

Indexlivingmall

Index Living Mall Public Company Limited (ILM)

Management Discussion and Analysis (MD&A)

For the Second Quarter Ended 30 June 2022



Highlights

Operating Highlights	Q2/2021	Q1/2022	Q2/2022	Change +/-		6M/2021	6M/2022	Change +/-
				%YoY	%QoQ			
(Unit: THB million)				%YoY	%QoQ			%YoY
Revenue from sale of goods	1,910.7	1,969.0	1,990.3	+4.2%	+1.1%	3,915.7	3,959.3	+1.1%
Revenue from rental and rendering of services	123.2	152.5	153.8	+24.9%	+0.9%	251.6	306.3	+21.8%
Operating revenue	2,033.8	2,121.5	2,144.1	+5.4%	+1.1%	4,167.3	4,265.6	+2.4%
Gross profit	895.0	980.6	991.9	+10.8%	+1.1%	1,825.9	1,972.4	+8.0%
SG&A	726.9	763.4	772.6	+6.3%	+1.2%	1,432.1	1,536.0	+7.3%
EBITDA	405.0	450.8	451.8	+11.5%	+0.2%	864.6	902.6	+4.4%
Net profit (loss)	101.0	160.6	162.3	+60.7%	+1.0%	246.4	323.0	+31.1%
Gross profit margin (%)	44.0%	46.2%	46.3%	+2.3%	+0.04%	43.8%	46.2%	+2.4%
%SG&A to operating revenue	35.7%	36.0%	36.0%	+0.3%	+0.05%	34.4%	36.0%	+1.6%
EBITDA margin (%)	19.8%	21.0%	20.8%	+1.1%	-0.1%	20.6%	20.9%	+0.3%
Net profit margin (%)	4.9%	7.5%	7.5%	+2.5%	+0.01%	5.9%	7.5%	+1.6%

Q2/2022

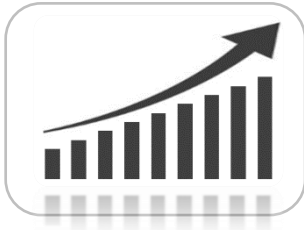
- In Q2/2022, Index Living Mall Public Company Limited (the "Company" or "ILM") recorded a net profit of Baht 162.3 million, increased by 60.7% YoY and 1.0% QoQ, the highest profit in 11 quarters since Q3/2019 with the following key matters:
 - Increased sales by 4.2% YoY and 1.1% QoQ, although the Company has terminated home electric sale under the brand of Power One since the beginning of 2022 and had the sales area of Power One rented by Com7 Public Company Limited (COM7) to sell home electric appliances. Sales growth came from retail sales, which grew by 3.4% YoY; domestic project sales, which grew by 60.4% YoY and 41.6% QoQ; and overseas franchise sales, which grew by 28.3% YoY.
 - If excluding home electric sales that the Company has terminated the business, the Company's total sales will increase by 12.8% YoY; retail sales will increase by 12.6% YoY; and online sales will increase by 7.2% YoY.
 - Revenue from rental and rendering of services made a new high again after the previous record high in Q1/2022, increased by 24.9% YoY and 0.9% QoQ, supported by the Company's increased and diversified tenants, with gradually increased rental revenue recognition from new tenants since the beginning of 2022.
 - Improved gross profit margin from sales by 1.7% YoY and 0.1% QoQ, supported by increased sales proportion of high gross profit margin products, increased selling prices following the cost hike, and termination of the home electric sale
 - Improved gross profit margin from rental and rendering of services by 9.6% YoY, supported by the Company's increased and diversified tenants as well as effective cost management, but slightly dropped by 0.3% QoQ due to higher utilities expenses from rising Ft (electricity cost factor)
 - SG&A rose by 6.3% YoY and 1.2% QoQ mainly due to increased salary and employee benefits YoY, higher sales promotion expenses YoY and QoQ, elevated delivery costs YoY and QoQ resulting from increased sales and oil prices, and higher utilities expenses YoY and QoQ from rising Ft.
 - Decreased finance costs by 19.2% YoY and 1.6% QoQ, supported by continuous long-term loan prepayment
 - In Q2/2022, the Company utilized total tax incentives of Baht 5.7 million from the Office of the Board of Investment (BOI) from investment in new machinery, which increased from Baht 4.2 million in Q2/2021 but unchanged from Q1/2022.
 - The Company's Board of Directors approved the interim dividend payment of Baht 0.20 per share, totaling Baht 101.0 million for the operating results between 1 January - 30 June 2022, an increase from Baht 0.15 per share from the same period last year.

