



No. IDR 12/2024

Date: 13 August 2024

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

To: The President
The Stock Exchange of Thailand

CP All Public Company Limited (CPALL or the Company) would like to clarify operating results for the second quarter of 2024 in which the Company and its subsidiaries have reported a net profit of Baht 6,239 million. The main reasons are as follows:

Total Revenues

In 2Q24, the Company reported total revenues at Baht 248,026 million, increased by 6.9 percent YoY. This was the result of an increase in revenue from sale of goods from all business units, including convenience store business, grocery wholesaling and retailing business and other supporting businesses, following a continuously expansion in domestic consumption. In addition, the enhanced tourism in this quarter was driven by a continued increase in tourist numbers and from government economic stimulus measures during long holiday periods also created a good atmosphere for spending. Moreover, O2O strategy of each business unit continued to be another additional factor in revenue growth.

Gross Profit

Gross profit from sales and services in 2Q24 was reported at Baht 54,049 million, increased by 9.1 percent YoY, resulting from an improved sale of goods from all business units which was brought about by a product strategy that not only delivered products that satisfy customer needs but also launched products that matched the trends in each time period to enhance profitability. For these reasons, the Company reported higher consolidated gross profit margin at 22.4 percent in 2Q24 from 22.0 percent in 2Q23.

Distribution Costs and Administrative Expenses

In 2Q24, CPALL reported proportion of distribution costs and administrative expenses as follows:

Costs and Expenses	2Q24
Employee benefits	33.3%
Store management fees	13.7%
Rental and depreciation and amortization	18.7%
Advertising and sales promotion	10.0%
Utilities and others	24.3%
Total	100.0%



The Company reported distribution costs and administrative expenses at Baht 48,836 million, increased by 6.5 percent YoY. Distribution costs were reported at Baht 40,879 million, increased by 6.4 percent YoY, along with an increase of Administrative expenses to Baht 7,957 million, increased by 7.0 percent YoY. The increased expenses were mainly due to employee benefits, store management fee, and advertising and sales promotion, which rose in tandem with revenues, whereas electricity cost started to decrease from 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 2Q24, the Company reported profit before interest and tax expense at Baht 12,441 million, increased by 21.4 percent YoY, and reported net profit at Baht 6,239 million, increased by 40.6 percent YoY, as a consequence of an improved performance across all business units and efficient cost control. Additionally, convenience store business, grocery wholesaling and retailing business reported a reduction in finance costs as a result of effective management of interest-bearing debt. The consolidated earnings per share for 2Q24 was reported at Baht 0.68 per share.

Operating Results for the first six months of 2024

The Company and its subsidiaries reported total revenues at Baht 489,333 million, increased by 7.7 percent YoY and reported net profit at amount of Baht 12,559 million, increased by 46.7 percent YoY. The consolidated earnings per share was reported at Baht 1.37 per share. This was mainly due to an improved performance in all business units, following continued robust economic activities.

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

For first six months of 2024, total revenue before elimination contributed from major businesses were, (1) convenience store business and other businesses, accounted for 52 percent and (2) grocery wholesaling and retailing businesses, accounted for 48 percent. Revenue proportion of (1) grew from the previous year mainly due to the growth in revenues from convenience store business.

Profit before tax expense before elimination contributed from major businesses in 2Q24 were, (1) convenience store business and other businesses, accounted for 74 percent and (2) grocery wholesaling and retailing business, accounted for 26 percent. Profit proportion of (1) slightly increased from the previous year and every business units were capable to generate high profit growth, resulted from business operation and financial cost management.

Operating Results from the Convenience Store Business

In 2Q24, the convenience store business opened a total of 124 new stores. At the end of 2Q24, CPALL had a total of 14,854 stores, divided into



- (1) 7,546 corporate stores (approximately 51 percent of total stores) or a net new store of 61 stores in this quarter
- (2) 7,308 SBP and sub-area stores (approximately 49 percent of total stores) or a net new store of 63 stores in this quarter.

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

In 2024, the convenience store business reported revenue from sales and services at Baht 112,044 million, increased by 9.3 percent YoY. The average sales per store per day in 2024 was at Baht 86,656, together with SSSG which was at 3.8 percent. The average spending per ticket was approximately Baht 85, and average number of customers per store per day was 1,007 persons. The number of customers increased from the same period of last year due to continuously improved economic activities. In addition, the number of both Thai and foreign tourists also continued to increase from the previous year, together with government measures during long holiday periods that was another supportive factor. 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 period of time. Furthermore, revenue was 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 2024, 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 slogan which focuses on being the number one destination for food and drinks in customers' minds for all customer groups anywhere and anytime. Additionally, the hot weather and the long holidays in this quarter were also supporting factors.

Gross profit for convenience store business in 2024 was at Baht 32,530 million, increased by Baht 3,450 million or 11.9 percent YoY. Gross profit margin was reported at 29.0 percent, increased from 28.4 percent in 2023. The main reason was from 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 6,547 million, increased by Baht 567 million or 9.5 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 2,910 million.

In 2024, distribution costs and administrative expenses were Baht 32,332 million, increased by Baht 2,691 million or 9.1 percent YoY, mainly due to employee benefits, store management fee, and



advertising and sales promotion, which rose in tandem with sales and store expansion, while electricity cost started to decrease from lower electricity price per unit.

However, the Company continued to control expenses tightly and maximize efficiency, even though some types of expenses were increased. The Company continued to expand 7-Eleven stores as planned and added more channels for customers to access products and services. The convenience store business continued to report an increase in operating profit to Baht 9,760 million, an increase of 7.5 percent YoY, and a net profit of Baht 6,742 million, an increase of 10.1 percent YoY. Earnings per share from separate financial statements was reported at Baht 0.74 per share.

As of June 30, 2024, the Company operated convenience store business (7-Eleven) with total store of 87 stores in Cambodia and 6 stores in Lao PDR.



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