

Indexlivingmall

Index Living Mall Public Company Limited (ILM)

Management Discussion and Analysis (MD&A)

For the Year Ended 31 December 2021



Highlights

| Operating Highlights | Q4/2020 | Q3/2021 | Q4/2021 | Change +/- | | 2020 | 2021 | Change +/- |
|---|----------------|----------------|----------------|---------------|----------------|----------------|----------------|--------------|
| | | | | %YoY | %QoQ | | | |
| (Unit: THB million) | | | | | | | | |
| Revenue from sale of goods | 1,977.1 | 1,734.1 | 2,188.1 | +10.7% | +26.2% | 7,657.1 | 7,838.0 | +2.4% |
| Revenue from rental and rendering of services | 126.8 | 96.1 | 131.4 | +3.6% | +36.7% | 462.4 | 479.2 | +3.6% |
| Operating revenue | 2,103.9 | 1,830.3 | 2,319.6 | +10.2% | +26.7% | 8,119.5 | 8,317.1 | +2.4% |
| Gross profit | 952.0 | 802.5 | 964.8 | +1.3% | +20.2% | 3,712.9 | 3,593.1 | -3.2% |
| SG&A | 742.9 | 705.5 | 776.7 | +4.6% | +10.1% | 3,013.1 | 2,914.3 | -3.3% |
| EBITDA | 447.1 | 332.9 | 450.1 | +0.7% | +35.2% | 1,661.4 | 1,647.6 | -0.8% |
| Net profit (loss) | 143.0 | 55.9 | 150.9 | +5.6% | +170.2% | 421.2 | 453.2 | +7.6% |
| Gross profit margin (%) | 45.2% | 43.8% | 41.6% | -3.7% | -2.3% | 45.7% | 43.2% | -2.5% |
| %SG&A to operating revenue | 35.3% | 38.5% | 33.5% | -1.8% | -5.1% | 37.1% | 35.0% | -2.1% |
| EBITDA margin (%) | 21.0% | 18.0% | 19.0% | -2.0% | +1.0% | 20.3% | 19.6% | -0.7% |
| Net profit margin (%) | 6.7% | 3.0% | 6.4% | -0.3% | +3.4% | 5.1% | 5.4% | +0.2% |

Q4/2021

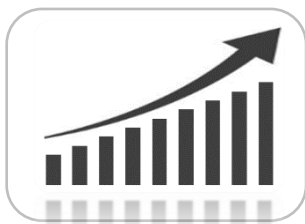
- In Q4/2021, Index Living Mall Public Company Limited (the "Company" or "ILM") recorded a net profit of Baht 150.9 million, increased by 5.6% YoY and 170.2% QoQ, the highest profit in 9 quarters since Q3/2019 with the following key matters:
 - Higher operating revenue by 10.2% YoY and 26.7% QoQ from an increase in both sales and revenue from rental and rendering of services after the easing of lockdown measures since 1 September 2021
 - Lower gross profit margin from sale due to 1) full-amount allowance for diminution in value of home electric inventories for preparation to transfer the rental spaces to COM7 Public Company Limited (COM7), the leading smartphone and technology products retailer in Thailand, as COM7 will be selling home electric appliances, mobile phone devices, and computers at Index Living Mall stores; 2) sales promotion during the year-end festive seasons; and 3) clearance sale before closing Index Furniture - Fashion Island store due to the expiration of the lease agreement.
 - Improved gross profit margin from rental and rendering of services YoY and QoQ, the highest since Q2/2018. The revenue from rental and rendering of services in Q4/2021 was almost back to normal after the easing of lockdown measures on 1 September 2021, while the Company has been getting more diversified tenants and effective cost management.
 - Increased SG&A by 4.6% YoY and 10.1% QoQ was mainly due to increased delivery costs, promotional expenses, and sales commission, following the higher sales. However, %SG&A to operating revenue decreased both YoY and QoQ, mainly supported by continuously effective cost management.
 - Finance costs reduced by 12.8% YoY supported by continuous long-term loans prepayment but slightly increased by 1.6% QoQ due to higher interest expense amortized from lease liabilities.
 - The Company utilized tax incentives received from the Office of the Board of Investment (BOI) from the investment in new machinery of Baht 4.2 million.
- The Company collaborating with PT Mitra Adiperkasa (MAP Group), Indonesia's largest retail group, opened 2 Index Living Mall franchise stores in Indonesia in November and December 2021.
- After the Company reached an agreement with COM7 to have COM7 sell home electric appliances, mobile phone devices, and computers at all Index Living Mall stores, the Company transferred the rental spaces of 5 stores to COM7 at the end of November 2021 and already completed transferring all stores in January 2022.
- The Company announced a dividend payment for the 2021 operating results at the rate of 0.55 baht per share to propose to the shareholders' meeting for approval on 22 April 2022, representing a dividend payout ratio of 61.3%, increasing from the dividend payment for the 2020 operating results at the rate of 0.42 baht per share, representing a dividend payout ratio of 50.4%. As the Company has already paid an interim dividend of 0.15 baht per share, the remaining 0.40 baht per share will be paid to shareholders upon the shareholders' meeting approval.

2021

- In 2021, the Company recorded a net profit of Baht 453.2 million, increased by 7.6% YoY, with the following key matters:
 - Higher operating revenue by 2.4% YoY, from an increase in both sales and revenue from rental and rendering of services, despite the worse situation of COVID-19 outbreak in 2021 than in 2020
 - Lower gross profit margin from sale mainly due to 1) a higher cost of particle board, which is a major raw material for furniture production; 2) lower proportion of retail sales which contributed to high-profit margin but a higher proportion of low-profit margin products, e.g., overseas OEM sales and clearance sale of slow-moving goods in early 2021; 3) clearance sale before closing Index Furniture Center - Fashion Island store due to the expiration of the lease agreement; 4) full-amount allowance for diminution in value of home electric inventories for preparation to transfer the rental spaces to COM7; 5) sales promotion during the year-end festive seasons. However, the Company has already increased selling prices since April 2021 to compensate for the higher cost of particle board.
 - Improved gross profit margin from rental and rendering of services supported by lower discounts given to tenants compared to last year. Plus, the Company has been getting more diversified tenants and effective cost management.
 - Lower SG&A despite the higher operating revenue supported by continuous cost improvement, e.g., employee expenses
 - Decreased finance costs by 16.7% YoY supported by continuous long-term loans prepayment
 - The Company has utilized tax incentives of Baht 18.1 million, out of total tax incentives received from investment in new machinery of Baht 64.3 million to utilize by the end of 2023.
- Total borrowings from financial institutions continued to reduce by Baht 1,157.5 million from Baht 3,133.4 million at the end of 2020 to Baht 1,975.9 million at the end of 2021, with long-term loans prepayment of Baht 1,144.0 million.