6M/2022

- In 6M/2022, the Company recorded a net profit of Baht 323.0 million, increased by 31.1% YoY, with the following key matters:
 - Increased sales by 1.1% YoY despite termination of the home electric sale under the brand of Power One since the beginning of 2022. Sales growth came from retail sales, which grew by 2.7% YoY; online sales, which grew by 14.2% YoY; domestic dealer sales which grew by 11.3% YoY; and overseas franchise sales, which grew by 11.4% YoY.
 - If excluding home electric sales that the Company has terminated the business, the Company's total sales will increase by 8.6% YoY; retail sales will increase by 11.5% YoY; and online sales will increase by 29.1% YoY.
 - Revenue from rental and rendering of services expanded by 21.8% YoY, supported by increased and diversified tenants since the beginning of 2022.
 - Improved gross profit margin from sales by 2.1% YoY, supported by increased sales proportion of high gross profit margin products, increased selling prices following the cost hike, and termination of the home electric sale
 - Improved gross profit margin from rental and rendering of services by 6.6% YoY, supported by the Company's increased and diversified tenants as well as effective cost management
 - SG&A rose by 7.3% YoY mainly due to increased salary and employee benefits, higher sales promotion expenses, elevated delivery costs resulting from increased sales and oil prices, and higher utilities expenses from rising Ft.
 - Decreased finance costs by 18.0% YoY, supported by continuous long-term loan prepayment. Total borrowings at the end of Q2/2021 were Baht 1,730.2 million, reduced by Baht 245.8 million or 12.4% from Baht 1,975.9 million at the end of 2021, with the long-term loan prepayment of Baht 373.0 million.
 - The Company utilized total tax incentives of Baht 11.4 million, increased from Baht 10.4 million in the same period last year. From the beginning of 2021 until the end of Q2/2022, the Company has utilized total tax incentives of Baht 29.5 million, out of total tax incentives of Baht 64.3 million from investment in new machinery to utilize by the end of 2023.

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

Significant Events in Q2/2022



Net Profit Hit an 11-Quarter High

After the government released the easing of lockdown measures on 1 September 2021, the Company's earnings have been growing notably and continuously from Q4/2021, Q1/2022, and Q2/2022. Net profit in Q2/2022 recorded the highest in 11 quarters since Q3/2019 (the period before the COVID-19).



Revenue from Rental and Rendering of Services Broke a New Record

The Company's revenue from rental and rendering of services in Q2/2022 made a new high again, after the previous record high in Q1/2022, supported by increased and diversified tenants and effective cost management, with gradually increased rental revenue recognition from new tenants since the beginning of 2022.



Renovation of BoConcept Store - Siam Paragon

The Company has renovated BoConcept - Siam Paragon and already reopened the store at the end of May 2022. BoConcept is a Danish furniture brand that the Company imports under the franchise format to expand the high-end customer base. The Company is also planning for another BoConcept store in Phuket around the end of 2022 and further expansion plan in the central business district area in the future.



Continuous Long-term Loan Prepayment to Reduce Finance Costs

The Company has been repaying long-term loans from financial institutions continuously, thus total borrowings were reduced by Baht 245.8 million from Baht 1,975.9 million at the end of 2021 to Baht 1,730.2 million at the end of Q2/2022, with long-term loan prepayment of Baht 373.0 million. Finance costs in Q2/2022 (only from the borrowings from financial institutions) were Baht 8.4 million, reduced by Baht 10.2 million or 54.8% YoY from Baht 18.5 million in Q2/2021 and reduced by Baht 0.9 million or 9.9% QoQ from Baht 9.3 million in Q1/2022.

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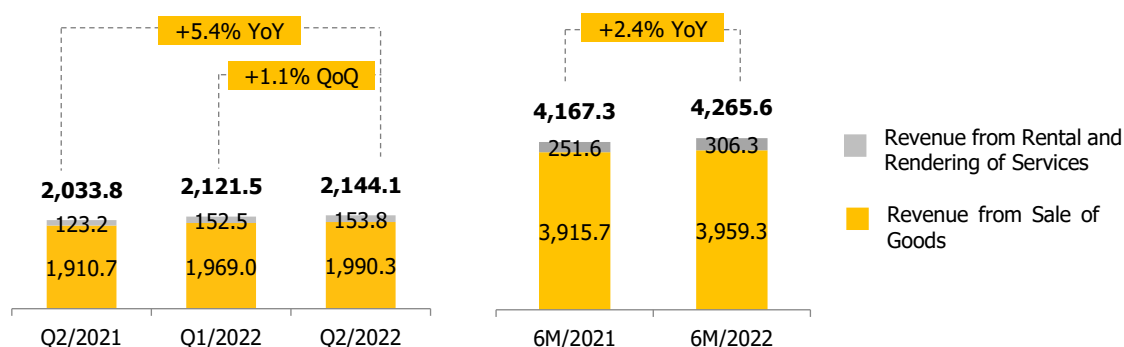
Summary of Operating Results

