



No: IDR 04/2025

Date: 25 February 2025

Re: Management Discussion and Analysis (MD&A) for the year 2024

To: The President

The Stock Exchange of Thailand

Economic Overview

Thailand's overall economy in 2024 expanded and grew 2.5% from the former year which is lower than the forecast. Parts of the causes of the low expansion rate were due to prolonged geopolitical conflicts which had an impact on global economy, commodity prices, energy costs and fluctuating interest rates. Thailand's household debts remained high and consumers encountered escalating living costs; therefore, they were highly conscious about their spending, including ravaging natural catastrophe and inundation in the north and south. However, the growth was an effect of increased economic activities and the key factor that drove the economy was tourism. Moreover, the government was able to manage the disbursement well enough and brought in a variety of supportive measures which ranged from decrease in household expenses to decrease in the cost of living, especially in terms of electricity and energy cost support. This also included spending stimulation measure like the Phase I - Baht 10,000 Cash Handout Scheme for the vulnerable group, social welfare card holders, and disabled persons. All these measures enhanced the domestic demand and stimulated people's confidence for their consumption spending. It is presumed that 2024's retail industry potentially grew 3-4 percent from the former year, driven by both traditional stores or offline shopping and E-commerce.

Operating Results for the Year Ended 31 December 2024

Compared to the Operating Results for the Year Ended 31 December 2023

CP All Public Company Limited (CPALL or the Company) would like to clarify operating results for the year 2024 in which the financial position and operating results reported in the consolidated financial statements of the Company and its subsidiaries were generated from three main businesses including (1) convenience store business, (2) wholesale and retail businesses and mall, and (3) other businesses such as manufacturing and sale of ready-to-eat food, bill payment services, and distribution and maintenance of retail equipment. The Company reported total revenues at Baht 987,794 million and net profit at Baht 25,346 million, increasing by 7.2 percent YoY and 37.1 percent YoY, respectively, from the enhanced



performance in all business units in line with the continued improvement in economic activities and domestic consumption in the past year.

With regard to the growth of the convenience store business, the 7-Eleven stores, the Company has achieved its store expansion plan and focused on delivering value to customers under the slogan “All Convenience”, through the combination of online and offline channels. At the end of year 2024, the Company had a total of 15,245 stores nationwide, an increase of 700 stores from last year, including sales and service channels on the 7App application that have been provided through 7Delivery and All Online.

Total Revenues

In 2024, CPALL reported total revenues at Baht 987,794 million, increasing by 7.2 percent YoY.

Total revenues before elimination were contributed by three main businesses which are (1) convenience store business, accounting for 45 percent, (2) wholesale and retail businesses and mall, accounting for 48 percent, and (3) other businesses in Thailand, accounting for 7 percent. The revenue proportion of (1) increased from the previous year.

Revenue from sale of goods and rendering of services was reported at Baht 958,998 million, increasing by 7.1 percent YoY, as a consequence of the Company’s constant adjustments in product and service strategies including the O2O strategy of each business unit in order to satisfy customer needs and correspond to the current situation in each time period. Total revenues from all business units improved from the prior year thanks to the increase in economic activities in tandem with domestic consumption which continued to expand following government stimulus measures throughout the year, as well as the rise in foreign tourist arrivals boosting tourism in 2024. Moreover, wholesale and retail businesses and mall, including Makro and Lotus’s businesses, also had a growth in revenue from sale and rendering of services.

Others comprise interest income, dividend income, net foreign exchange gain, and other income, totaling Baht 28,796 million, increasing by 11.2 percent YoY. The increase was largely from other income which rose by Baht 3,053 million from the previous year, arising from marketing-related income which varies with the increase in sales.

Gross Profit

In 2024, the Company reported gross profit from sales and services at Baht 216,507 million, increasing by 10.3 percent YoY, primarily as a result of the increase in revenue from sale of goods from the previous year from convenience store business, as well as wholesale and retail businesses and mall which



consist of Makro and Lotus's businesses, causing the gross profit margin in the Company's consolidated financial statements to rise to 22.6 percent from 21.9 percent in 2023.

Distribution Costs and Administrative Expenses

In 2024, CPALL reported proportion of distribution costs and administrative expenses as follows:

Costs and Expenses	2024
Employee benefits	32.5%
Store management fees	13.4%
Rental and depreciation and amortization	19.2%
Advertising and sales promotion	10.4%
Utilities and others	24.5%
Total	100.0%

The distribution costs and administrative expenses were reported at Baht 194,588 million, increasing by 8.2 percent YoY, for which the main reasons are as follows:

Distribution costs were reported at Baht 161,516 million, increasing by 7.8 percent YoY mainly due to the increase in employee benefits, store management fee, advertising and sales promotion expenses, and expenses related to store expansion since the Company strives to expand stores in areas with potential in order to achieve long-term goals. On the other hand, the Company benefited from the lower electricity price per unit in comparison to the prior year. Nonetheless, the Company has maintained stringent and efficient cost control while continuously reducing unnecessary costs.

