



No: IDR 13/2025

Date: 13 August 2025

Re: Management Discussion and Analysis (MD&A) for the Second Quarter of 2025

To: The President

The Stock Exchange of Thailand

Operating Results for the Second Quarter of 2025 (2Q25)

CP ALL Public Company Limited (CPALL or the Company) would like to clarify operating results for the second quarter of 2025 in which the Company and its subsidiaries have reported a net profit of Baht 6,768 million. The main reasons are as follows:

Economic Overview

Thailand's economic expansion in the second quarter of 2025 began to slow down compared to the previous quarter, with industrial sectors ramping up exports during the period of U.S. tariff pause. In addition, this quarter saw a softening in domestic consumption which was brought about by lower consumer confidence, U.S. tariffs, and uncertainties related to global economy and local politics.

The tourism sector continued to be affected by the lower number of Chinese tourists coming into the country. Although there was an increase in long-haul tourist arrivals this quarter, the overall number of foreign tourists declined compared to the same period last year. Nevertheless, in order to enhance Thailand's competitiveness, the government announced both short-term and long-term economic stimulus measures, focusing on the development of infrastructure, tourism, exports, and community-based economy in 2Q25.

Total Revenues

In 2Q25, the Company reported total revenues at Baht 256,574 million, increasing by 3.4 percent YoY. This resulted primarily from an increase in revenue from sale of goods in all business units, including convenience store business, wholesale and retail businesses and mall, and other supporting businesses. Other than that, the O2O strategy of each business unit was still another factor contributing to revenue growth.



Gross Profit

In the second quarter of 2025, the Company reported gross profit from sales and services at Baht 56,695 million, increasing by 4.9 percent YoY, primarily as a result of every business unit's product strategy that delivered products that satisfy customer needs in each time period to enhance profitability. Consequently, the gross profit margin in the Company's consolidated financial statements rose to 22.8 percent compared to 22.4 percent in 2Q24.

Distribution Costs and Administrative Expenses

In 2Q25, CPALL reported proportion of distribution costs and administrative expenses as follows:

Costs and Expenses	2Q25
Employee benefits	33%
Store management fees	14%
Rental and depreciation and amortization	18%
Advertising and sales promotion	11%
Utilities and others	24%
Total	100%

The distribution costs and administrative expenses were reported at Baht 51,115 million, increasing by 4.7 percent YoY. Distribution costs were reported at Baht 43,384 million, increasing by 6.1 percent YoY, whereas administrative expenses were reported at Baht 7,731 million, decreasing by 2.8 percent YoY. The increase in expenses could be attributed to the increase in employee benefits, store management fees, and advertising and sales promotion expenses, which grew in line with store expansion. On the other hand, the Company continued to experience lower electricity costs in comparison to the prior year. Regardless, the Company has maintained stringent and efficient cost control.

Profit Before Finance Costs and Income Tax Expense and Net Profit

In 2Q25, the Company reported profit before finance costs and income tax expense at Baht 13,196 million, increasing by 6.1 percent YoY, and reported net profit at Baht 6,768 million, increasing by 8.5 percent YoY. This came as a consequence of improved performance mainly in convenience store business, together with efficient cost control. The consolidated earnings per share for 2Q25 was reported at Baht 0.74 per share.



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

During the first six months of 2025, the total revenues before elimination contributed from major businesses were (1) convenience store business and other businesses, accounting for 53 percent, and (2) wholesale and retail businesses and mall, accounting for 47 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 76 percent, and (2) wholesale and retail businesses and mall, accounting for 24 percent. Profit proportion of (1) increased from last year mostly from the growth in convenience store business profit. Nonetheless, all business units were pursuing continuous profit growth from solid performance and cost control.

Operating Results from the Convenience Store Business

In 2Q25, the convenience store business opened a total of 165 stores. At the end of the quarter, CPALL had a total of 15,595 stores, divided into:

- (1) 7,959 corporate stores (approximately 51 percent of total stores) or net new stores of 91 stores in this quarter
- (2) 7,636 store business partner (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 2Q25, the convenience store business reported total revenue from sales and services at Baht 117,706 million, increasing by 5.1 percent YoY. The average sales per store per day in 2Q25 was at Baht 85,690, together with same-store sales growth (SSSG) which contracted slightly by 0.8 percent YoY. The average spending per ticket was approximately Baht 88, and the average number of customers per store per day was 966 persons. The number of customers declined from the corresponding quarter last year due to weather factors impacting mobility within the country, coupled with the lower number of foreign tourists. Despite that, 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 consistently able to meet customers' needs well, contributing approximately 11 percent to total sales revenue.