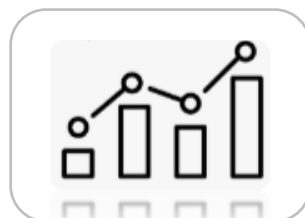
*Values may differ by one decimal point due to figure rounding

Significant Events in Q4/2021



Net Profit Hit 9-Quarter High

After the government released the easing of lockdown and restriction measures on 1 September 2021, the Company's operating performance has been recovering continuously, with net profit in Q4/2021 reaching the highest in 9 quarters since Q3/2019.



Gross Profit Margin from Rental and Rendering of Services Reached a High Record Since Q2/2018

After the easing of lockdown measures on 1 September 2021, the Company's revenue from rental and rendering of services in Q4/2021 was almost back to normal. Together with more diversified tenants and effective cost management, gross profit margin from rental and rendering of services climbed to 49.5%, increasing from 42.2% in Q4/2020 and 36.3% in Q3/2021, a new high since Q2/2018.



Completed Transferring Rental Spaces of All Stores to COM7

After the Company reached an agreement with COM7 Public Company Limited (COM7), the leading smartphone and technology products retailer in Thailand, to have COM7 sell home electric appliances, mobile phone devices, and computers at Index Living Mall, the Company started transferring rental spaces to COM7 at the end of November 2021 and completed the transferring of all stores at the end of January 2022.



Closure of Index Furniture Center – Fashion Island

Due to the expiration of the lease agreement of Index Furniture Center – Fashion Island, the Company has transferred back the spaces to the property owner. However, the Company will consider opening a new store in the future.

At the end of 2021, the Company has 59 retail stores of furniture and home furnishing products, of which 43 stores in Thailand and 16 stores overseas, consisting of 1) 31 stores of Living Index Mall; 2) 3 stores of Index Furniture Center; 3) 1 store of Winner; 4) 6 stores of Trend Design; 5) 1 store of BoConcept; 6) 1 store of Momentous; and 7) 16 overseas franchise stores of Index Living Mall in 8 countries.



2 New Overseas Franchise Stores Opening in Indonesia

The Company collaborated with PT Mitra Adiperkasa (MAP Group), Indonesia's largest retail group with businesses in fashion, sports, kids' clothes, food & beverages and opened 2 Index Living Mall franchise stores in Indonesia in November and December 2021. As quite positive feedback received from both stores, the Company and MAP Group are planning for more stores opening in the future.



Continuous Long-term Loans Prepayment to Reduce Finance Costs

The Company has been repaying long-term loans from financial institutions continuously; thus, total borrowings reduced significantly by Baht 1,157.5 million from Baht 3,133.4 million at the end of 2020 to Baht 1,975.9 million at the end of 2021, with long-term loans prepayment of Baht 1,144.0 million. Consequently, finance costs in Q4/2021 (only from the borrowings from financial institutions) reduced by Baht 9.1 million or 39.6% YoY from Baht 23.1 million in Q4/2020 to Baht 13.9 in Q4/2021. Also, finance costs in 2021 (only from the borrowings from financial institutions) reduced by Baht 49.0 million or 41.0% YoY from Baht 119.6 million in 2020 to Baht 70.6 in 2021.

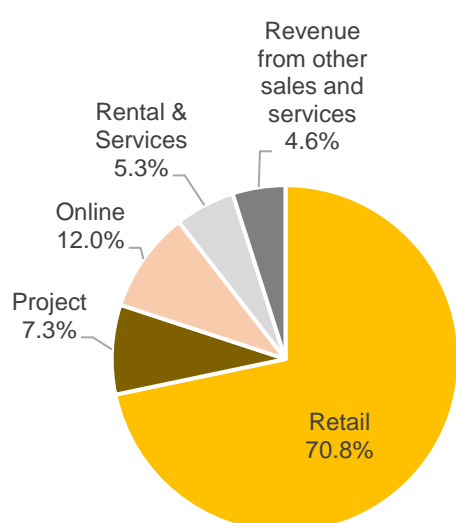
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Summary of Operating Results

| Operating Highlights | Q4/2020 | Q3/2021 | Q4/2021 | Change +/- | | 2020 | 2021 | Change +/- |
|---|----------------|----------------|----------------|---------------|----------------|----------------|----------------|--------------|
| | | | | %YoY | %QoQ | | | |
| (Unit: THB million) | | | | | | | | |
| Revenue from sale of goods | 1,977.1 | 1,734.1 | 2,188.1 | +10.7% | +26.2% | 7,657.1 | 7,838.0 | +2.4% |
| Revenue from rental and rendering of services | 126.8 | 96.1 | 131.4 | +3.6% | +36.7% | 462.4 | 479.2 | +3.6% |
| Operating revenue | 2,103.9 | 1,830.3 | 2,319.6 | +10.2% | +26.7% | 8,119.5 | 8,317.1 | +2.4% |
| Cost of sale of goods | 1,078.6 | 966.6 | 1,288.4 | +19.5% | +33.3% | 4,132.2 | 4,456.5 | +7.8% |
| Cost of rental and rendering of services | 73.4 | 61.2 | 66.3 | -9.6% | +8.4% | 274.4 | 267.5 | -2.5% |
| Cost of sales and services | 1,152.0 | 1,027.8 | 1,354.8 | +17.6% | +31.8% | 4,406.6 | 4,724.0 | +7.2% |
| Gross profit | 952.0 | 802.5 | 964.8 | +1.3% | +20.2% | 3,712.9 | 3,593.1 | -3.2% |
| Other income | 24.4 | 19.3 | 49.8 | +104.2% | +157.7% | 78.2 | 97.0 | +24.0% |
| Selling and distribution expenses | 489.5 | 471.2 | 523.1 | +6.9% | +11.0% | 1,980.5 | 1,951.2 | -1.5% |
| Administrative expenses | 253.4 | 234.3 | 253.6 | +0.1% | +8.2% | 1,032.6 | 963.1 | -6.7% |
| Finance costs | 67.1 | 57.6 | 58.5 | -12.8% | +1.6% | 295.9 | 246.5 | -16.7% |
| Profit before income tax expenses | 166.3 | 58.7 | 179.4 | +7.8% | +205.4% | 482.1 | 529.4 | +9.8% |
| Tax expenses | 23.3 | 2.9 | 28.4 | +21.7% | +891.0% | 60.9 | 76.2 | +25.2% |
| Net profit | 143.0 | 55.9 | 150.9 | +5.6% | +170.2% | 421.2 | 453.2 | +7.6% |