Administrative expenses were reported at Baht 33,073 million, increasing by 9.9 percent YoY, mainly from employee benefits.

Profit Before Tax Expense and Net Profit

In 2024, the Company's profit before tax expense before elimination was contributed by three main business which are (1) convenience store business, accounting for 57 percent, (2) wholesale and retail businesses and mall, accounting for 31 percent, and (3) other businesses in Thailand, accounting for 12 percent. The profit proportion of (1) grew from the previous year principally from the better operating profit growth rate in the convenience store business.

The Company reported profit before tax expense at Baht 35,893 million, increasing by 35.7 percent YoY, and net profit at Baht 25,346 million, increasing by 37.1 percent YoY, thanks to the improved overall



performance of all business units especially the convenience store business, as well as the Lotus's business. Moreover, the Company also reported share of profit of associates and joint ventures accounted for using equity method at Baht 673 million and reported lower finance costs due mainly to the repayment of short-term borrowings from financial institutions and the partial repayment of debentures. The earnings per share from the consolidated financial statements for 2024 was reported at Baht 2.77 per share.

Operating Results by Business Segments

Convenience Store Business

In 2024, CPALL continued to focus on expanding “7-Eleven” stores in prime locations and in different formats to meet customer’s needs in various profiles and to serve convenience to all communities in Bangkok and upcountry. The new stores were in various store types including corporate, store business partner (SBP) and sub-area, where some were standalone stores and other were in PTT gas stations. In this year, the Company has expanded new stores in total of 700 stores in Thailand, including corporate, store business partner (SBP) and sub-area stores, which reached the target at 700 new stores per year. At the end of 2024, CPALL operated 15,245 stores nationwide, which consisted of 7,743 corporate stores (51 percent of total stores), increasing by 407 stores, 6,594 SBP stores (43 percent of total stores), increasing by 259 stores, and 908 sub-area stores (6 percent of total stores), and increasing by 34 stores.

In terms of convenience store business operations overseas in 2024, the Company expanded new 7-Eleven stores in Cambodia and Lao PDR in total of 30 stores and 7 stores, respectively, bringing the total number of 7-Eleven stores in Cambodia to 112 stores and in Lao PDR to 10 stores.

Regarding products and services, CPALL strived to become “All Convenience” by focusing on adapting to satisfy the needs of customers. The Company has developed food and beverage products and continually added new product menus, together with promoting products from Thai farmers, including vegetables, fresh fruits or processed agricultural products to sell both at 7-Eleven stores and online channels according to sustainability strategy which received great feedback from customers who look for convenience, fast, value of product as well as good nutrition in their daily life. In 2024, food and beverage products accounted for 76.0 percent of sales mix, while non-food items accounted for 24.0 percent of sales mix. The sales mix of food and beverage products increased from the previous year due to the change of consumer behavior, together with the launch of new products with the promotion of the food and beverage categories which were able to attract more customers, both local and foreign, and it reflected that 7-Eleven is the No.1 destination for food and beverage, following the slogan of “Whenever you're hungry, stop by” and “Whenever you're hungry, order now” for all customer groups anywhere and anytime.



In 2024, the convenience store business had total revenue from sale of goods and rendering of services of Baht 439,787 million, increasing by Baht 40,229 million or 10.1 percent YoY. In 2024, SSSG was at 3.8 percent with average sales per store per day at amount of Baht 83,906, along with average spending per ticket at Baht 85 and there were 978 customers per store per day. In this year, economic activities continued to improve from government stimulus measures, along with higher number of both Thai and foreign tourists from the previous year. From the aforementioned situation, the convenience store business has adjusted its strategic plan to be in line with the situation in each time period in consideration of the preservation of the existing customer base and expanding to new customer base by launching new products and offering attractive promotions. This was coupled with the efforts to increase revenue from sale of goods through the O2O strategy such as 7Delievry and All Online, which continued to be well-received by both existing and new customers, contributing approximately 11 percent to total revenue from sale of goods in the past year.

Convenience stores business reported gross profit at amount of Baht 127,484 million, increasing by Baht 14,692 million or 13.0 percent YoY. Gross profit margin in 2024 was at 29.0 percent, increasing from previous year as a result of product strategy adjustment as mentioned above and the emphasis on product margin by continually enhancing the proportion of high margin products.

Meanwhile, other income of the convenience stores business was at Baht 26,495 million, increasing by Baht 2,781 million or 11.7 percent YoY. The primary reason is the income generated from the utilization of the store area, including revenue from renting space, royalties, and other sources related to granting rights for managing 7-Eleven stores and others.

