

**Opinion of the independent financial advisor on the Amalgamation between  
CP Axtra Public Company Limited and Ek-Chai Distribution System Company Limited**

presented to



**The Shareholders of CP Axtra Public Company Limited**

by



**Jay Capital Advisory Limited**

**February 28, 2024**

This English report of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of CP Axtra Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

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<b>Abbreviation</b>	<b>Full form</b>
The Company or CPAXT	CP Aextra Public Company Limited
The Company Group	The Company including the Company's subsidiary and associate
Ek-Chai	Ek-Chai Distribution System Company Limited
Lotus's Thailand	Lotus's Stores (Thailand) Company Limited
CPRD	C.P. Retail Development Company Limited
Lotus's Malaysia	Lotus's Stores (Malaysia) Sdn. Bhd
CPALL	CP ALL Public Company Limited
SMH	Siam Makro Holding Company Limited
CPH	Charoen Pokphand Holding Company Limited
CPM	C.P. Merchandising Company Limited
The New Company or NewCo	The New Company formed as a result of the Amalgamation between the Company and Ek-Chai
Entire Business Transfer or EBT	The Company's acceptance of the EBT from Lotus's Thailand
The Amalgamation	The Amalgamation between the Company and Ek-Chai
The Transaction	The EBT and the Amalgamation
Dissenting Shareholders	Shareholders who vote against the Amalgamation
Purchasing period	Late-June 2024 to early-July 2024
The Purchaser	CP ALL Public Company Limited
The Balancer	CP ALL Public Company Limited
The SEC	The Securities and Exchange Commission
The SET	The Stock Exchange of Thailand
The Independent Financial Advisors	The IFA
Pro forma	Pro forma consolidated financial information for the year ended December 31, 2023 and 2022
PLC Act	The Public Limited Company Act B.E. 2535 (1992) (as amended)
SEC Act	the Securities and Exchange Act B.E. 2535 (as amended)
Ordinary Shares Listing Regulation	the SET regulation Re: Listing of Securities of the Company Formed by the Amalgamation of Companies B.E. 2542 (1999)
Free Float	The shares distribution of minority shareholders
Exchange Ratio	The share allocation ratio of 1 ordinary share of the Company to 0.50 ordinary share of The New Company and 1 ordinary share of Ek-Chai to 10.00 ordinary shares of The New Company
Veto	Aggregation of shareholders' voting rights to vote against the transaction

February 28, 2024

Re: Opinion of the Independent Financial Advisor on the Amalgamation between CP AXTRA Public Company Limited and Ek-Chai Distribution System Company Limited

To: The Shareholders of CP AXTRA Public Company Limited

The Board of Directors' meeting of CP Axta Public Company Limited ("The Company" or "CPAXT") on February 14, 2024 approved to propose business restructuring plan of the Company Group (the Company including the Company's subsidiary and associate, all of which called "The Company Group") to the shareholder's meeting of the Company. Material processes are detailed as follows:

**(1) Entire Business Transfer from Lotus's Thailand ("Entire Business Transfer" or "EBT")**

The Company will accept the transfer of entire business from Lotus's Thailand, an indirect subsidiary of the Company. The Entire Business Transfer from Lotus's Thailand includes the transfer of Lotus's Thailand's assets, liabilities, rights, duties, and responsibilities, which are existing and shall occur in the future as at the date of the entire business transfer received by the Company. Lotus's Thailand's main asset are ordinary shares in Ek-Chai (an indirect subsidiary of the Company), with the total consideration of the EBT is not more than THB 7,680 million.

Such Entire Business Transfer shall receive the approval from shareholder's meeting of the Company with votes of not less than 3 out of 4 of the total number of votes of shareholders attending the meeting and having the right to vote, according to procedures and provisions of The Public Limited Company Act B.E. 2535 (1992) (as amended) (the "PLC Act"). After the completion of the Entire Business Transfer, Lotus's Thailand shall proceed with the dissolution and liquidation in accordance with the rules, procedures, and conditions for the Entire Business Transfer under the Notification of the Director-General of the Revenue Department Re: Rules, Procedures and Conditions on Amalgamation or Entire Business Transfer of Public Limited Company or Limited Company for the Purpose of Tax Exemption, as well as other relevant laws.

**(2) Amalgamation between the Company and Ek-Chai ("The Amalgamation")**

After the Entire Business Transfer from Lotus's Thailand has been completed, the Company shall proceed with the amalgamation with Ek-Chai (Ek-Chai shall be a direct subsidiary of the Company after the Entire Business Transfer). The Company and Ek-Chai will proceed with the Amalgamation under procedures and provisions in the PLC Act, in which the existing 2 companies shall end the status as a juristic person and become the new public limited company from the Amalgamation ("The New Company" or "NewCo"). NewCo will assume all assets, liabilities, rights, duties, and responsibilities of the Company (after the Entire Business Transfer from Lotus's Thailand) and Ek-Chai.

After that, NewCo shall the listing application to the Stock Exchange of Thailand ("SET") to accept NewCo's shares to be listed securities in SET in accordance with the SET regulation Re: Listing of Securities of the Company Formed by the Amalgamation of Companies B.E. 2542 (1999) ("The Listing Securities Regulation").

The Amalgamation between the Company and Ek-Chai aims to restructure the Company Group's internal business by leveraging the synergy of the wholesale and retail business in Thailand under NewCo. After the Amalgamation, NewCo will operate wholesale business in Thailand under the name "Makro", retail business in Thailand under the name "Lotus's" and mall rental space management business in Thailand. In this regards, the Amalgamation will strengthen the Company's competitiveness both domestically and regionally, by enhancing its capacity to promptly fulfill customer needs.

In addition, the Amalgamation will enhance efficiency and flexibility in operation by simplifying the shareholding and organizational structures across the Company Group to increase efficiency of the management of resource which includes maximize the utilization of existing assets and combining personnel's expertise from wholesale and retail businesses to create additional value through synergy and unlocking growth opportunities for the Company Group in the future. For this reason, the Amalgamation will not only benefit the Company Group but also shareholders in the long run.

As part of the Amalgamation process, the shares in NewCo will be allocated to the shareholders of both the Company and Ek-Chai whose names appear in each company's shareholder register books on the book closing date, which will be further determined. This will compile the list of shareholders entitled to an allocation of shares in NewCo, based on the following ratios ("Exchange Ratio"):

1 existing share in the Company	and	to 0.50 shares in NewCo;
1 existing share in Ek-Chai		to 10.00 shares in NewCo

The above Exchange Ratio have been considered based on NewCo's registered and paid-up share capital of THB 10,427,661,800, divided into 10,427,661,800 ordinary shares, with a par value of THB 1.00. After the Amalgamation, the business operations, operating model, financial position, and overall operating results of NewCo are expected to closely resemble those of the Company. Consequently, the holding value, rights, and liquidity of the ordinary shares of NewCo are anticipated to be equivalent to those of the ordinary shares of the current company. Hence, alternative methods for assessing the fairness of the share allocation ratio have not been employed to evaluate the fair value of the Company and Ek-Chai.

However, following the Amalgamation, both the Company and Ek-Chai will cease the status as juristic persons. As a result, the ordinary shares of NewCo amounting to 5,137,500,030 shares allocated to the Company as a shareholder of Ek-Chai, will be distributed among the Company's shareholders in proportion to their respective shareholdings in the Company. Consequently, the existing shareholders of the Company will receive a total allocation of 10,427,661,780 shares in NewCo or equivalent to the share allocation ratio of 1 ordinary share of the Company for approximately 0.9856 ordinary shares of NewCo.

The allocation of shares in NewCo to the shareholders of the Company and Ek-Chai is summarized as follows:

- (1) Shares in NewCo will be allocated to the Company's shareholders based on the number of shares held in the Company by each shareholder of the Company, at the above Exchange Ratio. The Company's shareholders who will receive the allocation of shares in NewCo must be the shareholders whose names are listed in the share register book of CPAXT as at the book closing date for compilation of list of shareholders who are entitled to allocation of shares in NewCo, whereas the book closing date will be further determined by the Board of Directors of the Company.
- (2) Shares in NewCo will be allocated to Ek-Chai shareholders based on the number of shares held in Ek-Chai by each Ek-Chai shareholder at the above Exchange Ratio. The Ek-Chai shareholders who will receive the allocation of shares in NewCo must be the shareholders whose names are listed in the share register book of Ek-Chai as at the book closing date for compilation of list of shareholders who are entitled to allocation of shares in NewCo, whereas the book closing date will be further determined by the Board of Directors of Ek-Chai.

Upon the completion of the EBT, the Company will become a shareholder of Ek-Chai, holding 99.99% of the registered and paid-up share capital of Ek-Chai. Additionally, the Company will be allocated shares in NewCo based on the methods specified above. However, since the Company will cease its status as juristic persons after completion of the Amalgamation, the shares in NewCo allocated to the Company as Ek-Chai's shareholder will be directly allocated to the Company's shareholders in proportion to the shareholding in the Company of each shareholder. The Company's shareholders who will receive the allocation of shares in NewCo must be the shareholders whose names are listed in the share register book of the Company as at the book closing date for compilation of list of shareholders who are entitled to allocation of shares in NewCo according to (1).

Regarding the allocation of shares in NewCo to the shareholders of both the Company and Ek-Chai, if there are fractional shares arising from the calculation according to the above Exchange Ratio in an amount greater than or equal to 0.5, those shares will be rounded up to the full amount of 1 share. Conversely, if the fractional share is less than 0.5, it will be rounded off, and NewCo will compensate shareholders for the disregarded fraction of shares at a price and within a period to be determined. The Company and Ek-Chai will determine the amount of compensation and may consider specific details and rules on share fraction rounding as deemed appropriate.

In this regard, to ensure the specified number of shares in NewCo, the Company acknowledges that CP ALL Public Company Limited ("CPALL") has agreed to be the Balancer for the purpose of share rounding off and making payments to or receiving compensation from NewCo for such balancing shares. Therefore, if the total number of issued shares of NewCo allocated to shareholders, calculated from the above ratio, exceeds 10,427,661,800 shares after the Amalgamation, NewCo will allocate fewer number of shares to CPALL, ensuring that the total number of issued shares in NewCo is equal to 10,427,661,800 shares. NewCo will compensate CPALL for the shortfall in allocated shares at a rate equivalent to the compensation per share in NewCo paid to shareholders whose shares were rounded off, multiplied by the number of such fewer shares in NewCo that are allocated to CPALL. Conversely, if the total number of issued and sold shares in NewCo calculated according to the above ratio falls below 10,427,661,800 shares after the Amalgamation, NewCo will allocate additional shares to CPALL to ensure that the number of issued shares is equal to 10,427,661,800 shares. In this case, CPALL will pay for the additional shares at a rate equivalent to the compensation per share in NewCo paid to shareholders whose shares were rounded off, multiplied by the additional number of shares allocated in NewCo.

The Amalgamation shall be approved by the Shareholders Meeting of the Company and Ek-Chai by the votes not less than 3 out of 4 of total number of votes of shareholders attending the meeting and entitled to the voting right in accordance with the procedures and provisions of the PLC Act.

In case that shareholder's meeting of the Company approves the Amalgamation but there are shareholders who attend the shareholders meeting and vote against the Amalgamation ("Dissenting Shareholders"), the Company shall arrange the purchaser to purchase the Company's shares from such Dissenting Shareholders at the last traded price in the SET immediately prior to the date on which shareholder's meeting of the Company resolves to approve the Amalgamation pursuant to the requirements under Section 146 of PLC Act (equivalent to closing price of the Company's share in SET as of March 28, 2024). The purchase of such shares is expected to occur from the end of June 2024 to the beginning of July 2024 ("Purchasing Period"). The Company will arrange for a purchaser to purchase shares from the Dissenting Shareholders. The Dissenting Shareholders have the right to sell their shares to the purchaser within 14 days from the receiving date of the purchase offer from the purchaser. However, the Dissenting Shareholders who do not sell their shares to the purchaser within such specified period, shall become shareholders of NewCo when the registration of the Amalgamation is completed in accordance with PLC Act.

The Company acknowledges that CPALL has expressed its intention to act as a purchaser to purchase the shares from the Dissenting Shareholders under the terms and conditions regarding the share purchase from Dissenting Shareholders which CPALL reserves the right, in any case, to use its discretion to withdraw from being the purchaser of shares from the Dissenting Shareholders, as well as to amend the terms and conditions for the purchase of the shares including conditions under which CPALL would be exempted from its obligation to make a tender offer for all securities of the Company must obtain a waiver from the Securities and Exchange Commission (“the SEC”) prior to the commencement of the share purchase period in case such obligation is triggered as a result of the purchase of shares from the Dissenting Shareholders.

For the purchase of the Company’s shares from the Dissenting Shareholders by CPALL, which currently is the major shareholder in the Company based on the latest list of shareholders of the Company as of August 22, 2023, CPALL and its persons under Section 258 of the Securities and Exchange Act B.E. 2535 (as amended) (“SEC Act”), namely (1) Siam Makro Holding Company Limited and (2) C.P. Merchandising Company Limited, together hold the Company’s shares totaling 7,276,096,972, representing 68.77% of the total number of issued and paid-up shares with voting rights in the Company. In this regard, CPALL requires that the granting of waiver of the mandatory tender offer by the SEC as described above is one of the conditions on purchase of shares from the Dissenting Shareholders in respect of the Amalgamation, as such, on 21 February 2024, CPALL was already granted the aforementioned waiver from the SEC.

Furthermore, the Board of Directors passed a resolution approving the appointment of Jay Capital Advisory Limited as an independent financial advisor (“Independent Financial Advisor” or the “IFA”) to provide opinions on the Amalgamation to ensure that the Company’s shareholders have comprehensive and adequate information to assess and vote on the proposed amalgamation between the Company and Ek-Chai.

As a basis of our analysis and rendering opinion, the IFA has studied the information and documents regarding the Amalgamation obtained from the Company and/or the information disclosed by the Company to the SET as well as other information available in the public domain which include but not limited to, the resolution of the Company’s Board of Directors for the Amalgamation, the audited financial statement of the Company financial statement ended December, 2021 - 2023 and proforma financial information of NewCo for the year ended December 31, 2023 and 2022, the information memorandum regarding the Amalgamation between the Company and Ek-Chai, the related business and economic overview as well as the interviews with the management and staff of the Company.

In these regards, the IFA has prepared opinion of the Independent Financial Advisor on the Amalgamation on February 28, 2024, and hereby certified that we have studied, analyzed and prudently performed our duties as an Independent Financial Advisor, complying with the generally accepted professional standard and rendered our opinion based on the unbiased analysis with regards to the best benefit of the minority shareholders. However, it is important to note that the IFA’s opinions are based on the information and documents received from the Company and other publicly available information. The IFA assumes that such information is accurate and reliable at the time the IFA prepared this opinion report. However, if such information is found to be inaccurate and/or incomplete and/or unreliable and/or have any significant changes in the future, the opinion provided by the IFA may differ accordingly. As a result, the IFA is unable to hold responsible for any impacts on the Company and its shareholders resulting from the Amalgamation. In addition, the objective of this report is merely to provide opinion on the Amalgamation to the shareholders. The decision to vote is the sole discretion of the shareholders, which shall include the consideration of reasons, conditions and other information associated with the Amalgamation as well as the consideration of the attached documents submitting to the shareholders along with the invitation letter so as to make the most appropriate decision.

The Independent Financial Advisor has considered the reasonableness of the Amalgamation between the Company and Ek-Chai with details as shown on the next page.

## Executive Summary

The Board of Directors' meeting of CP Aextra Public Company Limited ("The Company" or "CPAXT") on February 14, 2024 approved to propose business restructuring plan of the Company Group (the Company including the Company's subsidiary and associate, all of which called "The Company Group") to the shareholder's meeting of the Company. This plan includes the entire business transfer from Lotus's Stores (Thailand) Company Limited ("Lotus's Thailand") ("Entire Business Transfer" or "EBT") and the amalgamation with Ek-Chai Distribution System Company Limited "Ek-Chai" ("The Amalgamation") (all of which called "the Group Internal Business Restructuring Plan")

The Amalgamation between the Company and Ek-Chai shall proceed in accordance with procedures and provisions of The Public Limited Company Act B.E. 2535 (1992) (as amended) (the "PLC Act"). The existing 2 companies shall cease the status as a juristic person and become the new public limited company from the Amalgamation ("The New Company" or "NewCo"). And shares of NewCo shall be listed securities in The Stock Exchange of Thailand (the "SET") in place of ordinary shares of the Company.

The Amalgamation's main objective is to restructure the business structure of the Company Group to merge wholesale and retail business group in Thailand under NewCo. After the Amalgamation, NewCo will operate wholesale business in Thailand under the name "Makro", retail business in Thailand under the name "Lotus's" and mall rental space management business in Thailand. In this regard, the Amalgamation will increase national and regional competitiveness and business growth opportunity, by enhancing the capacity to address customer needs, increase efficiency and flexibility in operation by simplifying the shareholding and organizational structures across the Company Group which will optimize human resource management such as utilizing existing assets to their maximum capacity and leveraging the expertise of personnel across wholesale and retail businesses. This will facilitate value enhancement through business synergy and foster growth opportunities for the Company Group in the future. Therefore, the Amalgamation will not only benefit the Company Group but also shareholders in the long run.

As part of the Amalgamation process, the shares in NewCo will be allocated to the shareholders of both the Company and Ek-Chai whose names appear in each company's shareholder register books on the book closing date, which will be further determined. This will compile the list of shareholders entitled to an allocation of shares in NewCo, based on the following ratios ("Exchange Ratio"):

1 existing share in the Company	and	to 0.50 shares in NewCo;
1 existing share in Ek-Chai		to 10.00 shares in NewCo

The above Exchange Ratio have been considered based on NewCo's registered and paid-up share capital of THB 10,427,661,800, divided into 10,427,661,800 ordinary shares, with a par value of THB 1.00.

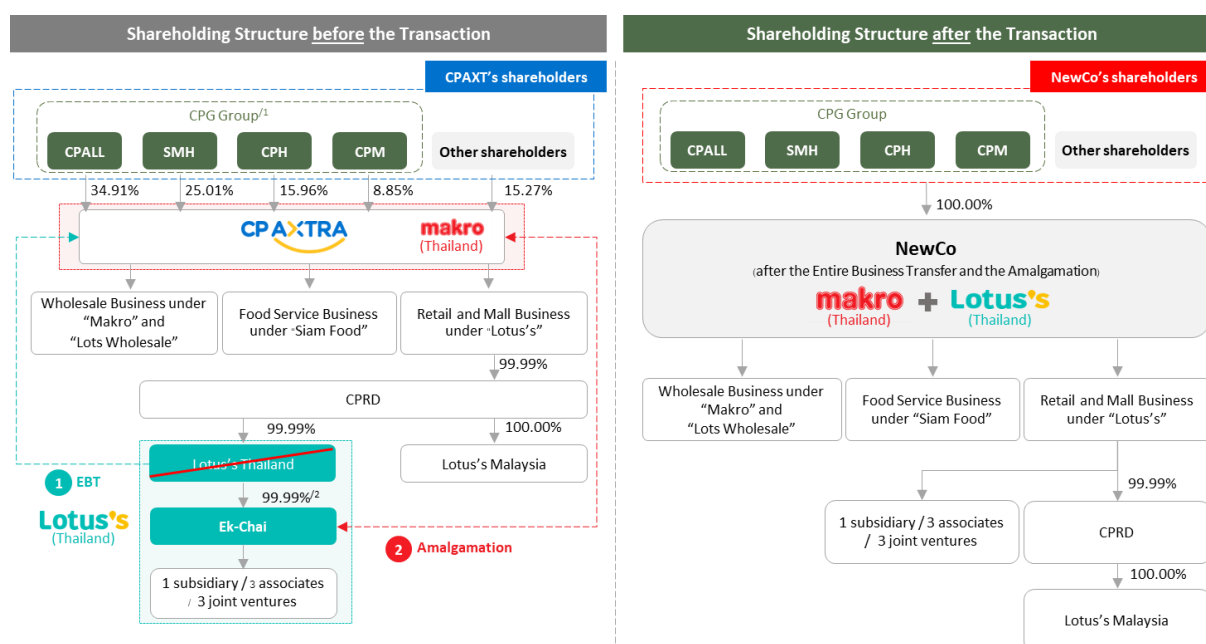
However, following the Amalgamation, both the Company and Ek-Chai will cease the status as juristic persons. As a result, the ordinary shares of NewCo amounting to 5,137,500,030 shares allocated to the Company as a shareholder of Ek-Chai, will be distributed among the Company's shareholders in proportion to their respective shareholdings in the Company. Consequently, the existing shareholders of the Company will receive a total allocation of 10,427,661,780 shares in NewCo or equivalent to share allocation ratio of 1 ordinary share of the Company for approximately 0.9856 ordinary shares of NewCo.



In this regard, the Exchange Ratio is deemed appropriate as it reflects that shareholders' ownership proportion in NewCo mirrors their ownership proportion in the Company. After the Amalgamation, the business operations, operating model, financial position, and overall operating results of NewCo are expected to closely resemble those of the Company. Consequently, the holding value, rights, and liquidity of the ordinary shares of NewCo are anticipated to be equivalent to those of the ordinary shares of the current company. Hence, alternative methods for assessing the fairness of the share allocation ratio have not been employed to evaluate the fair value of the Company and Ek-Chai.

After the completion of the restructuring including the acceptance of EBT from Lotus's Thailand and the Amalgamation between the Company and Ek-Chai regarding the mentioned Exchange Ratio, the shareholding structure before and after the transaction can be summarized as follows:

### Shareholding Structure before and after the Transaction



Source: The latest list of shareholders of the Company as of August 22, 2023

Remark:

/1 Collectively representing 84.73 percent of the total issued and fully paid-up shares of CPAXT

/2 Apart from the shareholders listed above, Mr. Narong Chearavanont and Mr. Supachai Chearavanont holds one share each.