Operating Revenue Structure

ILM operates as a retailer of furniture and home furnishing products. The Company's sources of revenue can be divided into 5 main businesses as follows:



**2021 Operating Revenue:
Baht 8,317.1 million**

Retail stores

- > 98% are from Index Living Mall, Index Furniture Center, and Winner stores

Projects

- > 90% are from domestic project

Online

- Sales revenue are from the Company's online platforms and business partners' marketplaces

Revenue from rental and services

- Revenue from rental, services, common area fee, and utilities charges

Revenue from other sales and services

- Revenue from other sales, e.g., OEM, franchise stores, and dealers
- Revenue from other services, e.g., delivery service, installation service, and revenue from home service, including moving service, cleaning service, sleeping care service, and design & build service, etc.

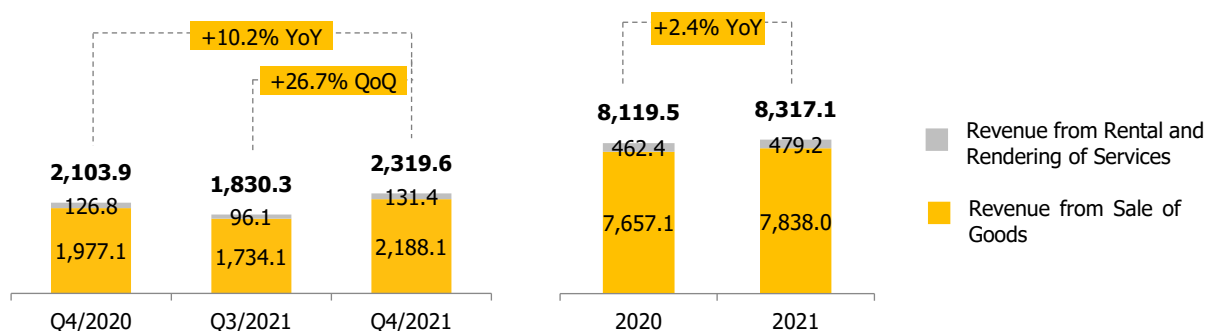
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Operating Results

| Operating Highlights | Q4/2020 | Q3/2021 | Q4/2021 | Change +/- | | 2020 | 2021 | Change +/- |
|---|----------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|
| | | | | %YoY | %QoQ | | | |
| (Unit: THB million) | | | | | | | | |
| A. Revenue from sale of goods | | | | | | | | |
| Domestic sales | | | | | | | | |
| 1.1 Retail stores | 1,445.7 | 1,236.5 | 1,659.1 | +14.8% | +34.2% | 5,976.0 | 5,883.9 | -1.5% |
| 1.2 Projects | 284.9 | 85.7 | 169.2 | -40.6% | +97.4% | 839.0 | 590.0 | -29.7% |
| 1.3 Dealers | 12.3 | 18.3 | 21.1 | +72.2% | +15.3% | 83.4 | 79.6 | -4.6% |
| 1.4 Online | 149.8 | 324.3 | 283.6 | +89.3% | -12.6% | 548.9 | 1,000.7 | +82.3% |
| Total revenue from domestic sales | 1,892.6 | 1,664.8 | 2,133.0 | +12.7% | +28.1% | 7,447.3 | 7,554.2 | +1.4% |
| Overseas sales | 84.5 | 69.3 | 55.1 | -34.7% | -20.4% | 209.7 | 283.8 | +35.3% |
| Total revenue from sale of goods | 1,977.1 | 1,734.1 | 2,188.1 | +10.7% | +26.2% | 7,657.1 | 7,838.0 | +2.4% |
| B. Revenue from rental and rendering of services | 126.8 | 96.1 | 131.4 | +3.6% | +36.7% | 462.4 | 479.2 | +3.6% |
| Total operating revenue | 2,103.9 | 1,830.3 | 2,319.6 | +10.2% | +26.7% | 8,119.5 | 8,317.1 | +2.4% |
| Other income | 24.4 | 19.3 | 49.8 | +104.2% | +157.7% | 78.2 | 97.0 | +24.0% |
| Total revenue | 2,128.3 | 1,849.6 | 2,369.4 | +11.3% | +28.1% | 8,197.7 | 8,414.1 | +2.6% |

1. Operating Revenue

Unit: THB million, %



Q4/2021 vs Q4/2020 (YoY)

- In Q4/2021, the Company recorded total operating revenue of Baht 2,319.6 million, increased by Baht 215.6 million or 10.2% YoY. Details were as follows:
 - Revenue from sale of goods** was Baht 2,188.1 million, increased by Baht 211.1 million or 10.7% YoY after the government released the lockdown easing measures on 1 September 2021. Sales channels that continued to grow included retail sales, which grew by 14.8% YoY; online sales, which grew by 89.3%, domestic dealers, which grew by 72.2% YoY; and overseas franchise sales, which grew by 17.5% YoY.
 - Revenue from rental and rendering of services** was Baht 131.4 million, increased by Baht 4.6 million or 3.6% YoY. The revenue from rental and rendering of services in Q4/2021 was almost back to normal after the government released the lockdown easing measures on 1 September 2021.