In 2Q25, 76.4 percent of revenue from sales originated from food categories and 23.6 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 2Q25 was at Baht 34,494 million, increasing by 6.0 percent YoY. Gross profit margin was reported at 29.3 percent, increasing from 29.0 percent in 2Q24. The main reason was the aforementioned product strategy, 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 7,312 million, increasing by 11.7 percent YoY, which could be mainly attributed to utilizing commercial space and others, as well as recognizing dividend income from subsidiaries at the amount of Baht 4,990 million.

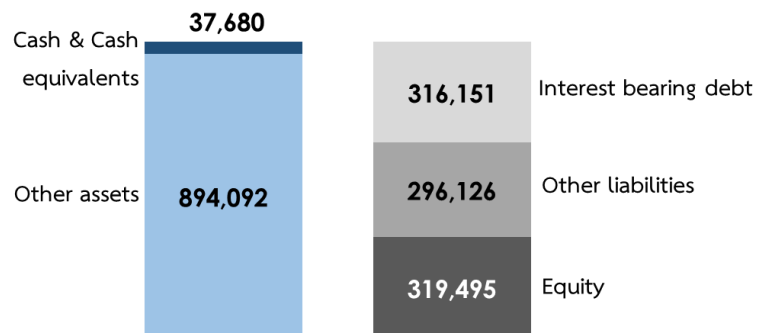
In 2Q25, distribution costs and administrative expenses were Baht 34,444 million, increasing by 6.5 percent YoY, mainly due to employee benefits, store management fees, and advertising and sales promotion, which rose in tandem with store expansion, while the electricity cost continued to decrease from the lower electricity price per unit and the efficient management of electricity unit usage.

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 12,290 million, an increase of 25.9 percent YoY, and a net profit of Baht 9,155 million, an increase of 35.8 percent YoY. The Company's earnings per share from separate financial statements was reported at Baht 1.00 per share.

As of 30 June 2025, the Company operated the convenience store business (7-Eleven) with total stores of 123 stores in Cambodia and 18 stores in Lao PDR.



Financial position of the Company as of 30 June 2025
Compared to Financial Position as of 31 December 2024



The Company had cash and cash equivalents of Baht 37,680 million, which represents a decrease of Baht 16,933 million or 31.0 percent, mainly due to cash disbursements to repay debentures that fell due.

Trade accounts receivable decreased by Baht 447 million or 11.6 percent to Baht 3,409 million. The decline was mainly in the trade accounts receivable not past due in the wholesale and retail businesses and mall. As a consequence, the accounts receivable days was reported at 1.2 days.

Inventories increased by Baht 1,049 million or 1.7 percent from the end of the previous year to Baht 62,318 million, with inventory days equaling 28.8 days.

Trade accounts payable decreased by Baht 12,682 million or 9.9 percent from the end of the previous year to Baht 115,612 million, with accounts payable days equaling 55.7 days.

Consequently, the Company and its subsidiaries reported cash cycle of negative 26 days as of 30 June 2025.

Interest-bearing debt excluding lease liabilities decreased by Baht 382 million or 0.1 percent from the end of the previous year to Baht 316,151 million, largely due to repayment of debenture. The Company reported a net debt to adjusted equity at 0.83 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 2025 will be disclosed in the 2025 Sustainability Report.

Summary of Sustainability Goals and Performance Progresses in 2024

<u>Topic</u>	<u>Description</u>	<u>Goal</u>	<u>2024 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	2.09 mtCO ₂ e
Efficient Use of Resources and Energy*	To reduce the final energy consumption compared to business-as-usual (BAU)	25%	5.38%
Sustainable Packaging Management*	Private Brand utilizing plastic packaging must be reusable, recyclable, and compostable	100%	97.17%
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%	75.05%
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	730,257 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	545,534 persons
Good Health & Well-Being*	Increase the number of new health & nutrition products and services	25%	26.10%
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	9,063,604 persons
Stakeholder Engagement	All key stakeholder group engagement level	80%	84%
<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%	11.00%
Responsible Supply Chain*	Significant Tier-1 Suppliers must be assessed and receive development and improvement	100%	100%

*Significant material topics in 2024



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.
Capital expenditure (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