CPALL means CP ALL Public Company Limited

SMH means Siam Makro Holding (Thailand) Limited

CPH means Charoen Pokphand Holding Company Limited

CPM means C.P. Merchandising Company Limited

Lotus's Malaysia means Lotuss Stores (Malaysia) Sdn. Bhd

Remark:

/1 The above shareholding structure of NewCo is contingent upon no shareholders of CPAXT voting against the Amalgamation and selling their shares to the Purchaser or CPALL. However, if there are shareholders of CPAXT willing to sell their shares to CPALL or any investors, and if there is a balancing of shares by the Balancer, it may result in a change in NewCo's shareholding proportion held by the Balancer and/or the Purchaser after the Amalgamation.

After the completion of the Amalgamation NewCo's registered and paid-up share capital will be THB 10,427,661,800, divided into 10,427,661,800 ordinary shares, with a par value of THB 1.00 each, which is equivalent to the combined total amount of the Company's and Ek-Chai's registered and paid-up share capital.

The Amalgamation between CPAXT and Ek-Chai shall receive the approval from shareholder's meeting of the Company and Ek-Chai with votes of not less than 3 out of 4 of the total number of votes of shareholders attending the meeting and having the right to vote, according to procedures and provisions of the PLC Act. If there are shareholders who vote against the Amalgamation, the Company shall arrange the purchaser to purchase shares from shareholders who attend the shareholder's meeting and vote against the Amalgamation. The Dissenting Shareholders have rights to sell their shares to the purchaser within 14 days from the receiving date of the purchase offer from the purchaser. However, the Dissenting Shareholders who do not sell their shares to the purchaser within such specified duration shall become shareholders of NewCo when the registration of the Amalgamation completes in accordance with PLC Act.

The Company acknowledges that CPALL has expressed its intention to be a purchaser to purchase the shares from the Dissenting Shareholders in accordance with terms and conditions which CPALL reserves the right, in any case, to use its discretion to withdraw from being the purchaser of the shares from the Dissenting Shareholders, as well as to amend the terms and conditions for the purchase of shares, including upon the occurrence of any of the following events:

- Prior to the commencement of the share purchase period, the Purchaser does not obtain a waiver from the SEC Office for the obligation to make a mandatory tender offer for all securities of the Company in case such obligation is triggered as a result of the purchase of shares from the Dissenting Shareholders;
- There having been an abnormal movement in respect of the amount of sale and purchase of ordinary shares of the Company and the price of ordinary shares of the Company; or
- There having been any change or development that causes or could be reasonably expected to cause serious damage to the status or assets of the Company, provided that such change or development is not caused by the Purchaser.

In this regard, the Board of Directors' meeting resolved to appoint Jay Capital Advisory Limited as an independent financial advisor ("Independent Financial Advisor" or "IFA") to provide opinions to the Company's shareholders regarding the amalgamation between the Company and Ek-Chai. This is to ensure that shareholders of the Company have comprehensive and sufficient information with respect to their consideration and approval of the Amalgamation. The information provided will cover various relevant aspects such as the advantages and disadvantages of the Amalgamation, risks associated with the Amalgamation including the fairness of the Exchange Ratio, and the conditions for the Amalgamation. (Please refer to the details in Part 2, "Reasonableness of the Amalgamation" and Part 3, "Appropriateness of Exchange Ratio and the conditions of the Amalgamation" of this report.) The opinion of the independent financial advisor can be summarized as follows:

Advantages of the Amalgamation primarily consist of:

- Enhance competitiveness in Thailand and region and business growth opportunity by leveraging the customer base of both the wholesale and retail businesses. This includes the expansion of distribution channels to reach a wider consumer base. As of December 31, 2023, the Company has 160 wholesale stores in Thailand under the name "Makro", while Ek-Chai has 2,454 retail stores in Thailand under the name "Lotus's". Furthermore, NewCo will be capable of catering to diverse customer's needs by offering a wide range of products and services at more competitive prices from the utilization of in-depth data analytical technology to better understand the needs of the customer group within legal frameworks, which shall benefit the development of new products or services that match the needs of every customer group across Thailand and the regional level.

- Increase efficiency and flexibility in operation of the Company Group by centralized management and shared infrastructure, including logistics and supply chain systems. The Company is currently evaluating the feasibility of the logistics and supply chain systems in Thailand employed by both wholesale and retail businesses. This involves assessing the advantages and considerations to ensure maximum efficiency and benefit for NewCo which will allow it to minimize investment in redundant assets, such as managing mid-mile and last-mile delivery planning, resulting in highly efficient operations, reducing operational expenses and improving the return on assets, as well as combine expertise of employees in wholesale and retail business, and support the efficient utilization of human resource.
- Increase value enhancement from business synergy for both products and services, marketing activities, and customer's benefits, which increases business opportunity for NewCo, and provide an opportunity to increasingly create long term benefits to NewCo.
- Increase efficiency in corporate governance and flexibility in business management, since the Amalgamation will decrease the complexity of shareholding structure of NewCo which shall decrease the procedures of decision making, communication, and governance which shall lead to more efficiency in corporate governance.
- Increase an opportunity to access source of funds as NewCo will have stronger financial ratios, particularly the financial policy analysis ratios. As of December 31, 2023, NewCo has a net interest-bearing debt to shareholder's equity ratio (as per calculation method in CPAXT's bond covenant) of 0.22 times, according to its pro forma financial information, while, Ek-Chai has a net interest-bearing debt to shareholder's equity ratio (as per calculation method in Ek-Chai's bond covenant) of 0.95 times. Hence, the New Company Group will have enhanced access to capital and reduce the financial costs.
- Increase opportunity to access business partners including local farmers, small manufacturers, and small and medium-sized enterprises (SMEs), which shall increase opportunity for business growth by leveraging the strengths of NewCo, including its extensive distribution channels, customer base, and benefits derived from Data Analytical Technology. These assets will enable business partners to offer products that more effectively match with consumer needs.

Disadvantages of the Amalgamation primarily consist of:

- The Company shall incur expenses from the Amalgamation such as asset's ownership transfer, changes of contractual counterparties in various agreements and licenses, the arrangement of shareholder's meeting, and other related expenses. This might impact the performance of the Company, as well as NewCo, after the completion of the Amalgamation.
- After the Company and Ek-Chai complete the conditions related to the Amalgamation, the Company's securities shall be temporarily suspended from trading until shares of NewCo are listed in SET. During such period, shareholders of the Company shall not be able to trade the securities in SET.
- The share allocation of NewCo might impact the shareholders to receive odd lot shares. Since shares in primary market shall be traded for multiple of 100 shares or more, the odd lot shares shall be sold in the odd lot market which has less liquidity and might be sold at discount from primary market.

In addition, there are risks that shareholders may need to consider, including risks related to differences in operating systems and accounting systems, risks of delays in realizing benefits from the amalgamation, risks related to tax matter, risks related to the exercise of minority shareholders' voting rights, as well as risks related to permits, licenses, and other rights and privileges.

This Amalgamation has an appropriate share Exchange Ratio. The share allocation ratio of 1 ordinary share of the Company to 0.50 ordinary share of NewCo and 1 ordinary share of Ek-Chai to 10.00 ordinary shares of NewCo is appropriate, since such ratio makes shareholding of the shareholders of NewCo to be equivalent to shareholding in CPAXT while the financial position and performance of NewCo after the share allocation shall wholly reflect financial position and performance of the Company including subsidiaries, associates and other companies which the Company invested in, and do not affect shareholders of the Company to lose any benefits associated with this allocation of NewCo's shares.

**Due to the above reasons, the IFA is of the opinion that the shareholders should approve the Amalgamation.**

Nevertheless, IFA's opinions are based on the information and documents received from the Company and other publicly available information. The IFA assumes that such information is accurate and reliable at the time the IFA prepared this opinion report. However, if such information is found to be inaccurate and/or incomplete and/or have any significant changes in the future, the opinion provided by the IFA may differ accordingly. As a result, the IFA is unable to hold responsible for any impacts on the Company and its shareholders resulting from this Amalgamation. In addition, the objective of this report is merely to provide opinion on the Amalgamation to the shareholders. The decision to vote is the sole discretion of the shareholders, which shall include the consideration of reasons, conditions and other information associated with the Amalgamation. In addition, the shareholder should consider the Company's share price being traded on the SET.

## Part 1 General information of the Amalgamation

### 1.1 Characteristics and details of the Amalgamation

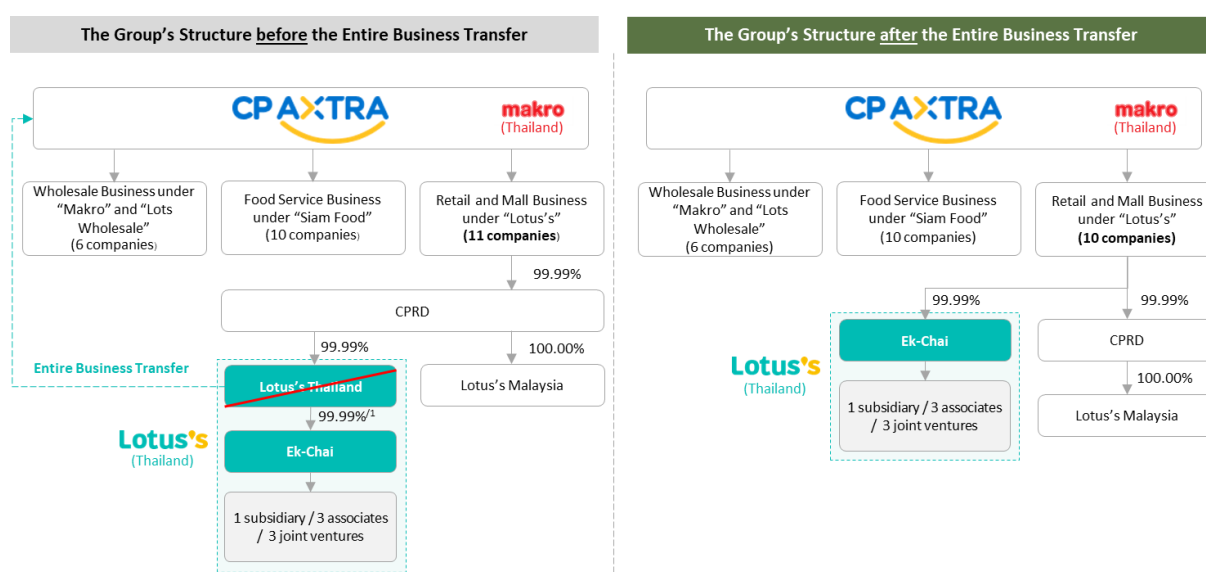
The Board of Directors' meeting of CP Aextra Public Company Limited ("The Company" or "CPAXT") on February 14, 2024 approved to propose business restructuring plan of the Company Group (the Company including the Company's subsidiaries and associates, all of which called "The Company Group") to the shareholder's meeting of the Company. This plan includes the entire business transfer from Lotus's Stores (Thailand) Company Limited ("Lotus's Thailand") ("Entire Business Transfer" or "EBT") and the amalgamation with Ek-Chai Distribution System Company Limited ("Ek-Chai") ("The Amalgamation") (all of which called "the Group Internal Business Restructuring Plan") The details of the Group Internal Business Restructuring Plan are as follows:

#### (1) Entire Business Transfer from Lotus's Thailand ("Entire Business Transfer" or "EBT")

The Company will accept the transfer of entire business from Lotus's Thailand, an indirect subsidiary of the Company. The Entire Business Transfer from Lotus's Thailand includes the transfer of Lotus's Thailand's assets, liabilities, rights, duties, and responsibilities, which are existing and shall occur in the future as at the date of the entire business transfer received by the Company. Lotus's Thailand's main asset are ordinary shares in Ek-Chai (an indirect subsidiary of the Company), with the total consideration of the EBT is not more than THB 7,680 million.

Such Entire Business Transfer shall receive the approval from shareholder's meeting of the Company with votes of not less than 3 out of 4 of the total number of votes of shareholders attending the meeting and having the right to vote, according to procedures and provisions of The Public Limited Company Act B.E. 2535 (1992) (as amended) (the "PLC Act"). After the completion of the Entire Business Transfer, Lotus's Thailand shall proceed with the dissolution and liquidation in accordance with the rules, procedures, and conditions for the Entire Business Transfer under the Notification of the director-General of the Revenue Department Re: Rules, Procedures and Conditions on Amalgamation or Entire Business Transfer of Public Limited Company or Limited Company for the Purpose of Tax Exemption, as well as other relevant laws.

### The Group Structure before and after the EBT

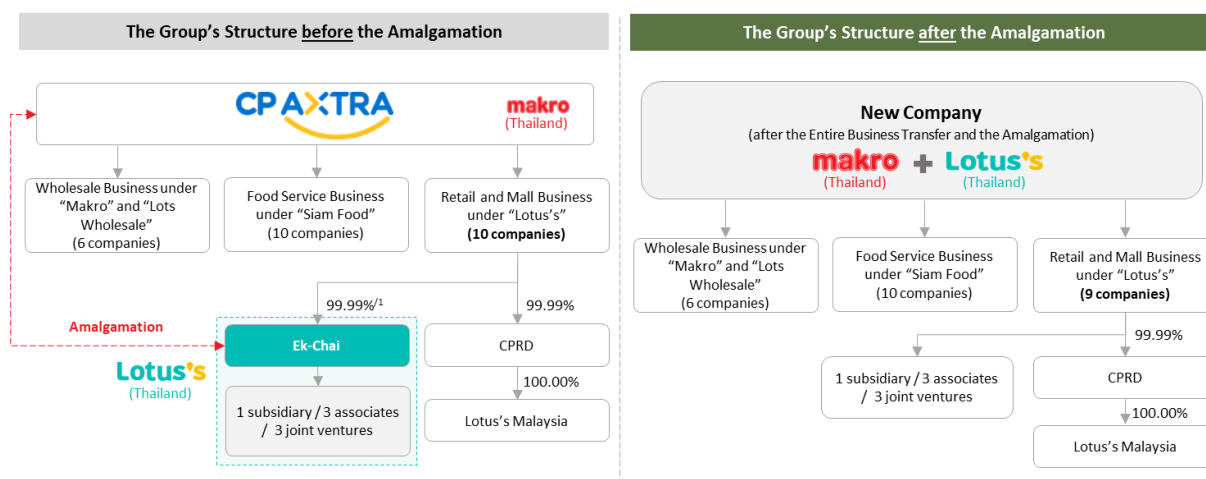


Remark: /1 Apart from the shareholders listed above, Mr. Narong Chearavanont and Mr. Supachai Chearavanont holds one share each.

## (2) Amalgamation between the Company and Ek-Chai (“The Amalgamation”)

After the Entire Business Transfer from Lotus’s Thailand has been completed, the Company shall proceed with the Amalgamation with Ek-Chai (Ek-Chai shall be a direct subsidiary of the Company after the Entire Business Transfer). The Company and Ek-Chai will proceed with the Amalgamation under provisions in the PLC Act, in which the existing 2 companies shall end the status as a juristic person and become the new public limited company from the Amalgamation (“The New Company” or “NewCo”). NewCo will assume all assets, liabilities, rights, duties, and responsibilities of the Company (after the Entire Business Transfer from Lotus’s Thailand) and Ek-Chai.

### The Group Structure before and after the Amalgamation



Remark: /1 Apart from the shareholders listed above, Mr. Narong Chearavanont and Mr. Supachai Chearavanont holds one share each.

After the shareholder’s meeting of the Company and Ek-Chai approves the Amalgamation, the Company and Ek-Chai shall proceed any necessary procedures for the Amalgamation in accordance with procedures of the PLC Act and other relevant laws, including delivering the notification to creditors’ of the Company and Ek-Chai in writing of the shareholder’s meeting’s resolution, which approves the Amalgamation as well as the arrangement of the purchaser to purchase shares from shareholders who vote against the Amalgamation (“Dissenting Shareholders”) at the last traded price in SET before the date which shareholder’s meeting approves the Amalgamation (equivalent to closing price of the Company’s share in SET as of March 28, 2024) in accordance with requirement under Section 146 of PLC Act.

After the Company and Ek-Chai proceed with the above procedures. The Company and Ek-Chai shall jointly hold a joint shareholder’s meeting to consider other necessary issues for the Amalgamation in accordance with PLC Act. After the completion of the joint shareholder’s meeting, the Board of Directors of NewCo shall proceed with the registration of the Amalgamation. After the completion of such registration, NewCo shall receive all assets, liabilities, rights, duties, and responsibilities of the Company (after the Entire Business Transfer from Lotus’s Thailand) and Ek-Chai by the operation of the law, and shall submit a listing application to The Stock Exchange of Thailand (“SET”) to accept shares of NewCo to be listed securities in SET in accordance with The Regulation of the Stock Exchange of Thailand Re: Listing of Securities of Company Formed by the Amalgamation of Companies B.E. 2542 (1999) (“The Listing Securities Regulation”). It is expected that the Amalgamation shall be completed by the fourth quarter of 2024.

For the benefits and success of the Amalgamation and to ensure that the shareholders of the Company and general investors have sufficient, equal, and up-to-date information memorandum, the Company and Ek-Chai have proposed the Amalgamation and related transactions to the Board of Directors of each company on the same date which is February 14, 2024 for resolving to propose the matters to its shareholders at the shareholders' meeting of the Company and Ek-Chai which will be held on March 29, 2024. The Amalgamation shall be approved by each of the meeting of shareholders of the Company and Ek-Chai by the votes not less than 3 out of 4 of total number of votes of shareholders attending the meeting and entitled to.

In case that shareholder's meeting of the Company approves the Amalgamation but there are shareholders who attend the shareholders meeting and vote against the Amalgamation ("Dissenting Shareholders"), the Company shall arrange the purchaser to purchase the Company's shares from such Dissenting Shareholders at the last traded price in SET before the date which shareholder's meeting of the Company resolved to approves the Amalgamation pursuant to the requirements under Section 146 of PLC Act (equivalent to closing price of the Company's share in SET as of March 28, 2024). The purchase of such shares is expected to occur from the end of June 2024 to the beginning of July 2024 ("Purchasing Period"). The Company will arrange for a purchaser to purchase shares from the Dissenting Shareholders. The Dissenting Shareholders have the right to sell their shares to the purchaser within 14 days from the receiving date of the purchase offer from the purchaser. However, the Dissenting Shareholders who do not sell their shares to the purchaser within such specified period, shall become shareholders of NewCo when the registration the Amalgamation completes in accordance with PLC Act.

The Company acknowledges that CP ALL Public Company Limited ("CPALL") has expressed its intention to act as a purchaser to purchase the shares from the Dissenting Shareholders ("The Purchaser") under the terms and conditions regarding the share purchase from Dissenting Shareholders which CPALL reserves the right, in any case, to use its discretion to withdraw from being the purchaser of shares from the Dissenting Shareholders, as well as to amend the terms and conditions for the purchase of shares, including upon the occurrence of any of the following events:

- Prior to the commencement of the share purchase period, the Purchaser does not obtain a waiver from the SEC Office for the obligation to make a mandatory tender offer for all securities of the Company in case such obligation is triggered as a result of the purchase of shares from the Dissenting Shareholders;
- There having been an abnormal movement in respect of the amount of sale and purchase of ordinary shares of the Company and the price of ordinary shares of the Company; or
- There having been any change or development that causes or could be reasonably expected to cause serious damage to the status or assets of the Company, provided that such change or development is not caused by the Purchaser.

For the purchase of the Company's shares from the Dissenting Shareholders by CPALL, which currently is the major shareholder in the Company based on the latest list of shareholders of the Company as of August 22, 2023, CPALL and its persons under Section 258 of the Securities and Exchange Act B.E. 2535 (as amended) ("SEC Act"), namely (1) Siam Makro Holding Company Limited and (2) C.P. Merchandising Company Limited, together hold the Company's shares totaling 7,276,096,972, representing 68.77% of the total number of issued and paid-up shares with voting rights in the Company. In this regard, CPALL requires that the granting of waiver of the mandatory tender offer by the SEC as described above is one of the conditions on purchase of shares from the Dissenting Shareholders in respect of the Amalgamation, as such, on 21 February 2024, CPALL was already granted the aforementioned waiver from the SEC.

The process of sale and purchase of shares, including the delivery and payment process, will be made as the purchaser of shares from the Dissenting Shareholders deems it appropriate subject to the relevant laws.

If CPALL exercises its right to withdraw from acting as a purchaser of shares from the Dissenting Shareholders, the Company will use its best effort to procure the purchaser of shares from Dissenting Shareholders. However, in case the Company is unable to procure such purchaser of shares from the Dissenting Shareholders, the Company reserves the right to notify the shareholders at the earliest time, but no later than the date before the start of the Purchasing Period. In addition, if the Company is required to extend the time to procure the purchaser of shares from the Dissenting Shareholders and the Purchasing Period or to postpone the consideration of the agenda items related to the Amalgamation as the Company deems appropriate Should the Company exhaust all feasible avenues in attempting to secure an alternative purchaser for shares from the Dissenting Shareholders without success, the Company reserves the right to terminate the Amalgamation. Prompt notification will be provided to shareholders in such a scenario, as the amalgamation process cannot be sustained.

In addition, pursuant to the provisions under the PLC Act, and the Company shall notify the creditors of the Company in writing on the resolution for the Amalgamation within 14 days from the date on which the meeting of shareholders passes such resolution and shall specify in the notification that any objection thereto shall be submitted within 2 months as from the date on which the creditors have received the notification. The Company will also be required to publish the shareholders meeting's resolution in a newspaper or via electronic means within such 14-day period. In case if there is an objection to the Amalgamation made by any creditors, the PLC Act stipulates that the amalgamating company shall pay debt or give security over such debt in order to further proceed with the Amalgamation.