*Values may differ by one decimal point due to figure rounding

Q4/2021 vs Q3/2021 (QoQ)

- In Q4/2021, the Company recorded total operating revenue of Baht 2,319.6 million, increased by Baht 489.3 million or 26.7% QoQ. Details were as follows:
 - **Revenue from sale of goods** was Baht 2,188.1 million, increased by Baht 454.0 million or 26.2% QoQ, mainly due to the government's easing of lockdown measures on 1 September. Sales significantly recovered from the impact of the lockdown in Q3/2021, and almost all sales channels expanded QoQ.
 - **Revenue from rental and rendering of services** was Baht 131.4 million, increased by Baht 35.3 million or 36.7% QoQ supported by the easing of lockdown measures on 1 September. The revenue from rental and rendering of services in Q4/2021 was almost back to normal.

2021 vs 2020 (YoY)

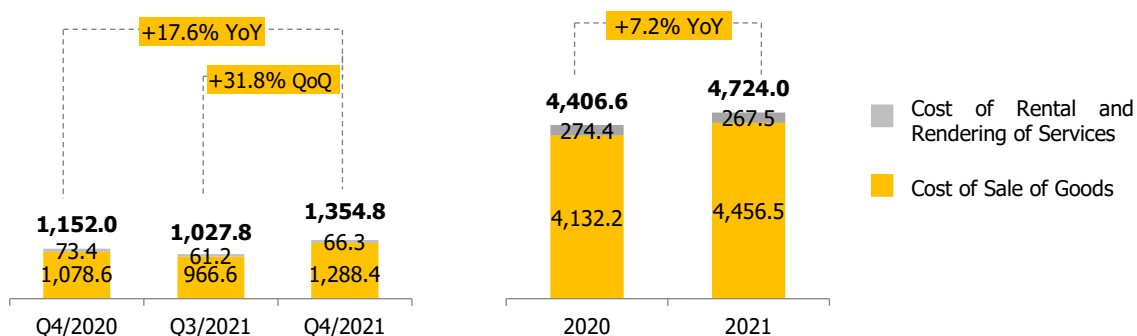
- In 2021, the Company recorded total operating revenue of Baht 8,317.1 million, increased by Baht 197.6 million or 2.4% YoY. Details were as follows:
 - **Revenue from sale of goods** was Baht 7,838.0 million, increased by Baht 180.9 million or 2.4% YoY, despite the worse COVID-19 situation in 2021 compared to 2020. Sales that continued to grow included online sales, which grew by 82.3% YoY; overseas OEM sales, which grew by 48.7% YoY; and overseas franchise sales, which grew by 25.4% YoY. Yunique Customized Furniture sales also grew by 19.2% YoY.

Combined retail sales and online sales were Baht 6,884.6 million, increased by Baht 359.6 million or 5.5% YoY, showing the Company's capability to drive growth from its key sales channel steadily. The Company has been developing infrastructure to integrate offline and online sales channels to meet the customers' needs and create better customer satisfaction.
 - **Revenue from rental and rendering of services** was Baht 479.2 million, increased by Baht 16.7 million or 3.6%YoY, supported by the lower discounts given to tenants during the lockdown in 2021 compared to 2020. The revenue from rental and rendering of services in Q4/2021 was almost back to normal.

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2. Cost of Sales and Services

Unit: THB million, %



Q4/2021 vs Q4/2020 (YoY)

- In Q4/2021, the Company recorded cost of sales and services of Baht 1,354.8 million, increased by Baht 202.8 million or 17.6% YoY. Details were as follows:
 - Cost of sale of goods** was Baht 1,288.4 million, increased by Baht 209.8 million or 19.5% YoY, following the higher sales.
 - Cost of rental and rendering of services** was Baht 66.3 million, decreased by Baht 7.0 million or 9.6%, despite the higher revenue from rental and rendering of services supported by effective cost management.

Q4/2021 vs Q3/2021 (QoQ)

- In Q4/2021, the Company recorded cost of sales and services of Baht 1,354.8 million, increased by Baht 327.0 million or 31.8% QoQ. Details were as follows:
 - Cost of sale of goods** was Baht 1,288.4 million, increased by Baht 321.9 million or 33.3% QoQ, following the higher sales.
 - Cost of rental and rendering of services** was Baht 66.3 million, increased by Baht 5.1 million or 8.4% QoQ, following the higher revenue from rental and rendering of services.

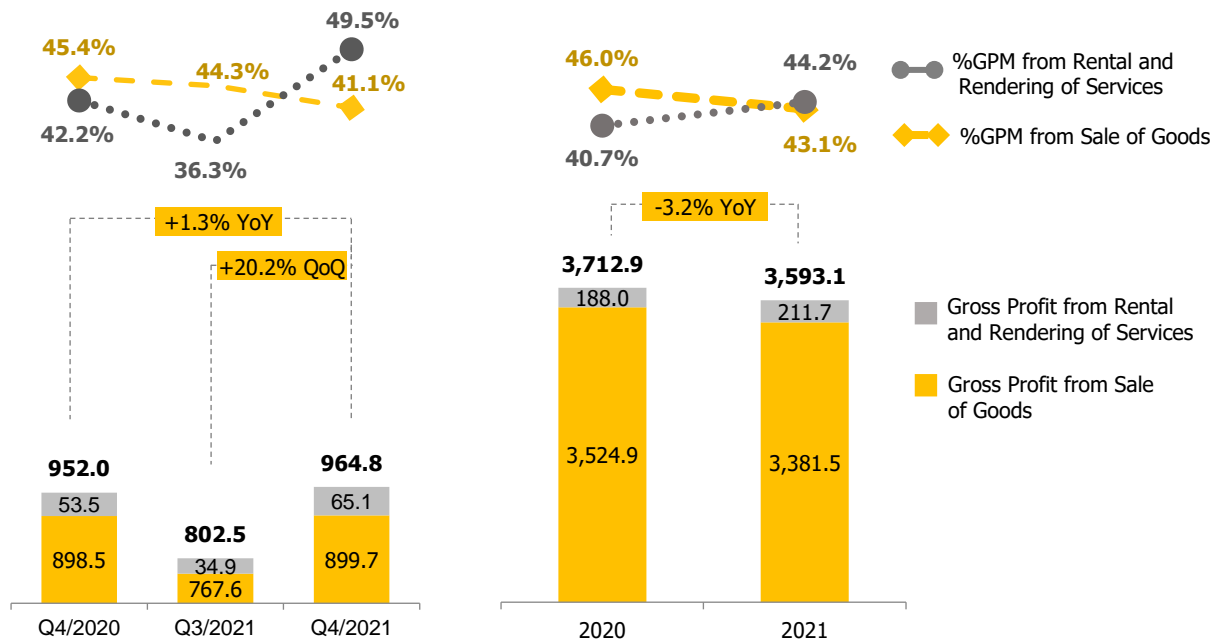
2021 vs 2020 (YoY)