Distribution costs and administrative expenses were Baht 126,982 million, increasing by Baht 11,136 million or 9.6 percent YoY primarily due to employee benefits, expenses related to store expansion, store management fee and advertising and sales promotion expenses. Meanwhile, the electricity price per unit decreased. This year, the Company expanded 7-Eleven stores at 700 stores as targeted and expanded channels for customers to access products and services conveniently, resulting in some additional expenses. Nevertheless, the convenience store business continued to report an increase in operating profit to Baht 33,677 million, an increase of 25.6 percent from the previous year, and a net profit of Baht 21,564 million, an increase of 40 percent from the previous year.

Other Businesses

Other businesses consists of bill payment services, banking agents, manufacturing and sale of ready-to-eat food, distribution and maintenance of retail equipment and other businesses that mainly support the convenience stores business. The Company is proactive in developing new innovations to be more in



line with the needs of customers of both products and services that are offered within 7-Eleven stores, as well as developing new channels such as E-commerce to help customers have more convenience and generate revenue growth for the Company in the future.

In 2024, other businesses reported profit before tax expense before elimination at Baht 4,896 million, increasing slightly by 0.9 percent YoY due to an increase in revenue from sale of goods and rendering of services, together with controlling the increase in cost of sales and optimizing cost control to be appropriate and at maximum efficiency.

Wholesale and Retail Businesses and Mall

In 2024, wholesale and retail businesses and mall reported profit before tax expense before elimination at Baht 13,414 million, increasing by 22.2 percent YoY, principally from the increase in revenue from sale of goods in Makro and Lotus's businesses, coupled with effective cost control especially in Lotus's business. (For more information, please refer to the Management Discussion and Analysis (MD&A) for the year 2024 of CP Aextra Public Company Limited.)

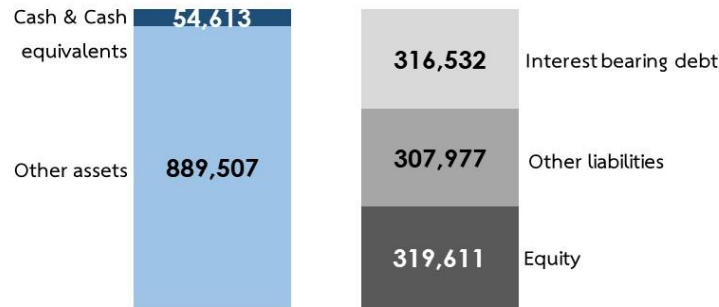
Non-recurring Items and Other Income

In 2024, the Company reported other income at the amount of Baht 28,145 million, increasing by Baht 3,053 million from last year or 12.2 percent YoY. Other income in 2024 was divided into sales promotion income of Baht 17,013 million, increasing by 14.6 percent YoY, and royalties and other fees relating to license income of Baht 2,599 million, increasing by 4.0 percent YoY. Meanwhile, other income such as rental and service income in convenience stores and other income from wholesale and retail businesses and mall amounted to Baht 8,533 million, increasing by 10.2 percent from previous year.



Financial position of the Company as of 31 December 2024

Compared to Financial Position as of 31 December 2023



The Company had cash and cash equivalents of Baht 54,613 million, which represents a decrease of Baht 12,621 million or 18.8 percent, mainly due to cash disbursements to repay debentures by both the Company and CP Aextra Public Company Limited.

Trade accounts receivable increased by Baht 530 million or 15.9 percent to Baht 3,856 million. The majority of the trade accounts receivable are from the wholesale and retail businesses and mall which are not past due. As a consequence, the accounts receivable days declined from the previous year to 1.35 days.

Inventories increased by Baht 3,768 million or 6.6 percent from the end of the previous year to Baht 61,269 million, with inventory days equaling 29.3 days.

Trade accounts payable increased by Baht 198 million or 0.2 percent from the end of the previous year to Baht 128,294 million, with accounts payable days equaling 63.3 days.

Consequently, the Company and its subsidiaries reported cash cycle of negative 32.6 days as of 31 December 2024.

Interest-bearing debt excluding lease liabilities decreased by Baht 10,813 million or 3.3 percent from the end of the previous year to Baht 316,532 million, largely due to repayment of debentures and current portion of long-term borrowings from financial institutions. The Company reported a net debt to adjusted equity at 0.78 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

<u>Topic</u>	<u>Description</u>	<u>Goal</u>	<u>2023 Performance</u>
<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 2025

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 2025.
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 – 13,600 million with details as follows (unit: million Baht)</p> <ul style="list-style-type: none"> • Store expansion 3,800 - 4,600 • 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