### 1.1.1 Details of the Amalgamation

#### **Name of the Amalgamating Companies and Name of the New Company**

The Amalgamation between the Company and Ek-Chai is under the provisions of PLC Act. The shareholders of the Company and the shareholders of Ek-Chai shall have a joint shareholder's meeting to consider the name of NewCo, as well as consider other issues related to the establishment of NewCo such as registered capital, memorandum of association, articles of association, share allocation, appointment of directors and auditors, etc., within the duration and procedures specified by law.

#### **Brief information of CPAXT and Ek-Chai**

##### *Brief information of CPAXT*

Company Name:	CP Aextra Public Company Limited
Type of Business:	Consumer products, retail and wholesale business and mall rental space management business
Head Office:	No. 1468, Phatthanakan Road, Phatthanakan Sub-district, Suan Luang District, Bangkok
Registration Number:	0107537000521
Issued and paid-up share capital	THB 5,290,161,750 divided into 10,580,323,500 ordinary shares with a par value of THB 0.50 per share
Website	www.cpaxtra.com

*Remark: Further details about the Company are disclosed in Appendix 1 of this report.*



***Brief information of Ek-Chai***

Company Name:	Ek-Chai Distribution System Company Limited
Type of Business:	Consumer products retail business and mall rental space management business
Head Office:	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Registration Number:	0105536092641
Issued and paid-up share capital	THB 5,137,500,050 divided into 513,750,005 ordinary shares with a par value of THB 10 per share
Website	www.corporate.lotuss.com

*Remark: Further details about Ek-Chai are disclosed in Appendix 2 of this report.*

**General information of the New Company**

NewCo shall be a new juristic person established by the Amalgamation between the Company and Ek-Chai, and shall receive all assets, liabilities, rights, duties, and responsibilities of the Company (after the Entire Business Transfer from Lotus's Thailand) and Ek-Chai by PLC Act. Therefore, creditors or debtors of those 2 companies shall become creditors or debtors of NewCo. All obligations according to agreements between the Company and Ek-Chai with contractual counterparties and other obligations shall also be obligations of NewCo.

After the Company and Ek-Chai receive the approval from each shareholder to conduct the Amalgamation, the Company and Ek-Chai shall proceed with related government agencies, including asking for the approval, the waiver, or submitting the application for transfer and issuance of related licenses for business operation to NewCo, to complete before the registration of The Amalgamation with Ministry of Commerce, or as soon as possible after such registration.

As mentioned above, NewCo shall receive all rights and obligations of The Company and Ek-Chai, including the shareholding in subsidiaries, associates, and other companies which the Company and Ek-Chai invested in.

After the completion of the joint shareholder's meeting and the registration of NewCo, NewCo shall submit the listing application to SET to accept shares of NewCo to be listed securities in SET in accordance with The Listing Securities Regulation, which is one of the procedures of the Amalgamation.

***NewCo's business overview***

Before the Amalgamation, the Company operates the wholesale of consumer product and the mall rental space management under the name "Makro", and Ek-Chai operates the retail of consumer product and the mall rental space management under the name "Lotus's". After the Amalgamation to NewCo, NewCo shall operate the Company's and Ek-Chai's business as mentioned above without any impact on the management. However, this Amalgamation's objectives are the increase of management efficiency, the decrease of redundant expenses, and the increase of efficiency in finance cost management of the Company Group. The additional details of the Amalgamation's objective are specified in part 2.1 objective of the Amalgamation of this report.

***Registered and paid-up share capital of NewCo***

NewCo's registered and paid-up share capital will be THB 10,427,661,800, divided into 10,427,661,800 ordinary shares, with a par value of THB 1 each, which is equivalent to the combined total amount of the Company's and Ek-Chai's registered and paid-up share capital after the Amalgamation.

### 1.1.2 Details of the allocation of shares in NewCo to its shareholders

As part of the Amalgamation process, the shares in NewCo will be allocated to the shareholders of both the Company and Ek-Chai whose names appear in each company's shareholder register books on the book closing date, which will be further determined. This will compile the list of shareholders entitled to an allocation of shares in NewCo, based on the following ratios ("Exchange Ratio"):

1 existing share in the Company	and	to 0.50 shares in NewCo;
1 existing share in Ek-Chai		to 10.00 shares in NewCo

The above Exchange Ratio have been considered based on NewCo's registered and paid-up share capital of THB 10,427,661,800, divided into 10,427,661,800 ordinary shares, with a par value of THB 1.00. After the Amalgamation, the business operations, operating model, financial position, and overall operating results of NewCo are expected to closely resemble those of the Company. Consequently, the holding value, rights, and liquidity of the ordinary shares of NewCo are anticipated to be equivalent to those of the ordinary shares of the current company. Hence, alternative methods for assessing the fairness of the share allocation ratio have not been employed to evaluate the fair value of the Company and Ek-Chai.

The allocation of shares in NewCo to the shareholders of the Company and Ek-Chai is summarized as follows:

- (1) Shares in NewCo will be allocated to the Company's shareholders based on the number of shares held in the Company by each shareholder of the Company, at the above Exchange Ratio. The Company's shareholders who will receive the allocation of shares in NewCo must be the shareholders whose names are listed in the share register book of CPAXT as at the book closing date for compilation of list of shareholders who are entitled to allocation of shares in NewCo, whereas the book closing date will be further determined by the Board of Directors of the Company.
- (2) Shares in NewCo will be allocated to Ek-Chai shareholders based on the number of shares held in Ek-Chai by each Ek-Chai shareholder at the above Exchange Ratio. The Ek-chai shareholders who will receive the allocation of shares in NewCo must be the shareholders whose names are listed in the share register book of Ek-Chai as at the book closing date for compilation of list of shareholders who are entitled to allocation of shares in NewCo, whereas the book closing date will be further determined by the Board of Directors of Ek-Chai.

In this regard, the Company will be entitled to allocation of shares in NewCo based on the above procedures as the shareholder of Ek-Chai. However, since the Company will cease its status as juristic persons after completion of the Amalgamation, the shares in NewCo to be allocated to CPAXT, as Ek-Chai shareholder, will be directly allocated to the Company's shareholders in proportion to the shareholding in the Company of each shareholder. The Company's shareholders who will receive the allocation of shares in NewCo must be the shareholders whose names are listed in the share register book of the Company as at the book closing date for compilation of list of shareholders who are entitled to allocation of shares in NewCo according to (1). The details are as follows:

### Issued and Paid-up Share Capital of Each Company

Details	Ordinary Shares (shares)	Par Value (THB per share)	Amount (THB)
<b>Before the Amalgamation Transaction</b>			
Paid-up Share Capital of the Company	10,580,323,500	0.50	5,290,161,750
Paid-up Share Capital of Ek-Chai	513,750,005	10.00	5,137,500,050
<b>Allocation of shares in NewCo to the shareholders of the Company and Ek-Chai in accordance with to the Exchange Ratio<sup>/1</sup></b>			
Registered Share Capital of NewCo	10,427,661,800	1.00	10,427,661,800
- Portion allocating to the shareholders of the Company	5,290,161,750	1.00	5,290,161,750
- Portion allocating to the shareholders of Ek-Chai	5,137,500,050	1.00	5,137,500,050

Remark: /1 Allocation to the shareholders of the Company with the Exchange ratio of 1 ordinary share of the Company to 0.50 ordinary share of NewCo and 1 ordinary share of Ek-Chai to 10.00 ordinary shares of NewCo

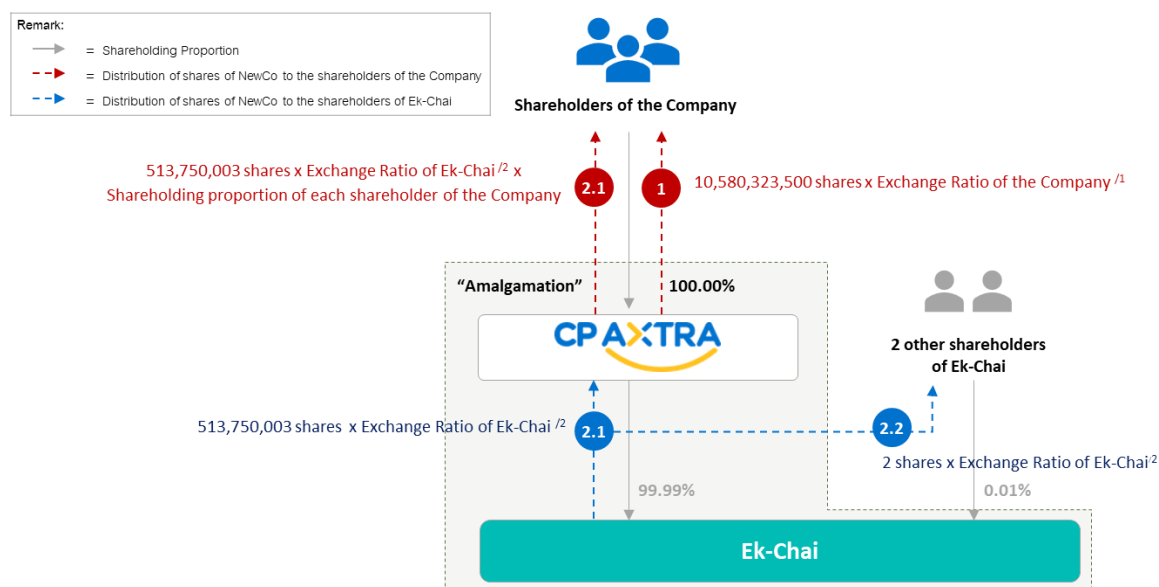
From the table above, after the Amalgamation and the end of juristic person status of the Company and Ek-Chai, the ordinary shares of NewCo shall be allocated to the Company as a shareholder of Ek-Chai of 5,137,500,030 shares and shall be directly allocated to the shareholders of the Company according to the shareholding in the Company. Therefore, the existing shareholders of the Company shall receive shares of NewCo by such allocation of 10,427,661,780 shares at the allocation ratio as follows:

### Exchange Ratio of shares in NewCo Entitled to the Shareholders of the Company

Detail	Ordinary Shares (shares)
Number of the Company's ordinary shares (share) - (1)	10,580,323,500
Number of NewCo's ordinary shares (share) - (2)	10,427,661,780
<b>Implied Exchange Ratio - (3) = (2) ÷ (1)</b> <b>(Approximately, 1 existing share in the Company to shares in NewCo)</b>	<b>0.9856</b>

From the calculation above, the existing shareholders of the Company shall receive ordinary shares of NewCo according to the Exchange Ratio after the Amalgamation of 1 ordinary share of the Company to 0.9856 ordinary share of NewCo, approximately.

### The Allocation of Shares in NewCo



Remark: /1 Allocate to shareholders of the Company with the ratio of 1 ordinary share of the Company to 0.50 ordinary shares of NewCo  
/2 Allocate to shareholders of the Ek-Chai with the ratio of 1 ordinary share of Ek-Chai to 10.00 ordinary shares of NewCo

However, if there is a fraction of a share which is greater than or equal to 0.5 share as a result of the calculation in accordance with to the foregoing ratios, such fraction will be rounded up to 1 share but if a fraction of a share is less than 0.5 share, such fraction will be disregarded. NewCo will pay cash compensation for the lesser share to the relevant shareholders which will be calculated proportionately with respect to the disregarded fraction of a share. The Company and Ek-Chai will determine the amount of compensation and details of payment and may consider the details and rules on share fraction rounding as deemed appropriate.

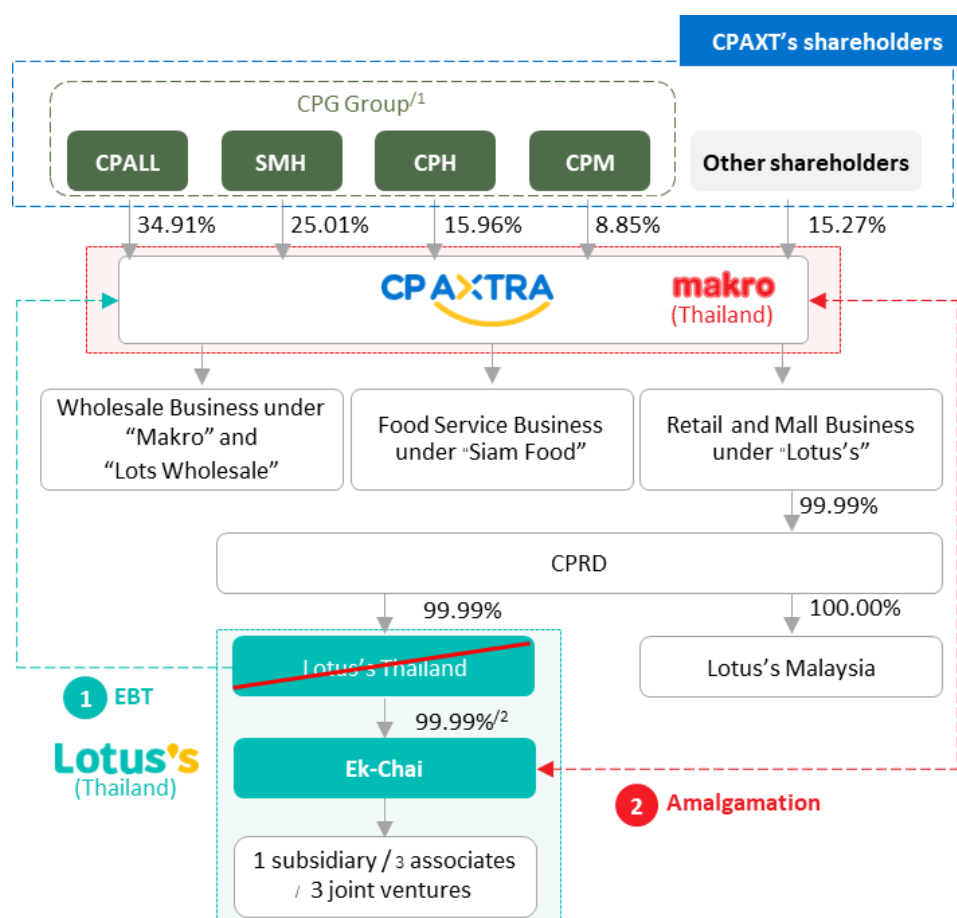
To ensure that the number of shares of NewCo will be 10,427,661,800 shares as specified, the Company acknowledge that CPALL has agreed to be a balancer for the purpose of the share rounding-off and shall pay to, or receive compensation from, NewCo for such balancing shares. Therefore, if the total number of issued shares in NewCo to be allocated to the shareholders, which is calculated according to the foregoing ratios, is more than 10,427,661,800 shares immediately after the Amalgamation, NewCo will allocate fewer shares to the Balancer so that the total number of issued shares in NewCo allocated to its shareholders will be equal to 10,427,661,800 shares. NewCo will compensate the Balancer in cash for such fewer number of shares allocated to it in an amount equivalent to the compensation per 1 share in NewCo, which is payable to shareholders for the disregarded fractions of shares, multiplied by the number of such fewer shares in NewCo being allocated to the Balancer. In the event that the total number of issued shares in NewCo, calculated according to the foregoing proportions, is less than 10,427,661,800 shares immediately after the Amalgamation, NewCo will allocate additional shares to the Balancer so that the total number of issued shares in NewCo allocated to its shareholders will be equal to 10,427,661,800 shares. In this case the Balancer will pay for the additional shares in NewCo at the ratio equivalent to the compensation per share in NewCo, which is payable to shareholders for the disregarded fractions of shares, multiplied by the number of the additional number of shares in NewCo allocated to the Balancer.

The specification of balancer mentioned above has an objective to ensure that NewCo's number of shares shall be consistent with registered capital of NewCo established by the Amalgamation in accordance with Section 148 part 12 regarding the amalgamation of PLC Act specifying the registered capital of the New Company shall not less than total paid-up share capital of the companies to be amalgamated.

### 1.1.3 The Group structure before and after the Amalgamation

The shareholding structure before the EBT and the Amalgamation, as per the Group Internal Business Restructuring Plan, and the shareholding structure after the completion of the Group Internal Business Restructuring Plan can be summarized as follows:

#### The Group structure before the Transaction



Remark: /1 Collectively representing 84.73 percent of the total issued and fully paid-up shares of CPAXT

/2 Apart from the shareholders listed above, Mr. Narong Chearavanont and Mr. Supachai Chearavanont holds one share each.

CPALL means CP ALL Public Company Limited

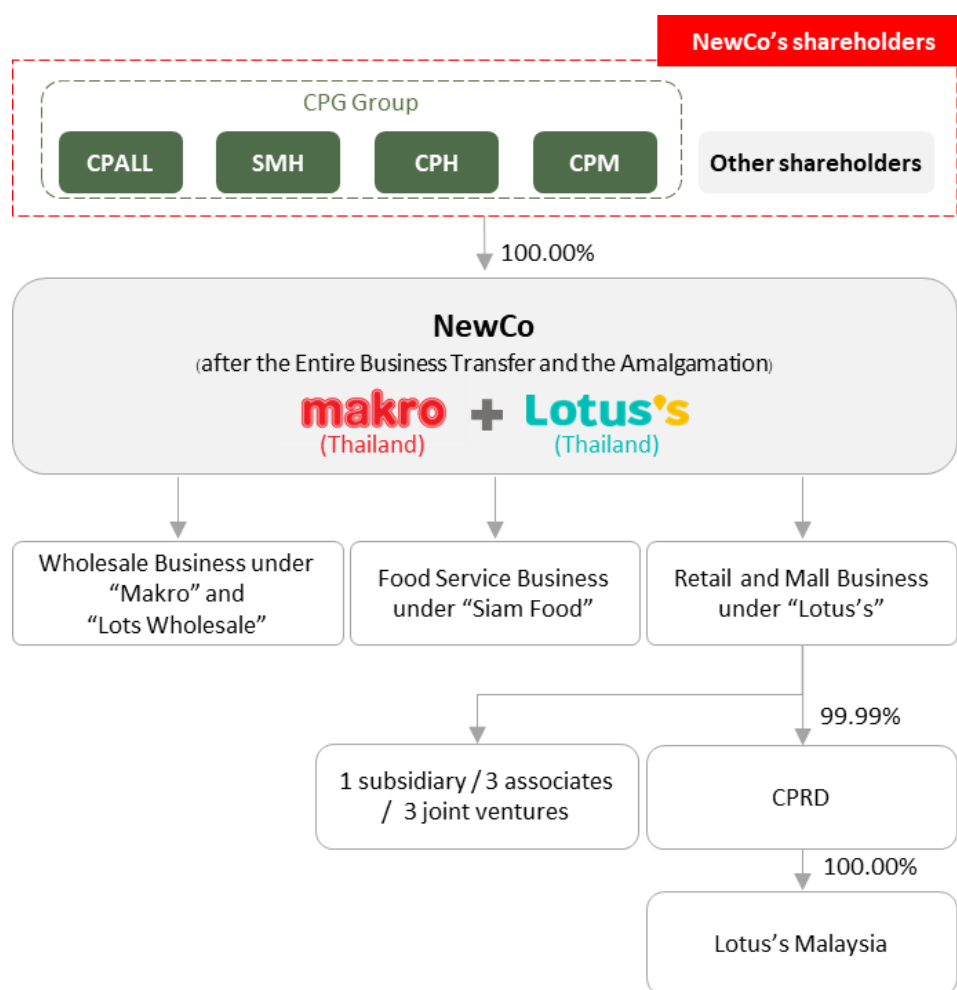
SMH means Siam Makro Holding (Thailand) Limited

CPH means Charoen Pokphand Holding Company Limited

CPM means C.P. Merchandising Company Limited

Lotus's Malaysia means Lotuss Stores (Malaysia) Sdn. Bhd

### The Group structure of NewCo



*Remark: /1 The above shareholding structure of NewCo is contingent upon no shareholders of CPAXT voting against the Amalgamation and selling their shares to the Purchaser or CPALL. However, if there are shareholders of CPAXT willing to sell their shares to CPALL or any investors, and if there is a balancing of shares by the Balancer, it may result in a change in NewCo's shareholding proportion held by the Balancer and/or the Purchaser after the amalgamation.*

#### 1.1.4 Pro forma financial information of NewCo

For this Amalgamation, the Company prepared pro forma consolidated financial information of NewCo ("Pro Forma") for the year ended December 31, 2023 and 2022, consisting of pro forma consolidated statement of financial position as of December 31, 2023 and 2022, as well as pro forma consolidated statement of income for the year ended at similar date. Such pro forma consolidated financial information reflects the financial position and performance during the same period with the Company's and Ek-Chai's latest performance for the year.