- In 2021, the Company recorded cost of sales and services of Baht 4,724.0 million, increased by Baht 317.4 million or 7.2% YoY. Details were as follows:
 - Cost of sale of goods** was Baht 4,456.5 million, increased by Baht 324.3 million or 7.8% YoY, following the higher sales and the higher cost of particle board, which is a major raw material for furniture production.
 - Cost of rental and rendering of services** was Baht 267.5 million, decreased by Baht 6.9 million or 2.5% YoY, despite the higher revenue from rental and rendering of services supported by effective cost management.

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3. Gross Profit and Gross Profit Margin

Unit: THB million, %



Q4/2021 vs Q4/2020 (YoY)

- In Q4/2021, the Company recorded gross profit of Baht 964.8 million, increased by Baht 12.8 million or 1.3% YoY. Details were as follows:
 - Gross profit from sale of goods** was Baht 899.7 million, slightly increased by Baht 1.2 million or 0.1% YoY, following the higher sales. However, gross profit margin from sale dropped YoY resulted from the full-amount allowance for diminution in value of home electric inventories for preparation to transfer the rental spaces to COM7, sales promotion during the year-end festive seasons, and clearance sale before closing Index Furniture Center - Fashion Island store due to the expiration of the lease agreement.
 - Gross profit from rental and rendering of services** was Baht 65.1 million, increased by Baht 11.6 million or 21.7% YoY, following the higher revenue from rental and rendering of services after the easing of lockdown measures since 1 September 2021. Thus, revenue from rental and rendering of services in Q4/2021 was almost back to normal.

Q4/2021 vs Q3/2021 (QoQ)

- In Q4/2021, the Company recorded gross profit of Baht 964.8 million, increased by Baht 162.3 million or 20.2% QoQ. Details were as follows:
 - Gross profit from sale of goods** was Baht 899.7 million, increased by Baht 132.2 million or 17.2% QoQ, following the higher sales after the easing of lockdown measures since 1 September 2021. However, gross profit margin from sale decreased QoQ resulted from the full-amount allowance for diminution in value of home electric inventories for preparation to transfer the rental spaces to COM7, sales promotion during the year-end festive seasons, and clearance sale before closing Index Furniture Center - Fashion Island store due to the expiration of the lease agreement.
 - Gross profit from rental and rendering of services** was Baht 65.1 million, increased by Baht 30.1 million or 86.3% QoQ, following the higher revenue from rental and rendering of services as the rental revenue in Q4/2021 was almost back to normal after the easing of lockdown measures since 1 September 2021. Plus, the Company has been getting more diversified tenants and effective cost management.

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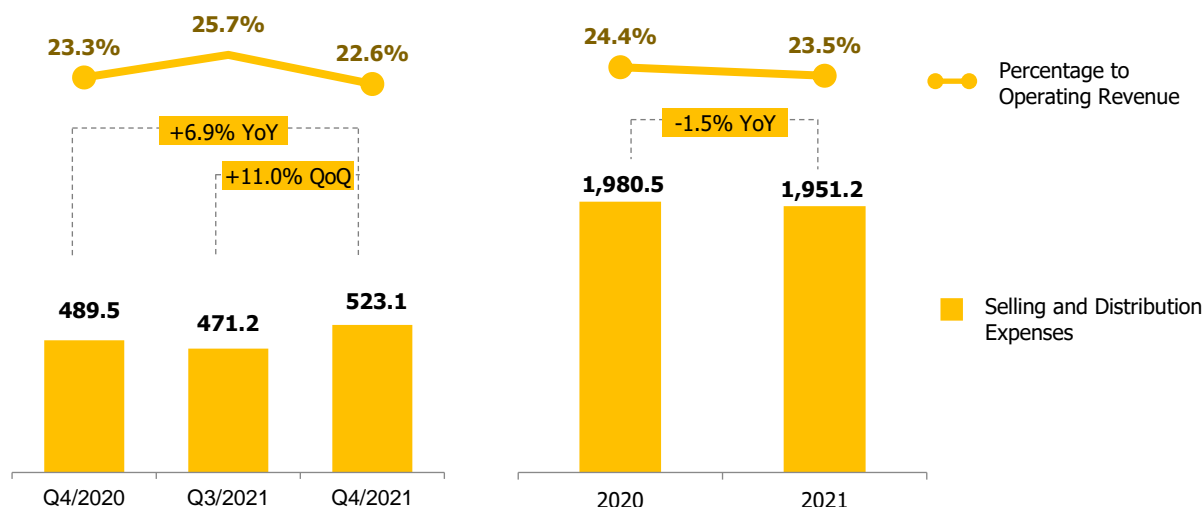
2021 vs 2020 (YoY)

- In 2021, the Company recorded gross profit of 3,593.1 million, decreased by Baht 119.8 million or 3.2% YoY. Details were as follows:
 - **Gross profit from sale of goods** was Baht 3,381.5 million, decreased by Baht 143.4 million or 4.1% YoY despite the higher sales, mainly due to lower gross profit margin from sale resulting from 1) a higher cost of particle board, which is a major raw material for furniture production; 2) lower proportion of retail sales which contributed to high- profit margin but a higher proportion of low-profit margin products, e.g., overseas OEM sales and clearance sale of slow-moving goods in early 2021; 3) clearance sale before closing Index Furniture Center - Fashion Island store due to the expiration of the lease agreement; 4) full-amount allowance for diminution in value of home electric inventories for preparation to transfer the rental spaces to COM7; 5) sales promotion during the year-end festive seasons. However, the Company has increased selling prices since April 2021 to compensate for the higher cost of particle board.
 - **Gross profit from rental and rendering of services** was Baht of 211.7 million, increased by Baht 23.6 million or 12.6% YoY, following the higher revenue from rental and rendering of services, as the rental discounts given to the tenants impacted by the government's lockdown and control measures were lower than last year. Plus, the Company has been getting more diversified tenants and effective cost management.

