of 98 stores in Cambodia and 9 stores in Lao PDR.



Financial Position of the Company as of 30 September 2024, Compared to 31 December 2023



The Company had cash and cash equivalents of Baht 45,980, which represents a decrease of Baht 21,254 million or 31.6 percent, mainly due to cash disbursements to repay the Company's short-term borrowings from financial institutions and debentures maturing within one year.

Trade accounts receivable slightly decreased by Baht 11 million or 0.3 percent to Baht 3,315 million. The majority of the trade accounts receivable are from the grocery wholesale and retail businesses and mall which had a decline in accounts receivable from overdue accounts. As a consequence, the accounts receivable days remained close to the level at the end of the previous year at 1.3 days.

Inventories increased by Baht 263 million or 0.5 percent from the end of the previous year to Baht 57,763 million, with inventory days equaling 28.1 days.

Trade accounts payable decreased by Baht 17,098 million or 13.3 percent from the end of the previous year to Baht 110,997 million, with accounts payable days equaling 54.6 days.

Consequently, the Company and its subsidiaries reported a cash cycle of negative 25 days as of 30 September 2024.

Interest-bearing debt excluding lease liabilities decreased by Baht 9,055 million or 2.8 percent from the end of the previous year to Baht 318,290 million, mainly due to the decline in short-term borrowings from financial institutions as well as debentures. The Company reported a net debt to adjusted equity ratio at 0.84 times and was able to continuously comply with the bond covenant which requires the net debt to adjusted equity ratio to not exceed 2:1.



Sustainability Goals in Business Operations of the Company

The Company is committed to continuous development and management of corporate sustainability and has specified 15 organizational sustainable development goals corresponding to the United Nations Sustainable Development Goals (SDGs) and the 10 United Nations Global Compact Principles (UNGC). In each year, the Company has continuously strived on taking action to achieve the sustainable development goals and realize the identified strategic plan. The progresses in 2024 will be disclosed in the 2024 Sustainability Report.

Summary of Sustainability Goals and Performance Progresses in 2023

Topic	Description	Goal	2023 Performance
<i>Environmental: 7 Go Green</i>			
Climate Resilience*	To achieve Carbon Neutral by 2030 and Net Zero GHG Emissions by 2050	Carbon neutral	2.02 mtCO ₂ e
Efficient Use of Resources and Energy*	To reduce the final energy consumption compared to business-as-usual (BAU)	25%	2.53%
Sustainable Packaging Management*	Private Brand utilizing plastic packaging must be reusable, recyclable, and compostable	100%	97.74%
Sustainable Waste and Surplus Food Management*	Reduce excess or leftover food volume requiring disposal and reduce waste volume originating from Company's operations requiring landfill disposal	100%	65.60%
Ecosystem & Biodiversity Protection	All areas of business operations have projects in collaboration with local and national stakeholders or independent third parties	100%	100%
<i>Social: 7 Go Together</i>			
Social Impact and Economic Contribution*	To develop skills and promote jobs to generate income for SMEs, small entrepreneurs, agriculturists, and vulnerable groups	250,000 persons	544,335 persons
Education and Lifelong Learning	To support children, youth, adults and vulnerable groups to education- having access to necessary technical and professional skills	500,000 persons	442,130 persons
Good Health & Well-Being*	Increase the number of new health & nutrition products and services	25%	27.20%
Food and Water Security & Access to Well-being	Support the underserved, impoverished, and vulnerable people in receiving access to safe food and water, and well-being	5,000,000 persons	4,842,338 persons
Stakeholder Engagement	All key stakeholder group engagement level	80%	85%
<i>Governance and Economic: 7 Go Right</i>			
Corporate Governance and Anti-Corruption*	The Company's corporate governance rating is at excellence by an internationally recognized institute	Excellence	Excellence
Human Rights and Labor Practices*	The Company has continuously conducted Human Rights Impact Assessment following UN Guidelines, of its operations and suppliers with high sustainability risks	100%	100%
Human Capital Development*	All leaders and employees will be involved in the learning process and activities on sustainability	100%	100%
Innovation and Value Creation	Income from products and services innovation and new businesses including process innovation	20%	10.77%
Responsible Supply Chain*	Tier 1 Suppliers with high sustainability risk (significant suppliers) must be comprehensively assessed and improved	100%	100%

*Material topics in 2023



Outlook for Convenience Store Business in 2024

Store expansion	The Company plans to develop distribution channels for products and services on both online and offline platforms, together with new store rollout following the growth of communities, various infrastructures, tourist destinations and other high potential areas to facilitate and access the needs of customers as much as possible. The Company plans to open about 700 new stores in Thailand and also aims to open new stores in Cambodia and Lao PDR in 2024.
Sales and services revenue growth	Revenue growth of Convenience Store Business is driven by contribution from new stores, positive SSSG and sales through other channels including 7Delivery and All Online which is forecast to grow in line with the projected economic growth in Thailand (GDP growth). However, this is subject to other factors including inflation rate, raw material price, energy price and private consumption growth, etc.
Gross profit margin	Gross profit margin advancement is expected to continue on the back of product strategy in order to cater to consumer demand. We also continue to drive higher sales participation of the higher-margin products in both food and non-food categories.
CAPEX	<p>CAPEX is projected to be approximately Baht 12,000 – 13,000 million with details as follows (unit: million Baht)</p> <ul style="list-style-type: none"> • Store expansion 3,800 - 4,000 • Store renovation 2,900 - 3,500 • Investment in new projects, subsidiaries and DC 4,000 - 4,100 • Fixed assets and IT system 1,300 - 1,400

Please be informed accordingly.

Sincerely yours,

Mr. Kriengchai Boonpoapichart

Chief Financial Officer

Authorized to sign on behalf of the Company