The main objective of the preparation of pro forma consolidated financial information is to provide the complete and sufficient information to the shareholders of the Company to consider the Amalgamation, and to use as the guideline for consideration of the accounting impact to overall financial position and performance. The pro forma consolidated financial information of NewCo is prepared by the management of the Company and is assured by the Company's auditor, KPMG Phoomchai Audit Company Limited, according to assurance work standards (TSAE) code 3420 regarding assurance engagements to report on the compilation of pro forma consolidated financial

information included in the prospectus. This pro forma consolidated financial information does not present pro forma consolidated statement of comprehensive income, pro forma consolidated statement of changes in equity, and pro forma consolidated statement of cash flows for the year ended December 31, 2023, and 2022. The pro forma consolidated financial information is prepared under assumptions as follows:

- The pro forma consolidated financial information for the years ended 31 December 2023 and 2022 is prepared assuming that the EBT Transaction and the Amalgamation (collectively called the “Internal Business Restructuring Transaction”), the Financing Transaction and Transaction Costs relating to the Internal Business Restructuring Transaction had occurred on January 1, 2022.
- The Internal Business Restructuring Transaction has been presented in the pro forma consolidated financial information using the business combination under common control pursuant to the provisions of Guideline on Business Combinations Involving Entities under Common Control. Therefore, the pro forma consolidated financial information has been prepared using the book value of the assets and liabilities of each entity and no goodwill is recognized from the Transactions.
- The Company enters into an intraday overdraft agreement with a financial institution up to Baht 8,000 million in order to pay Lotus’s Thailand for the EBT Transaction amounting to Baht 7,680 million incurring a fixed transaction fee. The Company expects to repay the entire loan balance within the same business day (the “Financing Transaction”).
- The Group incurred the transaction costs relating to the Internal Business Restructuring Transaction amounting to Baht 6.0 million and an adjustment on income tax expense, which incurs from the transaction costs, of Baht 1.2 million during the year ended 31 December 2023, which is included in the administrative expenses of the historical consolidated statement of income for the year ended 31 December 2023. (“Transaction Costs relating to the Internal Business Restructuring Transaction”)

### **Pro forma financial highlights**

Financial highlights of NewCo (pro forma consolidated financial statement) for the years ended 31 December 2023 and 2022 are as follows:

Pro forma financial information of NewCo (Unit: THB Million)	For the Year Ended 31 December	
	2022	2023
Cash and cash equivalents	40,103	31,707
Inventories	37,820	35,884
Investment properties	43,910	44,314
Property, plant and equipment	118,115	115,574
Goodwill	234,736	234,736
Other assets	73,959	78,156
<b>Total assets</b>	<b>548,643</b>	<b>540,371</b>
Trade accounts payable to other parties	55,867	60,193
Debentures	23,466	69,919
Long-term borrowings from financial institutions	86,559	23,884
Lease liabilities	48,879	51,740
Other liabilities	42,941	41,158
<b>Total liabilities</b>	<b>257,712</b>	<b>246,894</b>
Issued and paid-up share capital (10,428 million ordinary shares, par value at THB 1 per share)	10,428	10,428
Premium on ordinary shares	263,881	263,881
Deficit from changes in ownership interests in subsidiary	(20)	(20)

Pro forma financial information of NewCo (Unit: THB Million)	For the Year Ended 31 December	
	2022	2023
Deficit from acquisition of interests under common control	(6,714)	(6,714)
Deficit from business combination under common control	(5,651)	(5,651)
Retained earnings		
- Appropriated - Legal reserve	1,072	1,072
- Unappropriated	27,627	30,857
Other components of equity	(275)	(930)
<b>Equity attributable to equity holders of NewCo<sup>1</sup></b>	<b>290,348</b>	<b>292,923</b>
<b>Total equity<sup>2</sup></b>	<b>290,931</b>	<b>293,477</b>
Total income	469,131	489,949
Gross profit from sale of goods	63,577	64,341
Profit (Loss) before income tax expense and depreciation expense	35,084	35,071
Profit (Loss) before finance costs and income tax expense	17,533	17,459
Profit (Loss) <sup>1</sup>	7,682	8,604
Profit (Loss) attributable to equity holders of NewCo <sup>2</sup>	7,697	8,645
Profit (Loss) per share (THB) <sup>3</sup>	0.74	0.83
Book value per share (THB) <sup>3</sup>	27.84	28.09
<b>Key Financial Ratios</b>		
Current ratio (times)	1.0	0.6
Debt to equity ratio (times)	0.9	0.8
Interest-bearing debt to equity ratio (times) <sup>4</sup>	0.6	0.5
Interest-bearing debt to EBITDA (times) <sup>4</sup>	4.6	4.2
Gross profit margin (%)	14.2	13.8
Net profit margin (%)	1.6	1.8
Return on equity (%)	2.7	3.0
Return on total assets (%)	1.4	1.6

Source: Pro forma consolidated financial statement of financial position as of 31 December 2023 and 2022 which is assured by the auditor.

Remark: /1 Equity attributable to equity holders of NewCo excluding non-controlling interests.

/2 Including equity attributable to equity holders of NewCo and non-controlling interests.

/3 Based on the number of registered and paid-up share capital of NewCo of 10,427,661,800 shares

/4 Interest-bearing debt = Short-term borrowings from financial institutions + Current portion of debentures + Current portion of long-term borrowings from financial institutions + Current portion of lease liabilities + Debentures + Long-term borrowings from financial institutions + Lease liabilities

## 1.2 Process and Timeframe for Implementation of the Amalgamation

The completion of the Amalgamation is contingent upon the fulfillment or termination of the conditions requisite for the Amalgamation, as well as the procedures stipulated by the provisions of PLC Act and compliance with other laws pertinent to the Amalgamation.

### 1.2.1 Key procedures of the Amalgamation to be undertaken by the Company and Ek-Chai pursuant to the Provisions of PLC Act

Key procedures of the Amalgamation to be undertaken by the Company and Ek-Chai after completing the EBT pursuant to the Provisions of PLC Act has details as follows:



**1. Shareholders meeting of each amalgamating company to consider and approve the Amalgamation and other acts relating to the Amalgamation**

The Company and Ek-Chai will propose to its shareholders meeting to consider and approve the Amalgamation and other acts relating to the Amalgamation, which includes a reduction of registered capital by cancelling the unissued shares and an amendment to the memorandum of association. The Amalgamation shall be approved by each of the meeting of shareholders of the Company and Ek-Chai by the votes not less than 3 out of 4 of total number of votes of shareholders attending the meeting and entitled to vote in accordance with the provisions of the PLC Act.

**2. Notification by the Company and Ek-Chai to their creditors regarding the resolution of the shareholders' meeting approving the Amalgamation**

The Company and Ek-Chai will be required to notify their creditors in writing of the shareholders meeting's resolution approving the Amalgamation within 14 days from the date on which the shareholders meeting passes the resolution approving the Amalgamation and allow the creditors to object to the Amalgamation within the period of 2 months from the date of receipt of the notification. The Company and Ek-Chai will also be required to publish the shareholders meeting's resolution in a newspaper or via electronic means within such 14-day period. In case if there is an objection to the Amalgamation made by any creditors, the PLC Act stipulates that the amalgamating company shall pay debt or give security over such debt in order to further proceed with the Amalgamation.

**3. Arrangement by the Company and Ek-Chai of the purchaser of shares from Dissenting Shareholders**

If the shareholders meeting of the Company and Ek-Chai resolves to approve the Amalgamation, but there are the Dissenting Shareholders, the Company and Ek-Chai shall arrange for a purchaser to purchase shares from the Dissenting Shareholders. In case the Dissenting Shareholder is the Company's shareholder, the Purchaser shall purchase the shares at the last traded price on the SET immediately prior to the date on which the shareholders' meeting of the Company resolves to approve the Amalgamation, which in this case is the closing price of shares of the Company traded on the SET on March 28, 2024. In case the Dissenting Shareholder is Ek-Chai's shareholder, the Purchaser shall purchase the shares at the price determined by an independent appraiser appointed by both parties pursuant to the requirements under Section 146 Paragraph 2 of the PLC Act. However, at present, as Ek-Chai has 3 shareholders, namely, Lotus's Thailand (which is the Company's indirect subsidiary) and two directors of the Company (where the Company will become a shareholder of Ek-Chai in place of Lotus's Thailand after the completion of the EBT Transaction). Therefore, there is no need for Ek-Chai to arrange a purchaser to purchase shares from the Dissenting Shareholders of Ek-Chai since all shareholders of Ek-Chai will vote in accordance with the resolution of the Company's shareholders meeting at which the shareholders resolve to approve the Amalgamation. In such a case, there will be no Ek-Chai's shareholders who vote against the Amalgamation.

If the Dissenting Shareholders do not sell their shares to the Purchaser within 14 days from receipt of the offer of the Purchaser, the Company and Ek-Chai will be able to proceed with the Amalgamation where such Dissenting Shareholders will become the shareholders of NewCo upon the completion of the registration of the Amalgamation pursuant to the PLC Act.

In this regard, CPALL has expressed its intention to be the person to purchase the shares from the Dissenting Shareholders of the Company pursuant to the requirement under Section 146, Paragraph 2 of the PLC Act under the terms and conditions set out by CPALL.

On 21 February 2024, CPALL has already obtained a waiver in respect of the obligation to make the mandatory tender offer by the SEC. Thus, CPALL shall have no duty to make a mandatory tender offer of all securities of the Company despite its purchase of shares from the Dissenting Shareholders would make the shareholding proportion in the Company of CPALL and its related persons reach or exceed the trigger point for a mandatory tender offer of all securities of the Company pursuant to the rules stipulated under the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, dated 13 May 2011, as amended.

#### **4. Joint shareholders' Meeting of the Company and Ek-Chai**

Upon completion of the procedures above by the Company and Ek-Chai, Section 148 of the PLC Act stipulates that the Chairman of the Board of Directors of the Company and Ek-Chai shall call a joint shareholders' meeting of the Company and Ek-Chai to consider the following matters:

- a.) allotment of shares in NewCo to the shareholders;
- b.) name of NewCo, for which a new name or the former name of any one of the amalgamating companies may be used;
- c.) objectives of NewCo;
- d.) capital of NewCo, of which the amount shall not be less than the aggregate amount of the paid-up share capital of both of the amalgamating companies, and if the amalgamating companies have already issued and sold all of their registered shares, the joint shareholders meeting may also approve an increase of the capital at the same meeting;
- e.) memorandum of association of NewCo;
- f.) articles of association of NewCo;
- g.) election of the directors of NewCo;
- h.) election of the auditor of NewCo; and
- i.) other matters necessary for the Amalgamation, if any.

In this regard, such joint shareholders meeting of the Company and Ek-Chai must be held within 6 months from the date on which the Amalgamation is approved by the Company's shareholders meeting or by Ek-Chai's shareholders meeting, whichever is later, unless such a joint shareholders meeting has passed a resolution to extend such period, but the total period shall not exceed one year.

The PLC Act also stipulates that at the joint shareholders meeting, the provisions of the PLC Act concerning such matters shall apply mutatis mutandis, except for the following matters:

- (1) the venue of the meeting shall be in the locality in which the head office of any one of the amalgamating companies is located or in a nearby province;
- (2) there shall be shareholders holding shares in aggregate not less than one-half of the total number of issued shares of each of the amalgamating companies attending the meeting to constitute a quorum;
- (3) the shareholders attending the meeting shall elect one shareholder to be the chairman of the meeting; and
- (4) the decision of the meeting shall be made by a majority vote of the shareholders attending the meeting under (2).

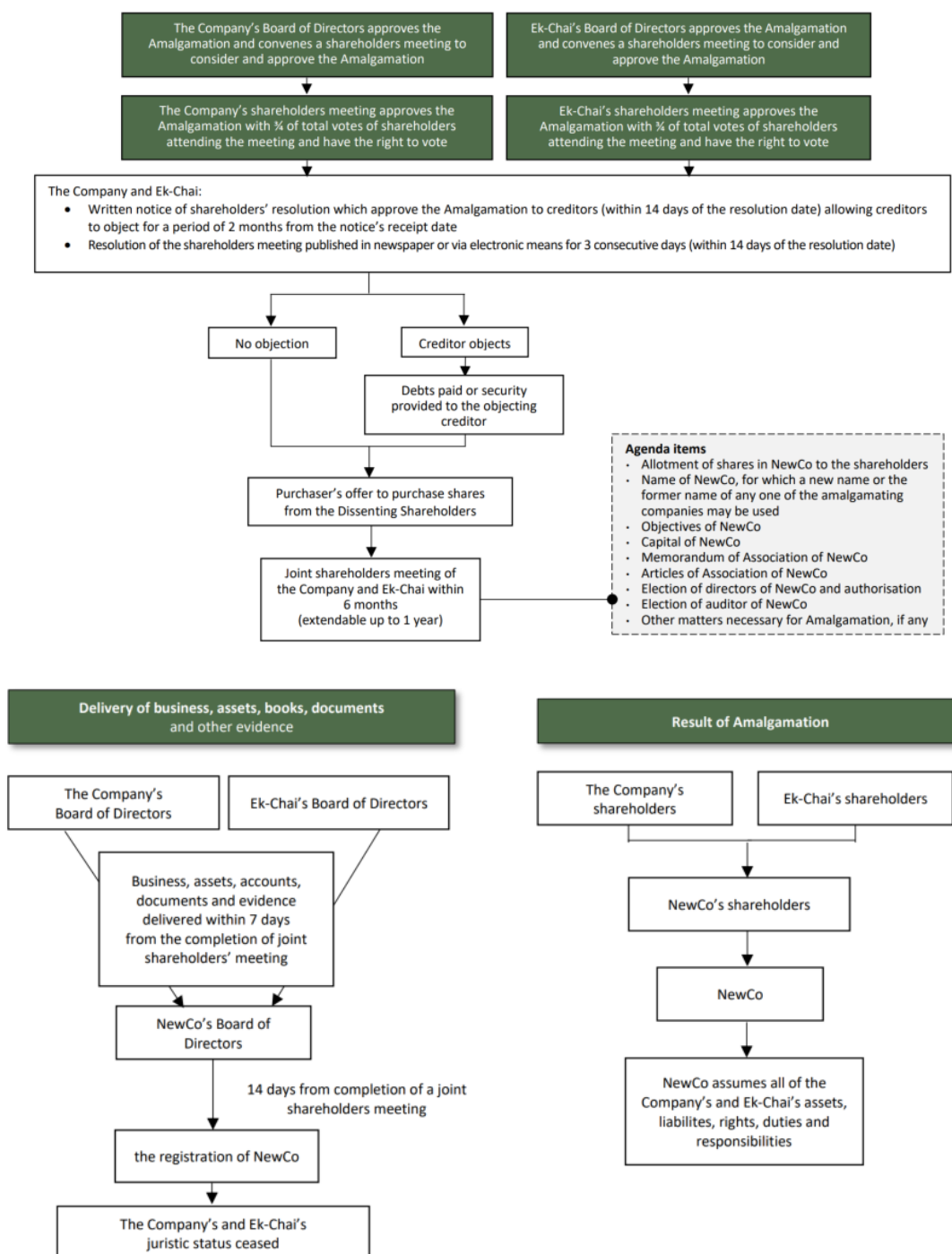
#### **5. Delivery of business**

The PLC Act stipulates that the Board of Directors of the Company and Ek-Chai shall deliver all the businesses, assets, accounts, documents and evidence of the companies to the Board of Directors of NewCo within 7 days as from the date of completion of the joint shareholders meeting.

## 6. Registration of the Amalgamation and its consequence

The Board of Directors of NewCo shall apply to register the Amalgamation as well as submit to the public companies registrar the memorandum of association and the articles of association approved at the joint shareholders meeting, within 14 days from the date of completion of the joint shareholders meeting. Once the public companies registrar accepts the registration of the Amalgamation, the Company and Ek-Chai shall cease the status as juristic persons, and the public companies registrar shall make a note thereof in the register. NewCo shall assume all assets, liabilities, rights, duties, and responsibilities of the Company and Ek-Chai.

### The Summary of Key Amalgamation Procedures under the PLC Act



Source: Information memorandum regarding the Amalgamation between the Company and Ek-Chai

## **1.2.2 Key actions with relevant authorities in relation to the Amalgamation**

In order to implement the process of the Amalgamation, the Company and Ek-Chai will need to coordinate, consult with, and seek for approval, authorization, waiver, amendment, modification, transfer and consent from, certain government agencies, organizations, authorities, and officials, as the case may be. Below is a summary of the significant actions required.

### **1. Actions in relation to debentures**

Submission of the new terms and conditions for debentures, and other relevant documents, such as an agreement to appoint a debenture registrar and a debenture holder representative, with the conditions that are substantially the same as those in the existing agreements, except for the name of the company, and other material terms that must be amended in accordance with the Amalgamation, the surrender of old debenture certificates, the issuance of new debenture certificates, the credit rating and any acts in relation to the debentures, including the holding of a debenture holders meeting as necessary or appropriate.

### **2. Actions in relation to the public disclosure and the listing of shares of NewCo on the SET**

- Disclosure of information of the Company and Ek-Chai which relates to the Amalgamation and other relevant matters, including the notifications of resolutions of the Board of Directors' meetings and shareholders' meetings.
- Submission of the listing application to the SET requesting the SET to accept NewCo's shares as listed securities on the SET.
- Other relevant actions (if any).

### **3. Actions in relation to the shares of the Company and Ek-Chai**

- Determination of the record date to determine the shareholders who are entitled to attend the shareholders' meeting and the book closing date to determine rights to receive shares in NewCo from the allocation process.
- Allocation of shares in NewCo to its former shareholders according to their entitlement, the rounding of share fractions, and payment of compensation for the disregarded fractions of shares (if any).
- Preparation of a list of shareholders of NewCo (BorMorJor. 006) as a supporting document for the registration of the amalgamation with the Ministry of Commerce.

### **4. Actions in relation to tax matters**

- Notification to the Revenue Department of the EBT between Lotus's Thailand and the Company to apply for tax exemptions as specified in the relevant Revenue Code.
- Registration for the dissolution of Lotus's Thailand within the financial year on which the EBT occurs, pursuant to the conditions to apply for tax exemptions specified in the relevant Revenue Code.
- Notification of the Amalgamation between the Company and Ek-Chai within the period required by law to apply for tax exemptions, as specified in the Revenue Code.
- Obtaining Tax ID of NewCo once the registration of Amalgamation with the Ministry of Commerce is completed.
- VAT registration and other registration in relation to the amalgamation between the Company and Ek-Chai as well as NewCo within the tax submission period required by the law, payment or refund of relevant taxes within the periods required by law for all relevant companies.
- Other matters (if any).

**5. Actions in relation to the business operations and licenses to operate businesses**

Submission of Amalgamation documents, amendments to the registration particulars of the licenses, documents, evidence of rights and the transfer of licenses to NewCo to the relevant regulatory authorities.

**6. Actions in relation to corporate filings**

- Registration for the reduction of registered capital of the Company with respect to unissued shares and an amendment to the memorandum of association.
- Registration of the amalgamation after the joint shareholders meeting of the Company and Ek-Chai approves the matters relating to the Amalgamation.

**1.2.3 The key procedures and tentative timeframes of the Amalgamation are summarized in the table below:**

**Key Procedures**

No.	Key Procedures	Tentative Timeframe
1.	Each of the Company and Ek-Chai holds its Board of Directors' meeting to consider and approve the Amalgamation and proposes the Amalgamation matter to the shareholders meeting of each company for consideration and approval.	February 14, 2024
2.	The Company and Ek-Chai coordinate, consult with, and seek for approval, authorization, waiver, amendment, modification, transfer and/or consent from the relevant government agencies, organizations, authorities and officials in order to implement the Amalgamation and maintain the rights and benefits of the Company and Ek-Chai, and to obtain, amend, modify and transfer the benefits under business operation license, documents, evidence of rights and registers to NewCo in order for the shares of NewCo to be listed securities on the SET.	From February 15, 2024
3.	The Company and Ek-Chai negotiate with, and seek approval, consent and waiver from the relevant financial institutions, other creditors, employees and contractual parties, in the event that a default or a breach of an agreement or the use of termination right under the agreement, as a result of the Amalgamation or other acts relating to the Amalgamation, or in the event that approval of the Amalgamation or other acts relating to the Amalgamation is required.	From February 15, 2024
4.	The Company and Ek-Chai hold the shareholders meetings to consider and approve the Amalgamation and other acts relating to the Amalgamation.	March 29, 2024
5.	The Company completes the transfer of entire business of Lotus's Thailand.	Early-April 2024
6.	The Company proceeds with the registration of reduction of registered and unpaid capital by cancelling 592,000,000 unissued shares with the Ministry of Commerce and amendment to the memorandum of association.	Within 14 days from the date of the Company's shareholders meeting resolve to approve the capital reduction

No.	Key Procedures	Tentative Timeframe
7.	The Company and Ek-Chai notify their creditors in writing of the resolutions of its shareholders meetings approving the Amalgamation and allow the creditors to object to the Amalgamation for a period of 2 months from the date of receipt of the notification.	Early-April 2024 to mid-June 2024 (The Company and Ek-Chai must send the notification to their creditors within 14 days from the date that the shareholders meeting of each of the Company and Ek-Chai approves the Amalgamation.)
8.	The Purchaser, namely CPALL, purchases the Company's shares from the Dissenting Shareholders.	Late-June 2024 to early-July 2024
9.	The Company and Ek-Chai jointly hold a joint shareholder meeting to consider various matters necessary for the Amalgamation including name, capital, allocation of shares, objectives, memorandum of association and articles of association, directors and auditor of NewCo, etc.	Late-September 2024
10.	The Company and Ek-Chai will proceed with the registration of NewCo with the Ministry of Commerce.  Once the registration of NewCo is completed, the Company and Ek-Chai will cease to have the status of juristic persons and NewCo will be formed and assume all of the assets, liabilities, rights, duties, and responsibilities of both companies by operation of law.	Fourth Quarter of the Year 2024 (within 14 days from the date of the joint shareholders' meeting of the Company and Ek-Chai)
11.	After the registration of NewCo, NewCo will submit a request for the acceptance of NewCo shares as a listed securities in the SET and other required documents to the SET.  Once the SET approves the listing, the shares of NewCo will become listed securities and the shares of the Company will be delisted from the SET on the same day.	Fourth Quarter of the Year 2024

*Remark: The above timeframes are tentative and may be subject to approval, authorization, waiver, or consent from the relevant government agencies, officials, creditors, and contractual parties.*