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4. Selling and Distribution Expenses**

Unit: THB million, %



**Selling and distribution expenses are expenses incurred at retail stores and rental spaces, e.g., employee expenses, depreciation, utilities expenses, and rental costs.

Q4/2021 vs Q4/2020 (YoY)

- In Q4/2021, the Company recorded selling and distribution expenses of Baht 523.1 million, increased by Baht 33.6 million or 6.9% YoY, following the higher operating revenue. The increase mainly came from higher promotional expenses and sales commission.
- The percentage of selling and distribution expenses to operating revenue decreased YoY, mainly attributable to higher operating revenue and effective cost management.

Q4/2021 vs Q3/2021 (QoQ)

- In Q4/2021, the Company recorded selling and distribution expenses of Baht 523.1 million, increased by Baht 51.9 million or 11.0% QoQ, following the higher operating revenue. The increase mainly came from higher promotional expenses, sales commission, and utilities expenses, after the government eased the lockdown and restriction measures since 1 September 2021.
- The percentage of selling and distribution expenses to operating revenue decreased QoQ, mainly due to the higher operating revenue and effective cost management.

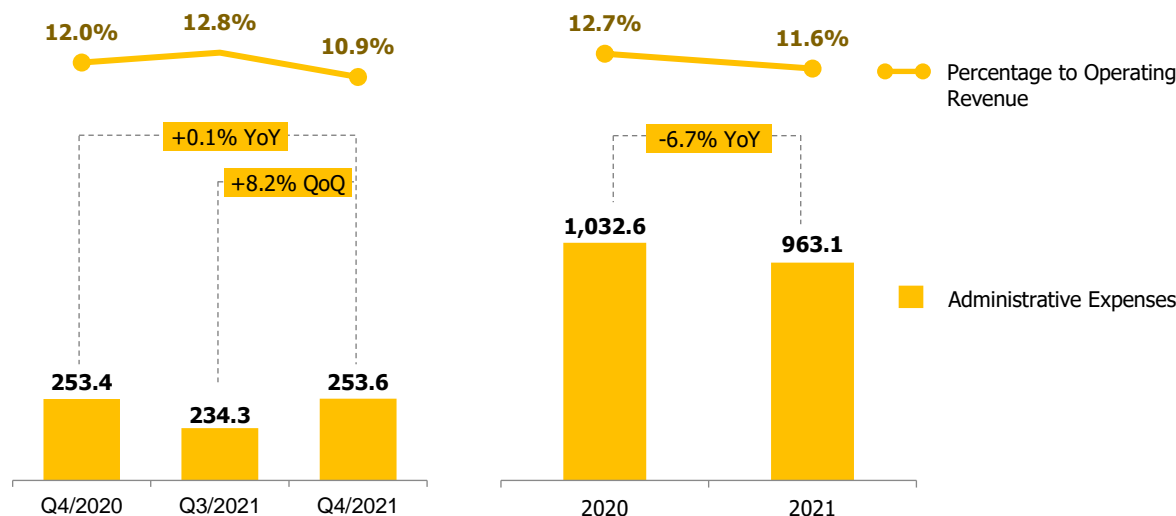
2021 vs 2020 (YoY)

- In 2021, the Company recorded selling and distribution expenses of Baht 1,951.2 million, decreased by Baht 29.4 million or 1.5% YoY, despite the increased operating revenue. The decrease mainly resulted from continuously improved cost management, e.g., employee expenses and utilities expenses.
- The percentage of selling and distribution expenses to operating revenue decreased YoY, mainly supported by effective cost management and higher operating revenue.

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5. Administrative Expenses**

Unit: THB million, %



**Administrative expenses are back-office expenses, e.g., employee expenses, delivery costs, and depreciation.

Q4/2021 vs Q4/2020 (YoY)

- In Q4/2021, the Company recorded administrative expenses of Baht 253.6 million, almost unchanged YoY, despite the increased delivery costs following the higher operating revenue.
- The percentage of administrative expenses to operating revenue decreased YoY, mainly supported by higher operating revenue and continuously improved cost management.

Q4/2021 vs Q3/2021 (QoQ)

- In Q4/2021, the Company recorded administrative expenses of Baht 253.6 million, increased by Baht 19.3 million or 8.2% QoQ. The increase was mainly due to increased delivery costs following the higher sales after the easing of lockdown measures since 1 September 2021.
- The percentage of administrative expenses to operating revenue decreased QoQ, mainly due to higher operating revenue and continuously improved cost management.

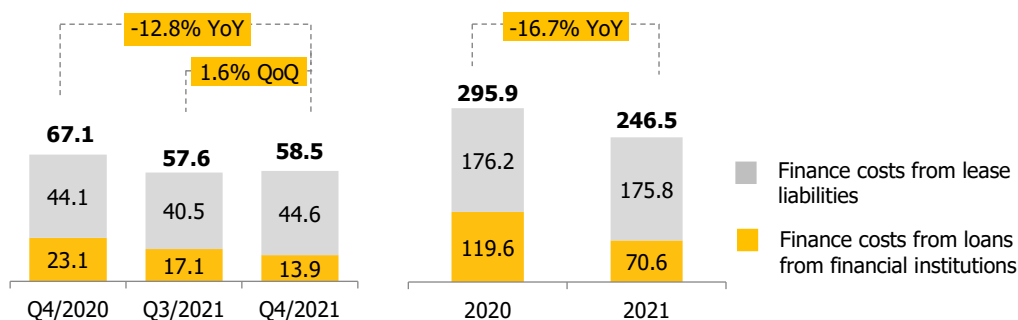
2021 vs 2020 (YoY)

- In 2021, the Company recorded administrative expenses of Baht 963.1 million, decreased by Baht 69.5 million or 6.7% YoY. The decrease was mainly due to continuously improved cost management, e.g., employee expenses.
- The percentage of administrative expenses to operating revenue decreased YoY, mainly supported by continuously effective cost management and higher operating revenue.