### 1.3 Conditions of the Amalgamation

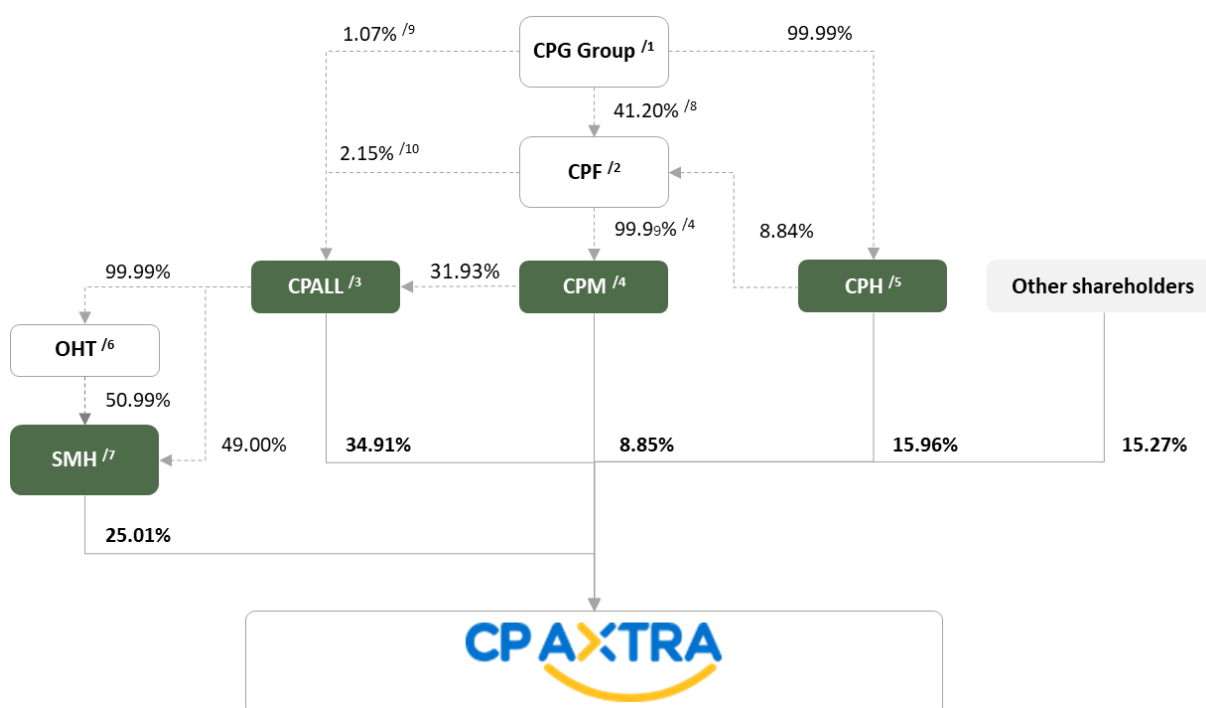
The completion of the Amalgamation is subject to the satisfaction or termination of the conditions which are necessary for, or relating to, the Amalgamation, including without limitation to the followings:

- (1) the meeting of the Board of Directors and shareholders of the Company and Ek-Chai, as the case may be, having resolved to approve the EBT Transaction and the Amalgamation between of the Company and Ek-Chai, as the case may be;
- (2) the approvals, consents, authorization or waivers relating to or necessary for the EBT Transaction and the Amalgamation having been obtained from, and not withdrawn by, the competent authorities or officials, by the Company and Ek-Chai, as the case may be, and in each case on terms acceptable to the Company and related parties;

- (3) the approvals, consents or waivers relating to or necessary for the EBT Transaction and the Amalgamation having been obtained from financial institution creditors and any other finance parties by the Company and Ek-Chai, as the case may be, as set out in the relevant agreements or documents as well as amendment to relevant financial agreements, or where the Company and Ek-Chai having not obtained such approvals, consents or waivers, the Company and Ek-Chai being able to deal with such debts as the Board of Directors or its persons designated deems appropriate;
- (4) the approvals, consents or waivers relating to or necessary for the EBT Transaction and the Amalgamation having been obtained from other contractual parties by the Company and Ek-Chai, as the case may be, as set out in the relevant agreements or documents as well as amendment to relevant agreements where such agreements contain any term and condition which may hinder the EBT Transaction and the Amalgamation, or where the Company and Ek-Chai having not obtained such approvals, consents or waivers, the Company and Ek-Chai being able to deal with such agreements as the Board of Directors or its persons designated deems appropriate;
- (5) the Company having completed the EBT Transaction from Lotus's Thailand;
- (6) in case of creditor's objection to the Amalgamation, the Company and Ek-Chai, as the case may be, being able to reasonably deal with such debts of the objected creditor under the rules of law;
- (7) the Company being able to arrange for a purchaser of shares of the Company's shareholders voting against the Amalgamation at its meeting of shareholders; in the regard, the Company acknowledging that CPALL will act as the Purchaser of shares from the Dissenting Shareholders under the terms and conditions determined by CPALL;
- (8) the Purchaser having completed the purchase of shares in the Company from the Dissenting Shareholders pursuant to the rules stipulated by virtue of Section 146 of the PLC Act;
- (9) the joint shareholders meeting of the Company and Ek-Chai having resolved to approve the matters necessary for the Amalgamation according to the meeting's agenda and within the period required by the law;
- (10) the public companies registrar having registered the Amalgamation; and
- (11) no events or changes which have or may have material adverse effects on the success of the Amalgamation or the business operations, financial conditions or assets of the Company or Ek-Chai having occurred.

## 1.4 Shareholding structure before and after the Amalgamation

### Shareholding structure of the Company



Source: CPAXT's list of shareholders as of August 22, 2023, CPALL's list of shareholders as of December 31, 2023, and CPF's list of shareholders as of December 31, 2023.

Remark: /1 CPG means Charoen Pokphand Group Company Limited

/2 CPF means Charoen Pokphand Foods Public Company Limited

/3 CPALL means CP ALL Public Company Limited

/4 CPM means C.P. Merchandising Company Limited which CPF directly and indirectly holding shares in CPM total of 99.99%

/5 CPH means Charoen Pokphand Holding Company Limited

/6 OHT means OTH Company Limited

/7 SMH means Siam Makro Holding Company Limited

/8 CPG Group's shareholding in CPF includes the shareholding of CPG Group's companies in CPF (except CPH), which is reported in accordance with Sections 246 and 247 of the SEC Act.

/9 CPG Group's shareholding in CPALL includes the shareholding of CPG Group's subsidiaries in CPALL

/10 CPF's shareholding in CPALL includes the shareholding of CPF's subsidiaries in CPALL (except CPM).

### Shareholding structure of Ek-Chai

#### Shareholding Structure of Ek-Chai

No.	Shareholders	Number of Shares (Shares)	Shareholding (%)
1	Lotus's Stores (Thailand) Company Limited <sup>/1</sup>	513,750,003	100.00
2	Mr. Narong Chearavanont	1	0.00
3	Mr. Supachai Chearavanont	1	0.00
<b>Total</b>		<b>513,750,005</b>	<b>100.00</b>

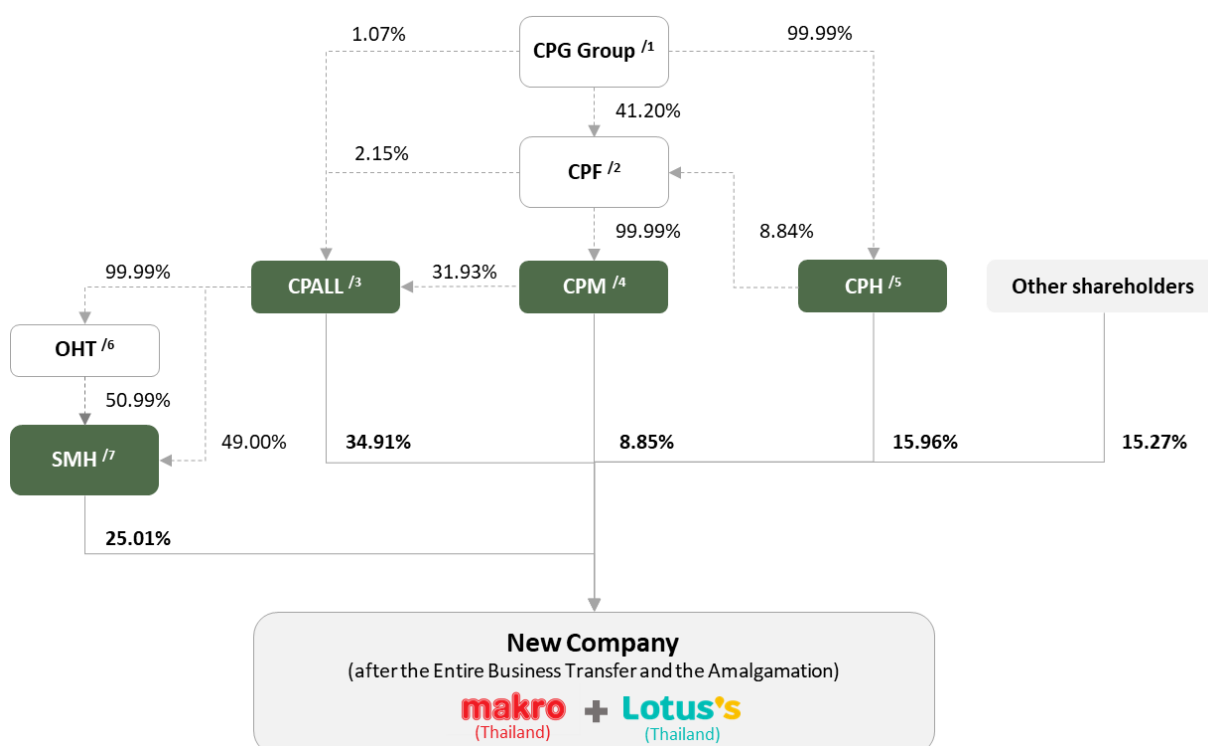
Source: BOL as of February 11, 2024.

Remark: /1 Under the CPAXT Group Internal Business Restructuring Plan, the Company will accept the transfer of entire business (EBT) of Lotus's Thailand which includes 513,750,003 ordinary shares of Ek-Chai.



Shareholding structure of NewCo after the Amalgamation

**Shareholding structure of NewCo**



Remark: The shareholder structure of NewCo above based on the company's shareholders list, and the shareholding as of August 22, 2023, which is the latest Record Date of the Company. And IFA calculates the proportion of shares that the shareholders of NewCo will be allocated according to the Exchange Ratio set by the company, under the assumption that no shareholders vote against the Amalgamation and sell their shares to CPALL, the Purchaser of shares from the Dissenting Shareholders.

- Remark: /1 CPG means Charoen Pokphand Group Company Limited  
 /2 CPF means Charoen Pokphand Foods Public Company Limited  
 /3 CPALL means CP ALL Public Company Limited  
 /4 CPM means C.P. Merchandising Company Limited which CPF directly and indirectly holding shares in CPM total of 99.99%  
 /5 CPH means Charoen Pokphand Holding Company Limited  
 /6 OHT means OTH Company Limited  
 /7 SMH means Siam Makro Holding Company Limited  
 /8 CPG Group's shareholding in CPF includes the shareholding of CPG Group's companies in CPF (except CPH), which is reported in accordance with Sections 246 and 247 of the SEC Act.  
 /9 CPG Group's shareholding in CPALL includes the shareholding of CPG Group's subsidiaries in CPALL  
 /10 CPF's shareholding in CPALL includes the shareholding of CPF's subsidiaries in CPALL (except CPM).

## Part 2 Reasonableness of the Amalgamation

### 2.1 Objective of the Amalgamation

The Amalgamation between the Company and Ek-Chai is part of the Company Group's Internal Business Restructuring Plan aimed at integrating wholesale and retail business in Thailand under NewCo. The Amalgamation will establish NewCo, which will operate wholesale business under the name "Makro" in Thailand, retail business under the name "Lotus's" in Thailand, as well as mall rental space management business in Thailand. The objective of the amalgamation is to increase management agility and reduce the complexity in shareholding and organization structure in the Company Group. In addition, the Amalgamation aims to increase efficiency in business and resource management of the Company and Ek-Chai, create value added from business synergy to the Company Group, increase an opportunity to attract employees, and create growth opportunity for the Company Group in the future.

The information of key assets and operating results of the Company, which operates the wholesale business under the name "Makro" in Thailand, and Ek-Chai, which operates the retail business under the name "Lotus's" in Thailand, are summarized as follows:

#### Summary of assets and operating results of the Company

Items (Unit : THB million)	For the year ending December 31,		
	2021	2022	2023
Revenue from sale of goods	209,938	227,435	243,754
Revenue from rendering of services	3,896	4,210	4,768
Revenue from rental and rendering retail services	323	409	482
Gross profit from sale of goods	21,184	23,237	25,212
Profit for the year	7,380	7,466	7,473
Number of wholesales store in Thailand (store)	142	152	160

Source: The Company's management and the Company's audited separate financial statements for the years 2021 – 2023.

#### Summary of assets and operating results of Ek-Chai

Items (Unit : THB million)	For the year ending December 31,		
	2021 <sup>/1</sup>	2022	2023
Revenue from sale of goods	134,437	169,094	172,479
Revenue from rendering of services	462	704	665
Revenue from rental and rendering retail services	7,704	10,786	11,494
Gross profit from sale of goods	24,735	31,391	30,737
Profit for the year	4,563	1,675	277
Number of retail store in Thailand (store)	2,168	2,578	2,454
- Hypermarkets	222	223	226
- Supermarkets	199	202	178
- Mini-supermarkets	2,197	2,153	2,050

Source: The Company's management and Ek-Chai's audited consolidated financial statements for the years 2021 – 2023.

Remark: /1 For the period from March 1, 2021 - December 31, 2021

## **2.2 Comparison of advantages and disadvantages of the Amalgamation**

### **Advantages of the Amalgamation**

#### **1. Enhance competitiveness and business growth opportunity**

The Amalgamation shall increase national and regional competitiveness potential by leveraging the customer base of both the wholesale and retail businesses, including the expansion of distribution channels to reach a wider consumer base. As of December 31, 2023, the Company has 160 wholesale stores in Thailand under the name "Makro," while Ek-Chai has 2,454 retail stores in Thailand under the name "Lotus's." Furthermore, NewCo will be capable of catering to diverse customer segments by offering a wide range of products and services at more competitive prices, together with the utilization of in-depth data analytic technology to analyze industry landscape, economic situation, as well as market and consumer needs. This is the major factor for NewCo to deeply understand the needs of the customer group for both entrepreneur and consumer groups, which leads to the offering of products and services which matches the needs of every customer group, which shall benefit the development of new product or services that respond to changes of market, match the needs of every customer group, as well as provide an opportunity for business expansion across Thailand and the wider region.

In addition, NewCo shall receive human resources from both 2 companies, in which the employees of NewCo shall have knowledge and expertise in both wholesale and retail industry. This shall benefit the development of new product or service to be responsive to changes of market, match the needs of every customer group, as well as business expansion opportunity for both Thailand and the regional level.

#### **2. Increase efficiency and flexibility in operation of the Company Group**

The Amalgamation shall increase efficiency and flexibility in operation of the Company Group through improved management including logistics and supply chain systems. The Company is currently evaluating the feasibility of the logistics and supply chain systems in Thailand employed by both wholesale and retail businesses. This involves assessing the advantages and considerations to optimize efficiency and benefits for NewCo, including managing mid-mile and last-mile delivery planning resulting in highly efficient operations. These allow NewCo to minimize investment in redundant assets which are previously overlapped in 2 businesses and lead to reducing operational expenses and improving the return on assets, merge expertise of employees in wholesale and retail business, and support the efficient utilization of human resource.

#### **3. Increase value enhancement from business synergy**

This shall create value enhancement from business synergy for both products and services, marketing activities, and benefits for customer and business partners such as customer relationship management, marketing activity organizing, as well as communication of corporate image with customer group, etc. The management of business synergy under one company, NewCo, which previously separates into 2 companies, shall increase business opportunity for NewCo, and provide an opportunity to increasingly create long term benefits to NewCo.

**4. Increase efficiency in corporate governance and flexibility in business management**

The Amalgamation between the Company and Ek-Chai, a subsidiary company of the Company Group, shall decrease the complexity of shareholding structure of NewCo. This shall decrease the procedure of decision making, communication, and governance, and may lead to more efficiency in corporate governance. In addition, NewCo shall be able to have a better control in operation, which was previously managed by Ek-Chai such as retail business, malls, discount store, supermarket, super center, and hyper market. This shall decrease procedure of decision marking in organization level, to fasten the implementation of strategy and procedure by the employees.

**5. Increase an opportunity to access source of funds**

Even though NewCo established from the Amalgamation will possess financial ratios akin to those of the Company, it will demonstrate stronger financial ratios compared to Ek-Chai, particularly in terms of financial policy analysis ratios. As of December 31, 2023, NewCo has a net interest-bearing debt to shareholder's equity ratio (as per calculation method in CPAXT's bond covenant) of 0.22 times, according to its pro forma financial information, while, Ek-Chai has a net interest-bearing debt to shareholder's equity ratio (as per calculation method in Ek-Chai's bond covenant) of 0.95 times. Hence, NewCo Group will have better access to capital and reduce the financial costs.

**6. Increasing opportunity to access business partners**

The Amalgamation shall provide an opportunity for NewCo to increasingly connect to business partners such as local farmers, small manufacturers, and small and medium-sized enterprises (SMEs), which shall increase opportunity for business growth by leveraging the strengths of NewCo, including its extensive distribution channels, customer base, and benefits derived from Data Analytical Technology. These assets will enable business partners to offer products that more effectively match with consumer needs.

**Disadvantages of the Amalgamation**

**1. Expenses incurred from the Amalgamation**

Procedures of the Amalgamation under the provisions of PLC Act relate to various operations such as asset's ownership transfer, changes of contractual counterparties in various agreements and licenses from the Company or Ek-Chai to NewCo, the arrangement of joint shareholder's meeting between the Company's shareholders and Ek-Chai's shareholders, fees payable to related government agency, and the application for acceptance of ordinary shares of NewCo to be listed securities in SET in place of the Company's existing securities, etc. Such expenses incurred may impact on the performance of the Company, as well as NewCo, after the completion of the Amalgamation.

**2. Temporary lack of securities' trading liquidity**

The Amalgamation shall be completed when conditions necessary or related to the Amalgamation have been completed or terminated, including the approval of the Amalgamation by shareholder's meeting from both 2 companies, the approval, consent, or waiver from creditors or contractual counterparties necessary or related to the Amalgamation, the completion of Entire Business Transfer from Lotus's Thailand, as well as both 2 companies have completed other related conditions. The Company's securities shall be temporarily suspended from trading until shares of NewCo are listed in SET. During such period, shareholders of the Company shall not be able to trade the securities in SET.

### **3. Impact from NewCo's share allocation**

For the Amalgamation, there is NewCo's share allocation to existing shareholders of the Company and Ek-Chai at the different allocation ratio. The calculation of Exchange Ratio might have fractional share from the allocation of NewCo's share to existing shareholders of the Company and Ek-Chai, which shall be rounded down. Therefore, some shareholders might receive allocated share less than 100 shares (Odd Lot share), which is insufficient for trading in primary market, since shares in primary market shall be traded for multiple of 100 shares or more. However, the shareholders who are allocated odd lot share shall be able to trade in odd lot market. The odd lot market might have lower liquidity than primary market, and there is a chance that trading price might be lower than price in primary market. Thus, the shareholders who are allocated such shares shall receive lower benefits.

## **2.3 Risk of the Amalgamation**

### **1. Risk from delay of the Amalgamation**

Procedures of the Amalgamation shall be conducted along with process specified in provision of PLC Act, and criteria specified by law and other related regulations by related agency, as well as guidelines for disclosure of information to shareholder and related parties. In addition, the significant procedures of the Amalgamation which the Company and Ek-chai have to complied have summarized details as follows:

- a.) The arrangement of shareholder's meeting of the Company and Ek-Chai to ask for the approval from shareholder of each company for the Amalgamation and any related operations.
- b.) The Company and Ek-Chai (as the case may be) shall inform the resolution of shareholder's meeting regarding the approval of the Amalgamation and any related operations to their payables such as resolution to decrease the paid-up share capital (if any), etc., to provide an opportunity for payables to object, by noticing the payables within 14 days from the approval date of the Amalgamation by the shareholder's meeting. In addition, payables of each company shall be able to oppose the Amalgamation within 2 months form the receival date of notice.
- c.) The Company and Ek-Chai (as the case maybe) receive the consent, approval, permission, or waiver from involved parties, including government agency, government sector, related officer, or any financial institution and financial contract party, necessary or related to the transaction of Entire Business Transfer and the Amalgamation specified in agreement or related document.
- d.) The Company shall complete the Entire Business Transfer from Lotus's Thailand
- e.) The Company shall procure the share purchaser for Dissenting Shareholders
- f.) The share purchaser shall completely purchase the Company's shares from Dissenting Shareholders according to specified code under Section 146 of PLC Act.
- g.) The arrangement of joint shareholder's meeting of the Company and Ek-Chai to consider various matters necessary for the Amalgamation under PLC Act.
- h.) The Company and Ek-Chai shall deliver operation and transfer assets, liabilities, as well as any agreements and licenses to NewCo
- i.) Register the Amalgamation and its result, including disclose the information memorandum to SET.

In addition, the Company shall discuss and receive the consent, approval, permission, or waiver from government agency, government sector, officer, or involved parties such as The Stock Exchange of Thailand, Thailand Securities Depository Company Limited, Revenue Department, Department of Business Development under Ministry of Commerce, other agencies related to the issuance of license related to operation, contract party, and any payables.

The operation of the Amalgamation mentioned above shall take time and require coordinate work with various agencies and departments, which might lead to the delay of the process of listing NewCo in SET.

However, the Company's management team has established an initial timeframe for engaging in the transaction, as outlined in section 1.2.3 "The key procedures and tentative timeframes of the Amalgamation". The management team will closely oversee the execution of each procedure, encompassing plan development and communication facilitation between the Company and relevant agencies. Furthermore, the company's prior experience with similar transactions, equips its personnel and executives to effectively plan, assess risks, and execute the Amalgamation.

## **2. Risk related to the difference in operation systems**

Before the Amalgamation, Ek-Chai, a limited company, operated under laws and regulations related to limited companies, as stipulated in the Civil and Commercial Code. Ek-Chai was not listed on the SET, and there were no qualifications required for directors and management. In addition, before the Amalgamation, the Company operates the wholesale business under the name "Makro" in Thailand, whereas Ek-Chai operates the retail business under the name "Lotus's" in Thailand, each using distinct operating and accounting systems. Upon completion the Amalgamation, both wholesale and retail businesses in Thailand will be consolidated under a NewCo.

Due to the difference in operation system mentioned above, the Company and Ek-Chai are required to mutually determine operational policy, procedures, and accounting process to be consistent, so that NewCo can efficiently operate and is fully qualified for listed company in SET after the completion of the Amalgamation. To create the mutual understanding between employees of 2 companies who need to adjust the operating procedure to be consistent with the operation of NewCo, the management of NewCo shall plan and prepare the transfer operation efficiently, otherwise, NewCo might be exposed to risk related to the difference in operation system affecting the operation in the initial stage of NewCo after the Amalgamation.

However, Ek-Chai is a subsidiary under the governance of the Company, which the Company has determined and monitored Ek-Chai to have sufficient and appropriate operations and internal control in both potentiality and efficiency as similar as listed company, Therefore, risk from the difference in operation system before the Amalgamation might have little effect. Furthermore, after the completion of the Amalgamation, the wholesale and retail businesses in Thailand operated by NewCo will continue to function as 2 separate business units. The management is currently evaluating and assessing the feasibility of different operational systems utilized by wholesale and retail businesses. This involves comparing the advantages and considerations to optimal efficiency and benefit for NewCo.

## **3. Risk from the delay on the realization of benefits from the Amalgamation**

The objective of this Amalgamation is an increase in efficiency of business management and resource management, as well as creation of enhancement from business synergy with the Company Group, to increase opportunity to attract employees and create growth opportunity to the Company Group. However, after the Amalgamation, NewCo shall merge various operations of the Company and Ek-Chai, which might have a chance of delay, and might take time more than expected. However, to mitigate potential risk, the management team of the company has established clear timeframes for each step of the restructuring process and continuously monitors the progress to ensure that the restructuring and the Amalgamation proceed according to the tentative framework.

#### **4. Risk related to tax matter**

According to the provisions of PLC Act, related parties whether the Company and shareholders of the Company shall receive tax exemption according to the Revenue Code. The Amalgamation shall be complied with rules and conditions of the revenue code, decree, and related announcements from the director general of the Revenue Department.

The exemption of the assessable income tax received by shareholders which benefit from the Amalgamation has an important condition, which is the company to be amalgamated shall not be tax receivable who has outstanding amount with the Revenue Department on the date of the amalgamation, except that such outstanding amount is guaranteed with the Revenue Department.

However, the Company and Ek-Chai are exposed to the risk that the Revenue Department might review previous tax during the accounting period under tax reviewing duration before the termination date of juristic person status after the Amalgamation, even though the Amalgamation by law does not require 2 companies to liquidate before the registration of The Amalgamation. NewCo shall bear the obligation that might be incurred from tax assessment of the Company and/or Ek-Chai.

In addition, the management of the Company and Ek-Chai appointed tax advisor to review tax matter related to the Amalgamation during the previous period. From the tax review, there is no significant tax liability issue and tax risk issue comparing to the Company's and Ek-Chai's business size.

#### **5. Risk related to the maintaining of minority shareholder's shareholding ("Free Float") and exercising of minority shareholder's voting rights**

For the Amalgamation, the Company shall arrange purchaser to purchase shares from Dissenting Shareholders. In this case, the share purchaser, CPALL, who is a strategic shareholder, shall purchase shares from such Dissenting Shareholders. This might affect the Company and NewCo to have shareholding by minority shareholder less than the maintaining criteria as a listed company in SET re: the maintaining of shareholding distribution ratio of minority shareholders (Free Float), specifying listed company to have minority shareholders holding ordinary shares of not less than 150 persons, and such shareholders shall totally hold not less than 15.00% of paid-up share capital. If NewCo lacks a sufficient free float according to the criteria, it may fail to meet the specified requirements. On February 19, 2024, the SET announced circular letter Bor.Jor. (Wor) 2/2024 Revision to the SET qualification to enhance supervision of listed companies and information disclosure, which shall be effective from March 25, 2024 onwards. The announcement pertains to adjustments in criteria when listed companies' free float does not meet the criteria. In summary, if NewCo fails to comply with the free float criteria, the SET will post the CF (Caution - Free Float) sign, necessitating investors to purchase NewCo's securities through a cash balance account. Additionally, NewCo must hold a Public Presentation within 15 days of the CF sign posting, and subsequently conduct quarterly presentations until compliance with the qualification is achieved. Failure to rectify within a year will result in the SP (Suspension) sign replacing the CF sign. If the SET continuously posts the SP sign for a period of 1 year, NewCo's ordinary shares may be subject to delisting from being listed securities as per the SET's regulations governing the delisting of listed securities. The SET will also issue an announcement indicating the potential delisting of NewCo's ordinary shares and post an additional NC (Non-Compliance) sign. Moreover, the SET may consider taking action to mandate the delisting of NewCo's ordinary shares from being listed securities. (as of August 22, 2023, the shareholding of the Company's is 15.27% of paid-up share capital). However, the Company will use its best effort to ensure the free float compliance with the SET's regulations. Additionally, referring to CPALL's report to the Stock Exchange on February 14, 2024, CPALL, as a

major shareholder of the Company, may consider selling some of its shares through the stock exchange from time to time after completing the purchase of shares from Dissenting Shareholders. This aims to increase the Free Float proportion of the Company and reduce the risk that the company may not be able to maintain its free float proportion regarding the criteria set by the Stock Exchange.

With causes mentioned above, minority shareholders might be affected by the voting rights in NewCo, since shareholders might not gather voting rights to veto the approval of transaction from some agenda such as the significant approval: delisting securities from SET, which shall not have veto of more than 10.00% of total issued and paid-up shares of the Company. As a result, minority shareholders might not use veto rights on such agenda.

#### **6. Risk related to requesting various permission, licenses, and benefits**

The Company and Ek-Chai have licenses and benefits received from various government agencies to operate the business. Even though the licenses and benefits can be transferred to NewCo by law, but the Company and Ek-Chai might need to request to such related government agencies to revise and/or issue licenses and documents certifying various benefits under the name of NewCo. In addition, various procedures can start the operation after the Board of Directors' meeting and shareholder's meeting of the Company and Ek-Chai approve the Amalgamation. Therefore, NewCo might be exposed to risk of not receiving permission and/or licenses and benefits after the establishment of NewCo.

However, the company has conducted an examination of licenses and relevant laws and found that, under Section 153 of the PLC Act, NewCo shall received all assets, liabilities, rights, duties, and responsibilities of the merging companies, namely the Company and Ek-Chai. Therefore, the rights under the existing license will be transferred to NewCo. To mitigate any adverse effects on the operations of NewCo, the company has engaged in discussions with relevant authorities to prepare the necessary documentation for amendments and/or issuance of licenses and certificates of rights under the name of NewCo.



### Part 3 Appropriateness of Exchange Ratio and the conditions of the Amalgamation

#### 3.1 Appropriateness of Exchange Ratio

The Amalgamation between the Company and Ek-Chai is conducted under the Company Group's Internal Business Restructuring Plan which shall establish NewCo which shall receive all assets, liabilities, rights, duties, and responsibilities of the Company and Ek-Chai. The ordinary shares of NewCo shall be listed securities in SET in place of ordinary shares of the Company. In addition, after the completion of the Amalgamation, the business operation and performance such as overall performance and financial position of NewCo shall not be different from overall performance and financial position of the Company Group. All existing shareholders of the Company shall be shareholders of NewCo under Exchange Ratio as follows:

1 existing share in the Company	and	to 0.50 shares in NewCo;
1 existing share in Ek-Chai		to 10.00 shares in NewCo

The above Exchange Ratio have been considered based on NewCo's registered and paid-up share capital of THB 10,427,661,800, divided into 10,427,661,800 ordinary shares, with a par value of THB 1.00

Under the Company's Group Internal Business Restructuring Plan and the conditions of the Amalgamation, the Company will complete the EBT Transaction from Lotus's Thailand before the Amalgamation. The EBT includes the acceptance of the transfer of 513,750,003 ordinary shares in Ek-Chai, equivalent to 99.99% of the total issued and paid-up shares of Ek-Chai, resulting in the Company becoming one of the shareholders of Ek-Chai. However, after the Amalgamation, both the Company and Ek-Chai will cease the status as juristic persons. Therefore, the shares of NewCo that the Company received an allocation of 5,137,500,030 shares as a shareholder of Ek-Chai, will be directly allocated to the Company's shareholders according to their proportion of shareholding in the Company. As a result, the existing shareholders of the Company will be allocated 10,427,661,780 shares of NewCo, with the following share allocation ratio:

Exchange Rate of shares in NewCo Entitled to the Shareholders of the Company	
Detail	Ordinary Shares (shares)
Number of the Company's ordinary Shares (share) - (1)	10,580,323,500
Number of NewCo's ordinary Shares (share) - (2)	10,427,661,780
<b>Implied Exchange Ratio - (3) = (2) ÷ (1)</b> <b>(Approximately, 1 existing share in the Company to shares in NewCo)</b>	<b>0.9856</b>

From table above, the Company's shareholders who hold existing ordinary shares shall receive the allocation of NewCo's shares at the allocation ratio after the Amalgamation of 1 ordinary share of the Company to 0.9856 ordinary share of NewCo, approximately. NewCo's shareholders shall have shareholding in NewCo equivalent to shareholding in CPAXT, while the shareholding value, rights, and liquidity of NewCo's ordinary shares shall equal to the shareholding value, rights, and liquidity of the Company's existing ordinary shares.

Since performance of NewCo after the share allocation shall be able to wholly reflect the financial position and performance of the Company including subsidiary company, associate company, and other companies which the Company invested in. Therefore, the allocation of NewCo's shares to

existing shareholders of the Company at such allocation ratio is appropriate and does not affect shareholders of the Company to lose any benefits associated with this allocation of NewCo's shares. Therefore, **the IFA has an opinion that the Exchange Ratio of 1 ordinary share of the Company to 0.50 ordinary share of NewCo and 1 ordinary share of Ek-Chai to 10.00 ordinary shares of NewCo is appropriate.**

### **3.2 The appropriateness of conditions of the Amalgamation**

The IFA considered the appropriateness of conditions of the Amalgamation and had opinion that **conditions of this Amalgamation is appropriate**, since conditions and terms related to the Amalgamation are normal practice, consistent with related agencies, and protect benefits of the Company and its shareholders. Such conditions do not impact the Company and its shareholders to lose benefits such as:

- The Amalgamation shall receive the approval from the shareholder's meeting of the Company and Ek-Chai, completely by law.
- The Amalgamation shall receive consent, approval, permission, or waiver from government agency related or necessary for the Amalgamation
- The Amalgamation shall receive consent, permission, or waiver from any payables, financial contract party, and/or other counter party necessary or related to the Amalgamation, according to agreement or related document.
- The Company and/or Ek-Chai shall notice payables within 14 days from the date that shareholder's meeting approves the Amalgamation. In addition, the payables of each company shall be able to oppose the Amalgamation within 2 months from the receipt date of the notice.
- The Company shall arrange the purchaser of the Company's shares from Dissenting Shareholders according to the specified code under Section 146 of PLC Act. The purchase shall be completed by CPALL as a purchaser of shares from the Company's Dissenting Shareholders according to the specified criteria and condition.
- The Company and Ek-Chai shall arrange the joint shareholder's meeting to approve various matters necessary for the Amalgamation according to the specified agenda and within duration specified by law.

Details of conditions and requirements for requesting the approval and permission for the Amalgamation are referred to Part 1, Topic 1.1, "Characteristic and details of the Amalgamation" of this report.

#### Part 4 Summary of the Independent Financial Advisor Opinion

Based on the IFA's analysis regarding the reasonableness of the transaction, including the fairness of the Exchange Rate and conditions of the Amalgamation, the IFA concludes that the Amalgamation **is appropriate** due to:

Advantages of the Amalgamation:

1. Enhance competitiveness in Thailand and region and business growth opportunity by leveraging the customer base of both the wholesale and retail businesses. This includes the expansion of distribution channels to reach a wider consumer base. As of December 31, 2023, the Company has 160 wholesale stores in Thailand under the name "Makro", while Ek-Chai has 2,454 retail stores in Thailand under the name "Lotus's". Furthermore, NewCo will be capable of catering to diverse customer's needs by offering a wide range of products and services at more competitive prices from the utilization of in-depth data analytical technology to deeply understand the needs of the customer group within the legal framework, which shall benefit the development of new product or services that match the needs of every customer group across Thailand and the regional level.
2. Increase efficiency and flexibility in operation of the Company Group by centralized management and shared infrastructure, including logistics and supply chain systems. The Company is currently evaluating the feasibility of the logistics and supply chain systems in Thailand employed by both wholesale and retail businesses. This involves assessing the advantages and considerations to ensure maximum efficiency and benefit for NewCo which will allow it to minimize investment in redundant assets, such as managing mid-mile and last-mile delivery planning, resulting in highly efficient operations, reducing operational expenses and improving the return on assets, as well as combine expertise of employees in wholesale and retail business, and support the efficient utilization of human resource.
3. Increase value enhancement from business synergy for both products and services, marketing activities, and customer's benefits, which increase business opportunity for NewCo, and provide an opportunity to increasingly create long term benefits to NewCo.
4. Increase efficiency in corporate governance and flexibility in business management, since the Amalgamation will decrease the complexity of shareholding structure of NewCo which shall decrease the procedures of decision making, communication, and governance which shall lead to more efficiency in corporate governance.
5. Increase an opportunity to access source of funds as NewCo will have stronger financial ratios, particularly the financial policy analysis ratios. As of December 31, 2023, NewCo has a net interest-bearing debt to shareholder's equity ratio (as per calculation method in CPAXT's bond covenant) of 0.22 times, according to its pro forma financial information, while, Ek-Chai has a net interest-bearing debt to shareholder's equity ratio (as per calculation method in Ek-Chai's bond covenant) of 0.95 times. Hence, the New Company Group will have enhanced access to capital and reduce the financial costs.
6. Increase opportunity to access business partners including local farmers, small manufacturers, and small and medium-sized enterprises (SMEs), which shall increase opportunity for business growth by leveraging the strengths of NewCo, including its extensive distribution channels, customer base, and benefits derived from Data Analytical Technology. These assets will enable business partners to offer products that more effectively match with consumer needs.

Disadvantages of the Amalgamation:

1. The Company shall incur expenses from the Amalgamation such as asset's ownership transfer, changes of contractual counterparties in various agreements and licenses, the arrangement of shareholder's meeting, and other related expenses. This might impact the performance of the Company, as well as NewCo, after the completion of the Amalgamation.
2. After the Company and Ek-Chai complete the conditions related to the Amalgamation, the Company's securities shall be temporarily suspended from trading until shares of NewCo are listed in SET. During such period, shareholders of the Company shall not be able to trade the securities in SET.
3. The share allocation of NewCo might impact the shareholders to receive odd lot shares. Since shares in primary market shall be traded for multiple of 100 shares or more, the odd lot shares shall be sold in the odd lot market which has less liquidity and might be sold at discount from primary market.

Additionally, there are risks associated with the Amalgamation that the shareholders should take into consideration as such risk from delay of the operation of the Amalgamation under PLC Act, risk related to the difference in operation system, risk from the delay of benefits from the Amalgamation, risk related to tax matter, risk related to the exercising of minority shareholder's voting rights and risk related to requesting various permission, licenses, and benefits.

The Exchange Ratio proposed for this amalgamation is deemed appropriate because it reflects the operational performance of NewCo, which will incorporate the financial status and operating results of the Company, its subsidiaries, associated companies, and other invested companies. This ratio reflects that the shareholders of the Company do not incur any loss of benefits from receiving shares allocation in NewCo. Furthermore, the conditions set for the amalgamation are standard, safeguarding the interests of both the Company and its shareholders.

In this regard, considering the benefits that the Company and its shareholders expect to receive from entering the transaction, the disadvantages and risks that may occur, the appropriateness of the price and conditions for the Amalgamation mentioned above, the IFA believes that the transaction in question **is appropriate**. Therefore, shareholders are recommended **to approve the transaction**.

The opinion of the IFA is contingent upon the accuracy and completeness of the information and documents provided by the Company, as well as publicly disclosed information at the time of preparing the report. Should any of the aforementioned information is incorrect and/or is not truthful and/or has been significantly changed in the future, the opinion of the IFA may be impacted. As a result, the IFA cannot ascertain the potential impact on the Company and its shareholders from such factors. Furthermore, the current opinion of the IFA is solely intended to provide guidance to the Company's shareholders regarding the proposed Amalgamation. The decision to vote to approve the transaction is at the discretion of the shareholders. However, the shareholders shall carefully study the information and considered the advantages, disadvantages and relates risks and limitations, as well as the opinions relating to each aspect of the transaction as per the appended documents to the Invitation to the Shareholders' Meeting with prudence and care before voting to approve such transaction appropriately.

Jay Capital Advisory Limited, as the IFA of the Company, has performed the study and analysis with care in accordance with the professional standard and has provided the opinion based on the fair analysis of information by taking into consideration the benefits of all shareholders.

The opinion of the IFA is based on the information which has been received from the Company as well as interviews with the management, publicly available information and other relevant documents. The IFA assumes that all information received is truthful and correct. Therefore, if the said information is incorrect and/or is not truthful and/or has been significantly changed in the future, it will affect the opinion of the IFA. Therefore, the IFA is unable to certify or warrant the future impact that may arise to the Company and the shareholders. In addition, the opinion of the IFA is only to provide comments to the shareholders, and providing this opinion does not warrant the accomplishment of the transaction and any impact flowing from the transaction to the Company.

This English report of the IFA's opinion has been prepared solely for the convenience of foreign shareholders of the Company and should not be relied upon as the definitive and official document. The Thai language version of the IFA's opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation

Best regards,

- Chalit Udompornwattana -

(Mr. Chalit Udompornwattana)

Supervisor

Jay Capital Advisory Limited  
the Independent Financial Advisor

## Appendix 1: Summarized Information of CP Aextra Public Company Limited

### 1. General Information

Company Name	: CP Aextra Public Company Limited (“CPAXT” or “the Company”)
Registration date	: February 11, 1994
Nature of business	: Consumer products wholesale business and mall rental space management business
Head Office:	: No. 1468, Phatthanakan Road, Phatthanakan Sub-district, Suan Luang District, Bangkok
Issued and paid-up share capital	: THB 5,290,161,750 divided into 10,580,323,500 ordinary shares with a par value of THB 0.50 per share
Telephone	: 0-2067-8999
Fax	: 0-2067-9888
Website	: www.cpaxtra.com

Selected key milestones relating to the business of the Company can be summarized as follow:

#### Selected key milestones of the Company Group

Year	Details
1988	• The Company was established as Siam Makro Company Limited.
1989	• The Company opened the first store, which is the Ladprao branch in Bangkok, Thailand.
1994	• The Company listed in the Stock Exchange of Thailand under the name of Siam Makro Company Limited (“MAKRO”). • CP Group through Ek-Chai) opened its first Lotus’s hypermarket store in Seacon Square, Bangkok.
1996	• Ek-Chai opened its first Distribution Center in Wangnoi, near Bangkok.
2001	• Ek-Chai opened its first mini-supermarket called Express Ramindra in Bangkok. • Tesco and Sime Darby entered into a joint venture to form the Lotus’s Malaysia business.
2002	• Lotus’s Malaysia opened its first hypermarket store in Puchong, Selangor, Malaysia.
2003	• Ek-Chai launched the first Talad store opened in Phongphet, Thailand.
2005	• The Company acquired Siam Food Services Co., Ltd. in order to expand distribution of frozen and chilled products.
2007	• Lotus’s Malaysia acquired the Makro Malaysia Cash and Carry business. • Lotus’s Malaysia launched its Clubcard loyalty programme in Malaysia. • Lotus’s Malaysia opened its fresh products DC in Simpang Pulai, Perak, Malaysia.
2009	• The Company launched the first Eco Plus store format in Pattaya, Thailand. • The Company opened a DC in Wangnoi, Ayutthaya, Thailand. • Ek-Chai launched its Clubcard loyalty programme in Thailand. • Lotus’s Malaysia opened its ambient DC in Bukit Beruntung, Selangor, Malaysia.
2010	• The Company launched the Siam Frozen Store in Chiang Mai, Thailand.
2012	• The Company launched Makro Foodservice Store in Hua Hin, Thailand and entered the Vietnamese market via the establishment of Vina Siam Food. • LPF began trading on the SET.
2013	• CPALL became Makro’s major shareholder. • Ek-Chai and Lotus’s Malaysia launched their Grocery Home Shopping (“GHS”) online shopping platform, allowing customers to buy fresh produce, grocery, and general products online.
2014	• The Company launched its Makro Online sales channel for mobile devices.
2015	• Ek-Chai’s regional distribution centers opened in the Northeast and South of Thailand. • Lotus’s Malaysia launched a strategic partnership with Lazada.