*Values may differ by one decimal point due to figure rounding

6. Finance Costs

Unit: THB million, %



Q4/2021 vs Q4/2020 (YoY)

- In Q4/2021, the Company recorded finance costs of Baht 58.5 million, decreased by Baht 8.6 million or 12.8% YoY. Details were as follows:
 - Finance costs from loans from financial institutions were Baht 13.9 million, decreased by Baht 9.1 million or 39.6% YoY, resulting from the Company's continuous repayment of loans from financial institutions.
 - Finance costs from lease liabilities were Baht 44.6 million, increased by Baht 0.6 million or 1.2% YoY, resulting from higher interest expense amortized from lease liabilities.

The Company's total borrowings from financial institutions at the end of Q4/2021 were Baht 1,975.9 million, decreased by Baht 1,157.5 million or 36.9% from Baht 3,133.4 million at the end of Q4/2020. The decrease was supported by the Company's well-managed liquidity, postponed major investments, and continuous long-term loans prepayment.

Interest-bearing debt at the end of Q4/2021 was Baht 4,775.0 million, decreased by Baht 1,104.2 million or 18.8% from Baht 5,879.2 million at the end of Q4/2020.

Q4/2021 vs Q3/2021 (QoQ)

- In Q4/2021, the Company recorded finance costs of Baht 58.5 million, slightly increased by Baht 0.9 million or 1.6% QoQ. Details were as follows:
 - Finance costs from loans from financial institutions were Baht 13.9 million, decreased by Baht 3.1 million or 18.4% QoQ from Baht 17.1 million in Q3/2021, resulting from the Company's continuous long-term loans prepayment.
 - Finance costs from lease liabilities were Baht 44.6 million, increased by Baht 4.1 million or 10.1% QoQ, resulting from higher interest expense amortized from lease liabilities.

The Company's borrowings from financial institutions at the end of Q4/2021 were Baht 1,975.9 million, decreased by Baht 723.1 million or 26.8% from Baht 2,699.0 million at the end of Q3/2021 as the Company has been repaying long-term loans continuously, with the long-term loan prepayment during Q4/2021 of Baht 480.0 million.

Interest-bearing debt at the end of Q4/2021 was Baht 4,775.0 million, decreased by Baht 714.3 million or 13.0% from Baht 5,489.3 million at the end of Q3/2021.

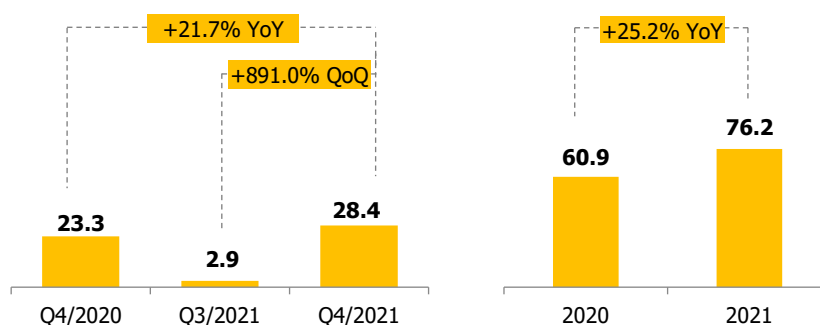
2021 vs 2020 (YoY)

- In 2021, the Company recorded finance costs of Baht 246.5 million, decreased by Baht 49.4 million or 16.7% YoY. Details were as follows:
 - Finance costs from loans from financial institutions were 70.6 million, decreased by Baht 49.0 million or 41.0% YoY, resulting from the Company's continuous repayment of loans from financial institutions
 - Finance costs from lease liabilities were Baht 175.8 million, slightly decreased by Baht 0.4 million or 0.2% YoY.

*Values may differ by one decimal point due to figure rounding

7. Tax Expenses

Unit: THB million, %



Q4/2021 vs Q4/2020 (YoY)

- In Q4/2021, the Company recorded tax expenses of 28.4 million, increased by Baht 5.1 million or 21.7% YoY, mainly due to higher earnings before tax.

In Q4/2021, the Company utilized tax incentives from the Office of the Board of Investment (BOI) from investment in new machinery of Baht 4.2 million.

Q4/2021 vs Q3/2021 (QoQ)

- In Q4/2021, the Company recorded tax expenses of Baht 28.4 million, increased by Baht 25.5 million or 891.0% QoQ mainly due to higher earnings before tax after the government eased the lockdown measures on 1 September 2021. The Company utilized tax incentives of Baht 4.2 million, increased from Baht 3.5 million in Q3/2021. The Company utilized tax incentives of Baht 4.2 million in Q4/2021, increased from Baht 3.5 million in Q3/2021.

2021 vs 2020 (YoY)

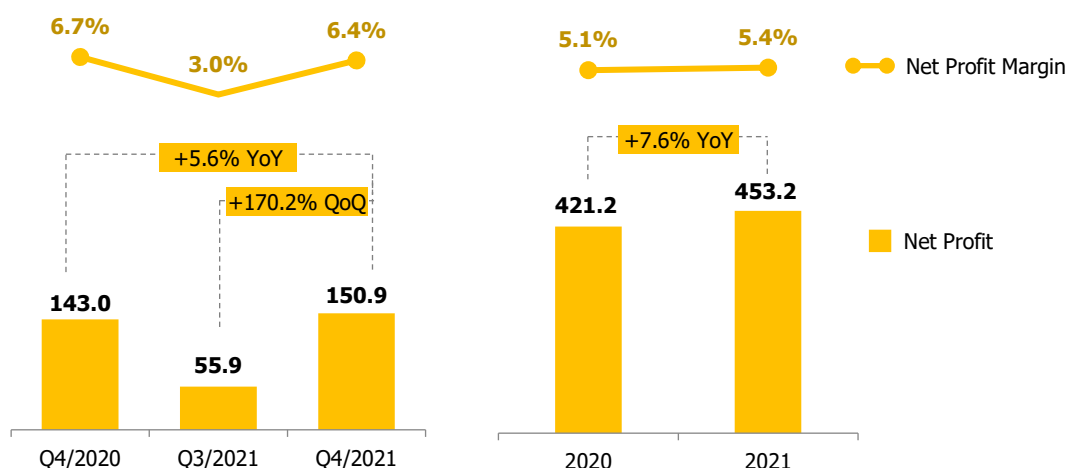
- In 2021, the Company recorded tax expenses of Baht 76.2 million, increased by Baht 15.4 million or 25.2% YoY mainly due to higher earnings before tax.