Year	Details
2017	<ul style="list-style-type: none"> <li>• Makro opened its first Makro store overseas in Phnom Penh, Cambodia.</li> <li>• Makro developed and introduced the i-Trace system, which allows customers to trace the origin of products through QR code scanning, through partnership with CPF.</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Makro opened its first two LOTS Wholesale Solutions stores in New Delhi, India.</li> <li>• Makro completed its acquisition of 80% of Indoguna, giving it a foothold in Singapore, Hong Kong, and Dubai.</li> <li>• Ek-Chai began redeveloping its hypermarket and mini-supermarket concepts.</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Makro opened its first Makro store in Guangzhou, China.</li> <li>• Makro launched its online sales platform.</li> <li>• Makro launched its "Digital Store" format with the opening of the first Foodservice Stores in Lad Krabang, Bangkok, Thailand.</li> <li>• Lotus's Malaysia completed a refresh of 21 stores under its next generation program.</li> </ul>
2020	<ul style="list-style-type: none"> <li>• COVID-19 pandemic caused major disruption in the world economy, affecting our business in Thailand, Malaysia and overseas.</li> <li>• Makro opened its first Makro store in Yangon, Myanmar.</li> <li>• The investment in Lotus's by CPALL, CPH and CPM through shareholding in special purpose vehicle, CPRH, was completed in December 2020.</li> </ul>
2021	<ul style="list-style-type: none"> <li>• In February, Lotus's Hypermarkets were rebranded under the "Lotus's" brand, and we opened our first "Go Fresh" mini-supermarket.</li> <li>• In September, Ek-Chai expanded coverage of its grocery home shopping online platform from 25 stores in February 2021 to 89 stores.</li> <li>• On 25 October, Makro completed its acquisition of Lotus's.</li> <li>• On 22 December, the Company allocated the newly issued ordinary shares up to 770,000,000 shares with a par value of THB 0.50 each to the public and completed the registration of change in paid-up share capital from the previous paid-up share capital amount of THB 4,905,161,750, increased by THB 385,000,000, to the aggregate paid-up share capital amount of THB 5,290,161,750.</li> </ul>
2022	<ul style="list-style-type: none"> <li>• In March, Lotus's Thailand launched a new online shopping platform "Lotus's SMART Application" along with membership system "My Lotus's".</li> <li>• In November, Lotus's Thailand opened a prototype SMART Community Center at North Ratchaphruek to support smart lifestyles in every dimension of every generation.</li> <li>• Integrating and developing Makro's online ordering services "MakroClick" to new online platforms "Makro PRO" to meet the demand of online customers in all dimensions.</li> </ul>
2023	<ul style="list-style-type: none"> <li>• In January, Lotus introduced its new brand, Lotus Privé, a premium hypermarket, to meet the lifestyle needs of customers who seek products of exceptional quality yet still worthwhile.</li> <li>• In April, the 2023 Annual General Meeting of Shareholders resolved to approve the change of the Company's name from Siam Makro Public Company to CP Aextra Public Company Limited and the change of the securities symbol from MAKRO to CPAXT. The process of changing the Company's name and the securities symbol has been completed in June.</li> <li>• In July, the Company opened the first unmanned smart store at Lotus's North Ratchaphruek to drive the transformation of retail business towards digitalization.</li> <li>• In August, Lotus's Eatery was launched, a stand alone food court, designed as a destination for high quality food.</li> <li>• Launching a new wholesale service combines the strengths of Makro and Lotus's for entrepreneurs and consumers in Samut Prakan and Nakhon Sawan provinces in the fourth quarter.</li> </ul>

Source: Form 56-1 One Report 2023 of CPAXT

## 2. The Business Nature

The Company has revenue from business operations which can be divided into 2 groups as follows:

### 2.1 The Wholesale Business

Wholesale business is divided into two business segments:

- **Cash and Carry:** The Cash and Carry store is the core business under the name “Makro” both in Thailand (Makro-Thailand Business) and overseas (Makro-International Business) a licensee under CPALL—the Company’s major shareholder. As of December 31, 2022, the Company operated 160 stores in Thailand, 4 stores in Cambodia, 3 stores in India (under the brand “LOTS Wholesale Solutions”), 1 store in Myanmar. The Company’s Cash and Carry business focuses on general consumer goods, including fresh food, dry food, and non-food products, either under third-party brand names or Makro private labels, to three main target groups: retailers, HoReCa operators, and service business operators.
- **Foodservice:** The foodservice business focuses on the import-export and distribution of premium food products along with food and delivery services. As of December 31, 2023, the foodservice business operated in 7 countries: Thailand, Cambodia, Vietnam, Singapore, Hong Kong, Oman and the United Arab Emirates. The business provides premium imported products different from those customarily sold in Makro’s stores. The target customer groups, diversity, and price ranges are also different. The main target customers are 4 - 5 star hotels, fine dining and high- end restaurants, airline businesses, retail stores, and e-commerce companies.

The Company believes it has excellent expertise in sourcing and selecting premium products from excellent quality sources. The business provides the following main products: Bakery and Pastries, Beverages, Charcuterie (Processed products made from pork), Dairy products, High-quality food and ready meals (fine dining and delicatessen), Vegetables and fruits, Consumer goods, Meat, Plant-based foods, Seafood, Snacks and bite-sized meals.

The foodservice business sells more than 100 brands under the high bars of international food safety and quality control standards. In addition to premium brands, the business also sells private label products under the Company’s trademark as alternatives for customers. This includes charcuterie, under “Carne Meats”, seafood under “Ocean Gems”, and Halal dim sum under “Master Piece’s”. The products are also sold through the Company’s Cash and Carry stores. In addition, the foodservice business also provides consulting services, providing product packages adjustable to the customers’ needs, providing complete food solutions for entrepreneurs, food-related businesses, Company customers, and business partners, for the growth of everyone.

### 2.2 Retail business under the name Lotus’s in Thailand and Malaysia

Lotus’s operates retail and mall rental space management in Thailand through Lotus’s Thailand, a holding company of its subsidiary—Ek-Chai. Lotus’s is a leading retailer with multiple distribution channels, considering store space and market share in Thailand. As of December 31, 2023, Lotus’s had 2,454 stores in 75 out of 77 provinces across Thailand, consisting of 226 hypermarkets, 178 supermarkets, and 2,050 mini- supermarkets. Retail business of Lotus’s maintains stability nationwide, supported by a robust supply chain system and efficient distribution and logistics network. Lotus’s retail business is built on brand equity strength with strategies proven to generate profitable growth through business operations. In addition, Lotus’s growth is driven by ongoing investment projects in the following areas:



- Enhancing the quality of products and services at worthwhile prices.
- Renovating and modernizing stores, as well as implementing innovative technological systems to optimize operational efficiency of Lotus's and enhance customer convenience.
- Expanding the branch network to extend coverage across additional regions in Thailand and diversifying distribution channels through the deployment of automatic vending machines.
- The launch of Lotus's Thailand online distribution platform (Lotus's SMART Application) in March 2022 has significantly accelerated sales growth through online channels, leveraging a network of over 2,400 stores nationwide. This initiative includes efficiency improvements and collaborations with popular online platforms such as Grab Food, Panda, Shopee, Lazada, 7Market, and TikTok Shop to expand product sales points for consumers.
- In addition, the Company will strengthen its core business by expanding into complementary sectors such as coffee shops and food and beverage chains (Coffee and Café Chains), including the Jungle Café and Arabitia brands, and establishing collaborations with the retail division of companies in Charoen Pokphand Group. This strategic move aims to broaden the range of product offerings.

For the year 2021 - 2023, total revenue of the business group by business category are as follows:

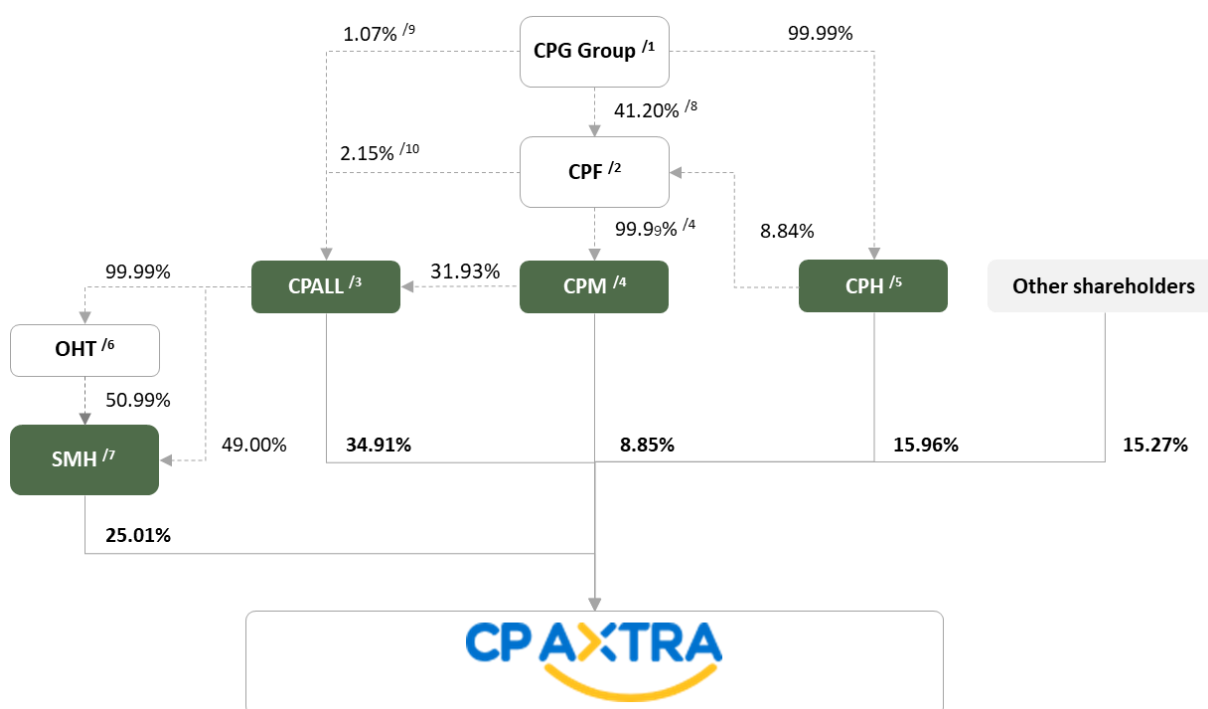
Items	For the year ending December 31,					
	2021 <sup>/1</sup>		2022		2023	
	THB Million	%	THB Million	%	THB Million	%
<b>Wholesale Business</b>						
<b>Wholesale store</b>	<b>220,101</b>	<b>50.8</b>	<b>239,484</b>	<b>51.1</b>	<b>257,068</b>	<b>52.5</b>
Thailand	213,639	49.4	231,245	49.3	247,683	50.6
International	6,462	1.4	8,239	1.8	9,385	1.9
<b>Food Service</b>	<b>5,170</b>	<b>1.2</b>	<b>7,194</b>	<b>1.5</b>	<b>7,549</b>	<b>1.5</b>
Other Income <sup>/2</sup>	987	0.2	1,401	0.3	1,440	0.3
<b>Total Revenue - Wholesale Business</b>	<b>226,258</b>	<b>52.2</b>	<b>248,079</b>	<b>52.9</b>	<b>266,057</b>	<b>54.3</b>
<b>Retail Business</b>						
Lotus's Thailand	168,620	38.9	179,870	38.3	184,610	37.7
Lotus's Malaysia	36,012	8.3	37,909	8.1	36,728	7.5
Other Income <sup>/3</sup>	2,835	0.6	3,273	0.7	2,554	0.5
<b>Total Revenue - Retail Business</b>	<b>207,467</b>	<b>47.8</b>	<b>221,052</b>	<b>47.1</b>	<b>223,892</b>	<b>45.7</b>
<b>Total</b>	<b>433,725</b>	<b>100.0</b>	<b>469,131</b>	<b>100.0</b>	<b>489,949</b>	<b>100</b>

Remark: /1 The pro forma consolidated financial information for the retail business is presented under the assumption that CPRD acquired Lotus's Thailand, which held a 99.9% stake in Ek-Chai and Lotus's Malaysia, effective January 1, 2021. Therefore, the total revenue for 2021 mentioned above may differ from the figure specified in the Company's audited consolidated financial statements for the year ending December 31, 2021.

/2 Other incomes of Wholesale business include last-mile delivery service, waste sales revenue, Revenue from rental and rendering retail service, and interest income.

/3 Other incomes of Retail business include foreign exchange gains (losses), revenue from rendering of services, net derivatives gains and interest income.

### 3. Shareholders



Source: CPAXT's list of shareholders as of August 22, 2023, CPALL's list of shareholders as of December 31, 2023, and CPF's list of shareholders as of December 31, 2023.

- Remark: /1 CPG means Charoen Pokphand Group Company Limited  
 /2 CPF means Charoen Pokphand Foods Public Company Limited  
 /3 CPALL means CP ALL Public Company Limited  
 /4 CPM means C.P. Merchandising Company Limited which CPF direct and indirect holding shares in CPM total of 99.99%  
 /5 CPH means Charoen Pokphand Holding Company Limited  
 /6 OHT means OTH Company Limited  
 /7 SMH means Siam Makro Holding Company Limited  
 /8 CPG Group's shareholding in CPF includes the shareholding of CPG Group's companies in CPF (except CPH), which is reported in accordance with Sections 246 and 247 of the SEC Act.  
 /9 CPG Group's shareholding in CPALL includes the shareholding of CPG Group's subsidiaries in CPALL  
 /10 CPF's shareholding in CPALL includes the shareholding of CPF's subsidiaries in CPALL (except CPM).

### 4. Board of Directors

As of December 31, 2023, the Company's Board of Directors are as follows:

**List of Board of Directors**

No.	Name	Position
1	Mr. Suphachai Chearavanont	Chairman of the Board of Directors
2	Mr. Ralph Robert Tye	Independent Director/ Chairman of the Audit Committee
3	Mr. Rawat Chamchalerm	Independent Director/ Chairman of the Corporate Governance and Sustainable Development Committee
4	Mrs. Kannika Ngamsopee	Independent Director/ Member of the Audit Committee
5	Mr. Jukr Boon-Long	Independent Director/ Member of the Audit Committee/ Member of the Corporate Governance and Sustainable Development Committee / Member of the Nomination and Remuneration Committee

No.	Name	Position
6	Mr. Prasobsook Boondech	Independent Director/ Chairman of the Nomination and Remuneration Committee
7	Mr. Korsak Chairasmisak	Director/ First Vice Chairman/ Member of the Nomination and Remuneration Committee
8	Mr. Tanin Buranamanit	Director/ Second Vice Chairman/ Group Chief Executive Officer
9	Mr. Prasert Jarupanich	Director
10	Mr. Pittaya Jearavisitkul	Director
11	Mr. Piyawat Titasattavorakul	Director
12	Mr. Narong Chearavanont	Director
13	Mr. Adirek Sripratak	Director
14	Mr. Umroong Sanphasitvong	Director/ Member of the Corporate Governance and Sustainable Development Committee
15	Mrs. Saowaluck Thithapant	Director/ Group Chief Executive Officer - Makro Business/ Group Chief Financial Officer

Source: CPAXT

## 5. Executive Officers

As of December 31, 2023, the Company's executive officers are as follows:

### The Company's executive officers

No.	Name	Position
1	Mr. Tanin Buranamanit	Group Chief Executive Officer
2	Mrs. Saowaluck Thithapant	Group Chief Executive Officer - Makro Business, and Group Chief Finance Officer
3	Mr. Sompong Rungnirattisai	Group Chief Property Officer
4	Mr. Tarin Thaniyavarn	Group Chief E-Commerce and Logistics Officer
5	Mr. Tanit Chearavanont	Group Chief International Expansion Officer
6	Mr. Paul Stephen Howe	Group Chief Information Technology Officer

Source: CPAXT

## 6. Summary of Financial Position and Operating Results

Financial information according to the consolidated financial statements of the Company for the year ending December 31, 2021 - 2023, which has been audited by KPMG Phoomchai Audit Company Limited, has details summarized as follows:

### Summary of the Financial Position for the Year 2021 - 2023

CP Aextra Public Company Limited	As of December 31,		
Balance Sheet (Unit: THB Million)	2021	2022	2023
Cash and cash equivalents	68,529	40,103	31,707
Trade accounts receivable	2,302	2,431	2,303
Other current receivables	1,985	1,818	1,742
Inventories	31,967	37,820	35,884
Purchase discount receivables	3,776	4,293	4,111
Investments in associates, joint ventures, and related companies	14,310	14,960	15,253
Investment properties	45,268	43,910	44,314
Property, plant and equipment	118,443	118,115	115,574

<b>CP Aextra Public Company Limited</b>	<b>As of December 31,</b>		
<b>Balance Sheet (Unit: THB Million)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Right-of-use assets	36,831	37,167	39,751
Goodwill	234,736	234,736	234,736
Other intangible assets other than goodwill	8,060	10,521	10,983
Other assets	3,283	2,769	4,013
<b>Total assets</b>	<b>569,490</b>	<b>548,643</b>	<b>540,371</b>
Short-term borrowings from financial institutions	29,198	1,637	2,382
Trade accounts payable to other parties and related parties	60,235	61,818	67,136
Other current payables to other parties and related parties	14,237	11,869	11,873
Corporate income tax payable	1,126	954	971
Debentures	-	23,466	69,919
Long-term borrowings from financial institutions	107,121	86,559	23,884
Lease liabilities	47,974	48,879	51,740
Rental deposit from tenants	2,475	1,825	1,536
Provisions for employee benefits	2,570	2,550	2,667
Other non-current provisions	2,395	2,341	2,426
Other liabilities	13,661	15,814	12,365
<b>Total liabilities</b>	<b>280,992</b>	<b>257,712</b>	<b>246,899</b>
Issued and paid-up share capital	5,290	5,290	5,290
Premium on ordinary shares	263,882	263,882	263,882
Deficit from changes in ownership interests in subsidiary	(20)	(20)	(20)
Deficit from acquisition of interests under common control	(6,714)	(6,714)	(6,714)
Retained earnings			
- Appropriated - Legal reserve	240	558	558
- Unappropriated	25,459	27,627	30,852
Other components of equity	(140)	(275)	(930)
<b>Equity attributable to equity holders of the Company</b>	<b>287,997</b>	<b>290,348</b>	<b>292,918</b>
Non-controlling interests	501	583	554
<b>Total equity</b>	<b>288,498</b>	<b>290,931</b>	<b>293,472</b>
<b>Total liabilities and equity</b>	<b>569,490</b>	<b>548,643</b>	<b>540,371</b>

Source: The Company's consolidated financial statements for 2021 to 2023, which have been audited by a certified auditor.

#### Summary of Operating Results for the Year 2021 - 2023

<b>CP Aextra Public Company Limited</b>	<b>For the year ending December 31,</b>		
<b>Income Statement (Unit: THB Million)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Revenue from sale of goods	258,630	447,182	466,234
Revenue from rendering of services	4,136	5,422	5,935
Revenue from rental and rendering retail services	2,631	13,477	14,303
Other income	970	3,050	3,477
<b>Total income</b>	<b>266,367</b>	<b>469,131</b>	<b>489,949</b>
Cost of sale of goods	(228,338)	(383,605)	(401,893)
Cost of rental and rendering of services	(1,046)	(5,982)	(6,381)
Distribution costs	(19,149)	(48,364)	(50,362)
Administrative expenses	(7,340)	(14,478)	(14,606)
<b>Total expenses</b>	<b>(255,873)</b>	<b>(452,429)</b>	<b>(473,242)</b>
<b>Profit from operating activities</b>	<b>10,494</b>	<b>16,702</b>	<b>16,707</b>
Gain on step acquisition	6,714	-	-
Share of profit (Loss) of associates and joint ventures accounted for using equity method	(226)	831	746

CP Aextra Public Company Limited	For the year ending December 31,		
Income Statement (Unit: THB Million)	2021	2022	2023
<b>Profit before finance costs and income tax expense</b>	<b>16,982</b>	<b>17,533</b>	<b>17,453</b>
Finance costs	(1,557)	(7,122)	(6,319)
<b>Profit before income tax expense</b>	<b>15,425</b>	<b>10,411</b>	<b>11,134</b>
Income tax expense	(2,127)	(2,729)	(2,535)
<b>Profit for the year</b>	<b>13,298</b>	<b>7,682</b>	<b>8,599</b>
- Equity holders of the Company	13,687	7,697	8,640
- Former shareholders before business restructuring	(375)	-	-
- Non-controlling interests	(14)	(15)	(41)

Source: The Company's consolidated financial statements for 2021 to 2023, which have been audited by a certified auditor.

### Summary of Cash Flows Statement for the Year 2021 - 2023

CP Aextra Public Company Limited	For the year ending December 31,		
Cash Flows Statement (Unit: THB Million)	2021	2022	2023
Net cash from operating activities	16,769	22,014	34,863
Net cash (used in) from investing activities	14,965	(17,164)	(14,239)
Net cash (used in) from financing activities	26,461	(32,955)	(28,552)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>58,045</b>	<b>(28,426)</b>	<b>(8,396)</b>

Source: The Company's consolidated financial statements for 2021 to 2023, which have been audited by a certified auditor.

### Key Financial Ratios for the Year 2021 - 2023

CP Aextra Public Company Limited	Unit	2021	2022	2023
<b>Key Financial Ratios</b>				
<b>Liquidity Ratio</b>				
Current Ratio	times	0.9	1.0	0.6
Quick Ratio	times	0.6	0.5	0.3
Cash flow liquidity ratio	times	0.2	0.2	0.3
Account Receivable Turnover Ratio	times	140.1	165.5	179.2
Average Collection Period	days	2.6	2.2	2.0
Inventory Turnover Ratio	times	9.5	10.6	10.5
Average inventory days	days	37.8	34.1	34.2
Accounts payable turnover Ratio	times	5.2	6.3	6.2
Average accounts payable days	days	69.5	57.3	57.8
Cash cycle	days	(29.2)	(21.0)	(21.5)
<b>Profitability Ratios</b>				
Gross profit margin	%	11.7	14.2	13.8
Operating margin	%	4.1	3.7	3.6
Other profit margin	%	0.4	0.7	0.7
Cash flow to income ratio	%	159.8	131.8	208.7
Net profit margin	%	5.0	1.6	1.8
Return on equity	%	8.8	2.7	3.0
<b>Efficiency Ratios</b>				
Return on total assets	%	3.6	1.4	1.6
Return on fixed assets	%	22.3	15.1	15.9
Total asset turnover	times	0.7	0.8	0.9
<b>Financial Policy Ratios</b>				
Interest-bearing debt to equity <sup>/1</sup>	times	0.6	0.6	0.5
Net interest-bearing debt to equity <sup>/1</sup>	times	0.4	0.4	0.4
Debt to equity	times	1.0	0.9	0.8

CP Axta Public Company Limited	Unit	2021	2022	2023
<b>Key Financial Ratios</b>				
Interest coverage ratio	times	72.5	8.6	9.1
Obligation coverage ratio (cash basis)	times	0.7	7.3	1.2
Dividend payout ratio	%	40.0	70.1	69.8

Source: CPAXT

Remark: /1 Interest-bearing debt = Short-term borrowings from financial institutions + Current portion of debentures + Current portion of long-term borrowings from financial institutions + Current portion of lease liabilities + Debentures + Long-term borrowings from financial institutions + Lease liabilities

## Management Discussion and Analysis of the Company's Operating Results and Financial Status

### Operating Results

#### Revenue from sale of goods

For the year 2021 - 2023, the Company and its subsidiaries had sales revenue of THB 258,630 million, THB 447,182 million, and THB 466,234 million, respectively. The sales revenue consisted of 2 categories: wholesale business and retail business. The details were as follows:

#### Revenue Structure of the Company for the Year 2021 - 2023

Items	For the year ending December 31,					
	2021		2022		2023	
	THB Million	%	THB Million	%	THB Million	%
<b>Sales</b>	<b>258,630</b>	<b>100.0</b>	<b>447,182</b>	<b>100.0</b>	<b>466,234</b>	<b>100.0</b>
Wholesale business <sup>/1</sup>	221,344	85.6	242,437	54.2	259,811	55.7
Retail business <sup>/2</sup>	37,286 <sup>/3</sup>	14.4	204,745	45.8	206,423	44.3

Source: CPAXT

Remark: /1 Consisting of Makro-Thailand, Makro-International, and Food Service APME

/2 Consisting of retail businesses under "Lotus's" and malls business in Thailand and Malaysia (Lotus's Thailand and Lotus's Malaysia)

/3 For the year ending December 31, 2021, CPAXT has included the operating results of retail business from October 25, 2021 - December 31, 2021

For the year 2022, the Company and its subsidiaries had sales revenue of THB 447,182 million, equivalent to an increase of THB 188,552 million or 72.9% growth from the previous year. The main reason was the business combination of the retail business group since October 25, 2021, and increase of sales revenue from wholesale business of THB 21,093 million or 9.5% growth from Makro-Thailand, Makro-International as well as Foodservice APME because of a recovery from the reopening of international borders in core operating countries alongside less rigorous travel restrictions in the Asia-Pacific market.

For the year 2023, the Company and its subsidiaries had sales revenue of THB 466,234 million, equivalent to an increase of THB 19,052 million or 4.3% growth from the previous year. The main reason was the increase of sales revenue from wholesale business of 7.2% growth from the previous year due to an increase in sales of in-store, and online, out-store along with delivery products to customers ("Omni Channel") of Makro-Thailand, as well as an expansion of Makro-International and Foodservice APME businesses. Meanwhile, the retail business' sales revenue was 0.8% growth from the previous year.

### **Revenue from rental and rendering retail service and other revenue**

For the year 2021 - 2023, the Company and its subsidiaries had revenue from rental and rendering retail services of THB 2,631 million, THB 13,477 million, and THB 14,303 million, respectively. Additionally, for the year 2021 – 2023, the Company and its subsidiaries had revenue from rendering of services and other income of THB 5,106 million, THB 8,472 million, and THB 9,412 million, respectively.

For the year 2022, the Company and its subsidiaries had revenue from rental and rendering retail services of THB 13,477 million and revenue from rendering of services and other income of THB 8,472 million, totaling THB 21,949 million, equivalent to an increase of THB 14,212 million or 183.7% growth from the previous year. The main reason was an increase of revenue from rental and rendering retail services from retail business of THB 10,750 million.

For the year 2023, the Company and its subsidiaries had revenue from rental and rendering retail services of THB 14,303 million and revenue from rendering of services and other income of THB 9,412 million, totaling THB 23,715 million, equivalent to an increase of THB 1,766 million or 8.0% growth from the previous year. The main reason was an increase of revenue from rental and rendering retail services from retail business of THB 752 million resulting from an increase in rental rate, an increase in rental space from malls extension, as well as an increase of revenues from rendering of services and other income from wholesale business of THB 530 million from sales promotion activities, and other income from an accounting gain from foreign exchange forward contracts related to loan prepayment from financial institutions of the retail business.

### **Gross profit from sales revenue**

For the year 2021 - 2023, the Company and its subsidiaries had gross profit of THB 30,292 million, THB 63,577 million, and THB 64,341 million, respectively.

For the year 2022, the Company and its subsidiaries had gross profit margin of 14.2% of total sales, increased from gross profit margin of 11.7% from the previous year. The main reason was the business combination of retail business group which had gross profit margin of 18.6%.

For the year 2023, the Company and its subsidiaries had gross profit margin of 13.8% of total sales, decreased from gross profit margin of 14.2% from the previous year. The main reason was that the retail business had gross profit margin of 18.0%, decreased from 18.6% of the previous year. Meanwhile, the wholesale business had a slight decrease of gross profit margin from the previous year.

### **Cost of rental and rendering of service**

For the year 2021 - 2023, the Company and its subsidiaries had cost of rental and rendering of service of THB 1,046 million, THB 5,982 million, and THB 6,381 million, respectively.

For the year 2022, the Company and its subsidiaries had cost of rental and rendering of service of THB 5,982 million, equivalent to an increase of THB 4,936 million or 472.1% growth from the previous year. The main reason was the business combination of retail business group since October 25, 2021.

For the year 2023, the Company and its subsidiaries had cost of rental and rendering of service of THB 6,381 million, equivalent to an increase of THB 399 million or 6.7% growth from the previous year, which was consistent with an increase of revenue from rental and rendering retail service resulting from an increase in rental space. The Company and its subsidiaries had gross profit from rental and rendering retail services of THB 7,922 million, equivalent to an increase of THB 427 million or 5.7%

growth from the previous year. The gross profit margin was 55.4% of rental and rendering retail services revenue.

#### **Distribution costs and administrative expenses**

For the year 2021 - 2023, the Company and its subsidiaries had total distribution costs and administrative expenses of THB 26,489 million, THB 62,842 million, and THB 64,968 million, respectively.

For the year 2022, the Company and its subsidiaries had total distribution costs and administrative expenses of THB 62,842 million, equivalent to an increase of THB 36,353 million or 137.2% growth from the previous year. This was the result of an increase of distribution costs and administrative expenses from retail business of THB 33,560 million. Meanwhile, such expenses from wholesale business increased for THB 2,793 million. The main reason of the increase in distribution costs and administrative expenses due to a higher operational expenditure along with a number of new stores, delivery costs from the sales growth of online channels, a full-charge land and building taxes compared to the previous year rate of only 10.0%, expenses increased from growth of online and out-store along with delivery products to customers and related costs to support the continuous business, which comprised of online and delivery's facility improvement. Moreover, the utilities bill increased mostly due to a change in an energy adjustment charge ("FT") during the end of 2022.

For the year 2023, the Company and its subsidiaries had total distribution costs and administrative expenses of THB 64,968 million, equivalent to an increase of THB 2,126 million or 3.4% growth from the previous year. The main reason was an increase in distribution costs and administrative expenses from wholesale business, which mainly as a result of higher operating expenses from opening new stores, the expense associated with a growth in Omni Channel sales from changing consumer behavior, higher electricity expenses from FT adjustments, as well as incurred costs prior to the commencement of operations of the new distribution center. Whereas the retail business recorded lower distribution costs and administrative expenses from the efficient development of its IT system.

#### **Net profit attributable to shareholders of the Company**

For the year 2021 - 2023, the Company and its subsidiaries had net profit attributable to shareholders of the Company of THB 13,687 million, THB 7,697 million, and THB 8,640 million, respectively.

For the year 2022, the Company and its subsidiaries had net profit attributable to shareholders of the Company of THB 7,697 million, equivalent to a decrease of THB 5,990 million or 43.8% declined from the previous year. Such profit included an accounting gain on step acquisition of retail business group since October 2021. Regardless of the non-recurring item mentioned above, net profit surged by 10.4% from 2021, with wholesale business of THB 7,074 million, or an increase of 7.6% growth from the previous year, and retail business of THB 623 million.

For the year 2023, the Company and its subsidiaries had net profit attributable to shareholders of the Company of THB 8,640 million, equivalent to an increase of THB 943 million or 12.3% growth from the previous year. The main reason was lower borrowing costs as a result of debt restructuring. With the exception of an early amortization of the upfront fee and operating loss from forward exchange contracts related to loan prepayments in an amount of THB 99 million (net income tax) and losses on disposal of store assets from wholesale business in China in an amount of THB 38 million, the core profit in 2023 will be reported at THB 8,777 million, or an increase of 14.0% over the last year.



## **Financial position**

### **Asset**

As of 31 December 2021 - 2023, the Company and its subsidiaries had total assets of THB 569,490 million, THB 548,643 million, and THB 540,371 million, respectively.

As of 31 December 2022, total assets of the Company and its subsidiaries decreased for THB 20,847 million, equivalent to a decrease of 3.7% from the year 2021. The main reason was the decrease in cash and cash equivalents due to the subsidiaries' loan repayment to financial institution, investment in store expansion, new retail business' IT system development to replace the existing system which was mandatorily terminated by condition of business acquisition, payment of goods, and dividend payment during the year. In addition, inventory increased for THB 5,853 million due to stocking piling for the festive seasons compared to the previous year.

As of 31 December 2023, total assets of the Company and its subsidiaries decreased for THB 8,272 million, equivalent to a decrease of 1.5% from the year 2022. The main reason was the decrease in cash and cash equivalents due to a subsidiary's loan repayment and interests to financial institutions of the retail business and investments related to store expansion, and a new distribution center.

### **Liability**

As of 31 December 2021 - 2023, the Company and its subsidiaries had total liabilities of THB 280,992 million, THB 257,712 million, and THB 246,899 million, respectively.

As of 31 December 2022, total liabilities of the Company and its subsidiaries decreased for THB 23,280 million, equivalent to a decrease of 8.3% from the year 2021. The main reason was the decrease in interest-bearing debt of THB 24,657 million in interest-bearing debts as repayments of borrowings from financial institutions. In addition, the subsidiary issued debentures to prepay the long-term loans in advance of their due date.

As of 31 December 2023, total liabilities of the Company and its subsidiaries decreased for THB 10,813 million, equivalent to a decrease of 4.2% from the year 2022. The main reason was repayments of borrowing from financial institutions of the retail business.

### **Shareholder's equity**

As of 31 December 2021 - 2023, the Company and its subsidiaries had total shareholder's equity of THB 288,498 million, THB 290,931 million, and THB 293,472 million, respectively. The changes of shareholder's equity caused by performance of the Company and its subsidiaries, and dividend payment to shareholders of the Company.

### **Liquidity**

As of 31 December 2021 - 2023, the Company and its subsidiaries had cash and cash equivalents of THB 68,529 million, THB 40,103 million, and THB 31,707 million, respectively. In overall, the Company and its subsidiaries have strong financial position, and sufficient cash for operation and debt repayment in the future.

For the year 2021 - 2023, the Company and its subsidiaries had net cash received from operating activities of THB 16,769 million, THB 22,014 million, and THB 34,863 million, respectively. Such value was caused by performance and changed in assets and liabilities used for the operation of the Company such as account receivables and other receivables, inventory, account payables, and other payables, etc.

For the year 2021 - 2023, the Company and its subsidiaries had net cash received from (used in) investing activities of THB 14,965 million, THB (17,164) million, and THB (14,239) million, respectively. Such value was caused by investment in fixed assets such as investment properties, land, buildings, and equipment, right of use assets, intangible assets, and investment in other companies and related companies.

For the year 2021 - 2023, the Company and its subsidiaries had net cash received from (used in) financing activities of THB 26,461 million, THB (32,955) million, and THB (28,552) million, respectively. Such value was caused by engaging in loan agreements with financial institutions, issuance of bonds, repayment of lease agreements, and dividend payment to shareholders of the Company.

## Appendix 2: Summarized Information of Ek-Chai Distribution System Company Limited

### 1. The Background of Ek-Chai Distribution System Company Limited

Company Name	: Ek-Chai Distribution System Company Limited (“Ek-Chai”)
Nature of business	: Consumer products retail business and mall rental space management business
Head Office:	: 629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Company Register No.	: 0105536092641
Issued and paid-up share capital	: THB 5,137,500,050 divided into 513,750,005 ordinary shares with a par value of THB 10 per share
Website	: www.corporate.lotuss.com

The background and selected key milestones of Ek-Chai are disclosed in Appendix 1, “Selected key milestones of the Company Group” of this report.

### 2. The Business Nature

Ek-Chai operates retail and mall rental space management business throughout Thailand under "Lotus's," which is considered a leading retailer with multiple distribution channels, considering store space and market share in Thailand. As of December 31, 2023, Lotus's had 2,454 stores in 75 out of 77 provinces across Thailand, consisting of 226 hypermarkets, 178 supermarkets, and 2,050 mini-supermarkets. Retail business of Lotus's maintains stability nationwide, supported by a robust supply chain system and efficient distribution and logistics network. Lotus's retail business is built on brand equity strength with strategies proven to generate profitable growth through business operations. In addition, Lotus's growth is driven by ongoing investment projects in the following areas:

- Enhancing the quality of products and services at worthwhile prices.
- Renovating and modernizing stores, as well as implementing innovative technological systems to optimize operational efficiency of Lotus's and enhance customer convenience.
- Expanding the branch network to extend coverage across additional regions in Thailand and diversifying distribution channels through the deployment of automatic vending machines.
- The launch of Lotus's Thailand online distribution platform (Lotus's SMART Application) in March 2022 has significantly accelerated sales growth through online channels, leveraging a network of over 2,400 stores nationwide. This initiative includes efficiency improvements and collaborations with popular online platforms such as Grab Food, Panda, Shopee, Lazada, 7Market, and TikTok Shop to expand product sales points for consumers.
- In addition, the Company will strengthen its core business by expanding into complementary sectors such as coffee shops and food and beverage chains (Coffee and Café Chains), including the Jungle Café and Arabitua brands, and establishing collaborations with the retail division of companies in Charoen Pokphand Group. This strategic move aims to broaden the range of product offerings.

### 3. Shareholders

#### Shareholder List of Ek-Chai

No.	Name	No. of share	
		Shares	%
1	Lotus's Stores (Thailand) Company Limited	513,750,003	100.00
2	Mr. Narong Chearavanont	1	0.00
3	Mr. Suphachai Chearavanont	1	0.00
<b>Total</b>		<b>513,750,005</b>	<b>100.00</b>

Source: BOL as of February 11, 2024

#### 4. Board of Directors

##### Ek-Chai's List of Board of Directors

No.	Name	Position
1	Mr. Sompong Rungnirattisai	Director
2	Miss Piangpis Chatwiriychai	Director
3	Mr. Tanin Buranamanit	Director
4	Mr. Ronnakitt Pojamarnpornchai	Director

Source: BOL as of February 11, 2024

#### 5. Summary of Financial Position and Operating Results

Financial information according to the consolidated financial statements of the Company for the year ending December 31, 2021 has been audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited and for the year ending December 31, 2022 - 2023 has been audited by KPMG Phoomchai Audit Company Limited, has details summarized as follows:

##### Summary of Ek-Chai's Financial Position for the Year 2021 - 2023

Ek-Chai Distribution System Company Limited	As of December 31,		
	2021	2022	2023
<b>Balance Sheet (Unit: THB Million)</b>			
Cash and cash equivalents	17,955	18,122	18,436
Trade accounts receivable	709	771	558
Other current receivables	863	1,651	669
Short-term loans to subsidiaries	1,000	-	-
Inventories	13,274	15,374	13,990
Purchase discount receivables	1,497	1,776	1,897
Investments in associates	10,946	10,859	9,317
Investments in joint ventures	4,476	4,935	5,303
Investments in related companies	295	573	468
Long-term loans to related parties	26,719	27,719	-
Investment properties	29,482	29,390	29,867
Property, plant and equipment	58,098	55,943	52,335
Right-of-use assets	28,559	28,158	27,695
Intangible assets	4,823	6,843	7,236
Other assets	1,346	1,248	1,946
<b>Total assets</b>	<b>200,042</b>	<b>203,362</b>	<b>169,717</b>
Trade accounts payable to other parties	21,230	21,520	22,230
Trade accounts payable to related parties	2,783	2,774	3,286
Other current payables to other parties	10,033	6,341	5,642
Other current payables to related parties	706	1,235	1,040
Accrued expenses	2,509	3,044	2,410
Current portion of debentures	-	-	17,641
Current portion of lease liabilities	2,213	2,306	3,479
Derivative liabilities	703	2,664	-
Debentures	-	23,466	37,296
Long-term borrowings from financial institutions	82,018	61,808	-
Lease liabilities	30,622	30,692	30,462
Rental deposit from tenants	2,032	1,389	1,288
Provisions for employee benefits	1,364	1,363	1,424
Other non-current provisions	2,299	2,244	2,245

Ek-Chai Distribution System Company Limited	As of December 31,		
Balance Sheet (Unit: THB Million)	2021	2022	2023
Other liabilities	2,068	2,323	2,567
<b>Total liabilities</b>	<b>160,580</b>	<b>163,169</b>	<b>131,010</b>
Issued and paid-up share capital	5,138	5,138	5,138
Retained earnings	35,093	35,318	33,530
Other components of equity	(769)	(263)	39
<b>Equity attributable to equity holders of Ek-Chai</b>	<b>39,462</b>	<b>40,193</b>	<b>38,707</b>
Non-controlling interests	-	-	-
<b>Total equity</b>	<b>39,462</b>	<b>40,193</b>	<b>38,707</b>
<b>Total liabilities and equity</b>	<b>200,042</b>	<b>203,362</b>	<b>169,717</b>

Source: Ek-Chai's consolidated financial statements for 2021 to 2023, which have been audited by a certified auditor.

#### Summary of Ek-Chai's Operating Results for the Year 2021 - 2023

Ek-Chai Distribution System Company Limited	For the year ending December 31,		
Income Statement (Unit: THB Million)	2021 <sup>/1</sup>	2022	2023
Revenue from sale of goods	134,437	169,094	172,479
Revenue from rendering of services	462	704	665
Revenue from rental and rendering retail services	7,704	10,786	11,494
Cost of sale of goods	(109,702)	(137,703)	(141,742)
Cost of rental and rendering of services	(3,955)	(5,078)	(5,479)
<b>Gross profit</b>	<b>28,946</b>	<b>37,803</b>	<b>37,417</b>
Other income	2,348	3,207	2,185
Distribution costs	(21,119)	(28,387)	(27,694)
Administrative expenses	(4,042)	(6,501)	(8,030) <sup>/2</sup>
<b>Profit (Loss) from operating activities</b>	<b>6,133</b>	<b>6,122</b>	<b>3,878</b>
Share of profit of associates and joint ventures accounted for using equity method	717	832	746
<b>Profit before finance costs and income tax expense</b>	<b>6,850</b>	<b>6,954</b>	<b>4,624</b>
Finance costs	(1,395)	(4,986)	(3,958)
<b>Profit before income tax expense</b>	<b>5,455</b>	<b>1,968</b>	<b>666</b>
Income tax expense	(892)	(293)	(389)
<b>Profit for the year</b>	<b>4,563</b>	<b>1,675</b>	<b>277</b>

Source: Ek-Chai's consolidated financial statements for 2021 to 2023, which have been audited by a certified auditor.

Remark: /1 For the period from March 1, 2021 - December 31, 2021

/2 Administrative expenses for the year 2023 included allowance for impairment of investments in an associate which has no impact on Ek-Chai's consolidated financial statements

#### Summary of Ek-Chai's Cash flows Statement for the Year 2021 - 2023

Ek-Chai Distribution System Company Limited	For the year ending December 31,		
Cash Flows Statement (Unit: THB Million)	2021 <sup>/1</sup>	2021 <sup>/1</sup>	2021 <sup>/1</sup>
Net cash generated from operating	12,317	11,310	17,638
Net cash generated (used) in investing activities	(12,653)	(11,355)	21,773
Net cash generated (used) in financing activities	(3,585)	212	(39,097)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,921)</b>	<b>167</b>	<b>314</b>

Source: Ek-Chai's consolidated financial statements for 2021 to 2023, which have been audited by a certified auditor.

Remark: /1 For the period from March 1, 2021 - December 31, 2021

**Key Financial Ratios of Ek-Chai for the year 2021 - 2023**

<b>Ek-Chai Distribution System Company Limited</b>				
<b>Key Financial Ratios</b>	<b>Unit</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Liquidity Ratios</b>				
Current ratio	times	0.9	0.9	0.6
Quick ratio	times	0.5	0.5	0.3
Accounts receivable turnover	times	187.0	244.1	278.0
Average collection period	days	2.0	1.5	1.3
Inventory turnover	times	9.8	10.0	10.0
Average inventory days	days	37.2	36.6	36.4
Accounts payable turnover	times	5.0	5.9	5.9
Average accounts payable days	days	72.4	61.7	61.8
Cash cycle	days	(33.2)	(23.6)	(24.0)
<b>Profitability Ratios</b>				
Gross profit margin	%	20.3	20.9	20.3
Operating margin	%	4.8	3.9	2.5
Other profit margin	%	3.3	1.0	0.2
Return on equity	%	5.8	4.2	0.7
<b>Efficiency Ratios</b>				
Return on total assets	%	2.4	0.8	0.2
Return on fixed assets	%	5.4	1.9	0.3
Total asset turnover	times	0.7	0.9	0.9
Debt to equity ratio	times	4.1	4.1	3.4

Source: Ek-Chai