In 2021, the Company has utilized tax incentives of Baht 18.1 million, out of total tax incentives received from investment in new machinery of Baht 64.3 million to utilize by the end of 2023.

³*Values may differ by one decimal point due to figure rounding

8. Net Profit and Net Profit Margin

Unit: THB million, %



Q4/2021 vs Q4/2020 (YoY)

- In Q4/2021, the Company recorded a net profit of Baht 150.9 million, increased by Baht 8.0 million or 5.6% YoY. Key reasons were as follows:
 - Higher operating revenue, both from sales and revenue from rental and rendering of services
 - Increased gross profit margin from rental and rendering of services as the revenue from rental and rendering of services in Q4/2021 was almost back to normal. Plus, the Company has been getting more diversified tenants and effective cost management
 - Lower %SG&A to operating revenue supported by improved cost management, despite higher expenses following the higher operating revenue
 - Lower finance costs resulted from continuous long-term loans prepayment
 - The Company utilized tax incentives received from the Office of the Board of Investment (BOI) from the investment in new machinery of Baht 4.2 million.

Q4/2021 vs Q3/2021 (QoQ)

- In Q4/2021, the Company recorded a net profit of Baht 150.9 million, increased by Baht 95.1 million or 170.2% QoQ. Key reasons were as follows:
 - Higher operating revenue, both from sales and revenue from rental and rendering of services, after the government eased the lockdown measures on 1 September 2021
 - Increased gross profit margin from rental and rendering of services as the revenue from rental and rendering of services was almost back to normal in Q4/2021. Plus, the Company has been getting more diversified tenants and effective cost management
 - Lower %SG&A to operating revenue supported by improved cost management, despite higher expenses following the higher operating revenue
 - Lower finance costs from loans from financial institutions supported by continuous long-term loans prepayment
 - The Company utilized BOI tax incentives of Baht 4.2 million, increased from Baht 3.5 million in Q3/2021.

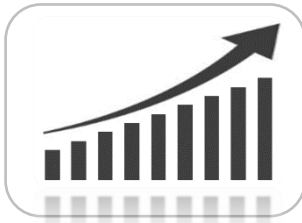
2021 vs 2020 (YoY)

- In 2021, the Company recorded a net profit of Baht 453.2 million, increased by Baht 31.9 million or 7.6% YoY. Key reasons were as follows:
 - Higher operating revenue from an increase in both sales and revenue from rental and rendering of services, despite the worse situation of COVID-19 outbreak in 2021 than in 2020
 - Higher gross profit margin from rental and rendering of services supported by lower discounts given to tenants compared to last year. Plus, the Company has been getting more diversified tenants and effective cost management
 - Lower SG&A despite the higher operating revenue supported by effective cost management, e.g., employee expenses and utilities expenses
 - Lower finance costs supported by continuous long-term loans repayment
 - The Company utilized tax incentives of Baht 18.1 million, out of total tax incentives received from investment in new machinery of Baht 64.3 million to utilize by the end of 2023.

*Values may differ by one decimal point due to figure rounding

Future Outlook

After the government eased the lockdown measures on 1 September 2021, the Company's earnings in Q4/2021 bounced back outstandingly, reaching the highest in 9 quarters since Q3/2019. Although the COVID-19 new variant, Omicron started the outbreak at the end of 2021, the mortality rate has been quite low. Therefore, concerns about the latest COVID-19 Omicron outbreak were quite limited. Also, the government has been releasing economic stimulus measures since the beginning of 2022. Consequently, the Company is confident that its operating results in 2022 will continue to grow significantly, especially from retail sales, online sales, domestic project sales, and overseas sales. Plus, the partnership with COM7 will help boost strengths in rental and rendering of services and increase sales opportunities for retail sales with more variety of product categories. With all the driving factors, the Company will continue to grow outstandingly and steadily in the future.



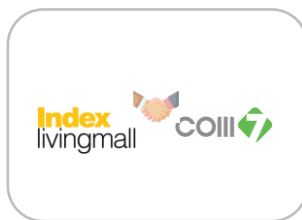
Sales Growth from All Major Sales Channels

The Company is confident that all major sales channels will be growing in 2022, e.g., retail sales, online sales, domestic project sales, and overseas sales. The main reasons are that the COVID-19 severity is likely to be relaxing, while the domestic economy has been gradually recovering, which will help enhance purchasing power and consumer confidence.



Growing Revenue and Gross Profit Margin from Rental and Rendering of Services

Both revenue and gross profit margin from rental and rendering of services in 2022 tend to increase and make a new high from the previous record before the COVID-19 outbreak in 2019 supported by the Company's more diversified tenants and continuously effective cost management.



COM7 will Help Strengthen both Retail Sales and Rental Business

The Company has completed transferring the rental spaces of all Index Living Mall stores at the end of January 2022 to COM7 Public Company Limited (COM7), the leading smartphone and technology products retailer in Thailand, to have COM7 sell home electric appliances, mobile phone devices, and computers at Index Living Mall stores. The partnership between the Company and COM7 is a Win-Win strategy, as it will attract more consumers to visit Index Living Mall stores. At the same time, the Company's rental and rendering of services business will be more secure.



New Store Opening Plan - Index Living Mall Lat Krabang

The Company has a new store opening plan for Index Living Mall - Lat Krabang around at the end of 2022. The store will be a mixed-use format containing both sales and rental areas. Both businesses are complementary and will bring more traffic, create more sales opportunities, and help secure revenue from rental and rendering of business.



Overseas Franchise Store Opening Plan

The Company has set a plan to open more franchise stores in a few countries in 2022, e.g., Brunei, Vietnam, and Indonesia to further drive overseas sales in the future.