Operating Highlights	Q2/2021	Q1/2022	Q2/2022	Change +/-		6M/2021	6M/2022	Change +/-
				%YoY	%QoQ			
(Unit: THB million)				%YoY	%QoQ			%YoY
Revenue from sale of goods	1,910.7	1,969.0	1,990.3	+4.2%	+1.1%	3,915.7	3,959.3	+1.1%
Revenue from rental and rendering of services	123.2	152.5	153.8	+24.9%	+0.9%	251.6	306.3	+21.8%
Operating revenue	2,033.8	2,121.5	2,144.1	+5.4%	+1.1%	4,167.3	4,265.6	+2.4%
Cost of sale of goods	1,066.5	1,066.4	1,076.6	+1.0%	+1.0%	2,201.5	2,143.0	-2.7%
Cost of rental and rendering of services	72.4	74.5	75.7	+4.5%	+1.6%	139.9	150.2	+7.3%
Cost of sales and services	1,138.9	1,140.9	1,152.3	+1.2%	+1.0%	2,341.5	2,293.2	-2.1%
Gross profit	895.0	980.6	991.9	+10.8%	+1.1%	1,825.9	1,972.4	+8.0%
Other income	14.6	27.9	25.5	+74.4%	-8.6%	27.8	53.4	+91.9%
Selling and distribution expenses	484.2	512.1	521.4	+7.7%	+1.8%	956.9	1,033.5	+8.0%
Administrative expenses	242.7	251.3	251.2	+3.5%	-0.05%	475.2	502.6	+5.8%
Finance costs	65.5	53.8	53.0	-19.2%	-1.6%	130.3	106.8	-18.0%
Profit before income tax expenses	117.2	191.2	191.8	+63.7%	+0.3%	291.3	383.0	+31.5%
Tax expenses	16.1	30.6	29.5	+82.7%	-3.5%	44.9	60.0	+33.6%
Net profit	101.0	160.6	162.3	+60.7%	+1.0%	246.4	323.0	+31.1%

Revenue Structure	Q2/2021	Q1/2022	Q2/2022	Change +/-		6M/2021	6M/2022	Change +/-
				%YoY	%QoQ			
(Unit: THB million)				%YoY	%QoQ			%YoY
A. Revenue from sale of goods								
Domestic sales								
1.1 Retail stores	1,478.5	1,538.8	1,528.8	+3.4%	-0.7%	2,988.3	3,067.6	+2.7%
1.2 Projects	104.3	118.2	167.4	+60.4%	+41.6%	335.1	285.7	-14.8%
1.3 Dealers	21.5	24.2	20.4	-4.8%	-15.7%	40.1	44.7	+11.3%
1.4 Online	237.8	225.5	223.1	-6.2%	-1.1%	392.8	448.5	+14.2%
Total revenue from domestic sales	1,842.1	1,906.8	1,939.7	+5.3%	+1.7%	3,756.3	3,846.5	+2.4%
Overseas sales	68.6	62.2	50.6	-26.2%	-18.7%	159.4	112.8	-29.2%
Total revenue from sale of goods	1,910.7	1,969.0	1,990.3	+4.2%	+1.1%	3,915.7	3,959.3	+1.1%
B. Revenue from rental and rendering of services	123.2	152.5	153.8	+24.9%	+0.9%	251.6	306.3	+21.8%
Total operating revenue	2,033.8	2,121.5	2,144.1	+5.4%	+1.1%	4,167.3	4,265.6	+2.4%
Other income	14.6	27.9	25.5	+74.4%	-8.6%	27.8	53.4	+91.9%
Total revenue	2,048.5	2,149.3	2,169.6	+5.9%	+0.9%	4,195.1	4,319.0	+3.0%

1. Operating Revenue

Unit: THB million, %



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

Q2/2022 vs Q2/2021 (YoY)

- In Q2/2022, the Company recorded total operating revenue of Baht 2,144.1 million, increased by Baht 110.3 million or 5.4% YoY. Details were as follows:
 - **Revenue from sale of goods** was Baht 1,990.3 million, increased by Baht 79.6 million or 4.2% YoY, although the Company has terminated home electric sale under the brand of Power One since the beginning of 2022 and changed the sales area of Power One to be the rental spaces to COM7. Sales growth came from retail sales, which grew by 3.4% YoY; domestic project sales, which grew by 60.4% YoY; and overseas franchise sales, which grew by 28.3% YoY.

If excluding home electric sales that the Company has terminated the business, the Company's total sales in Q2/2022 will increase by 12.8% YoY; retail sales will increase by 12.6% YoY; and online sales will increase by 7.2% YoY.
 - **Revenue from rental and rendering of services** was Baht 153.8 million, increased by Baht 30.7 million or 24.9% YoY. The revenue from rental and rendering of services in Q2/2022 broke a new record, supported by the Company's increased and diversified tenants.

Q2/2022 vs Q1/2022 (QoQ)

- In Q2/2022, the Company recorded total operating revenue of Baht 2,144.1 million, increased by Baht 22.7 million or 1.1% QoQ. Details were as follows:
 - **Revenue from sale of goods** was Baht 1,990.3 million, increased by Baht 21.3 million or 1.1% QoQ, supported by sales expansion from domestic project sales, which grew by 41.6% QoQ and overseas OEM sales, which grew by 16.3% QoQ.
 - **Revenue from rental and rendering of services** was Baht 153.8 million, increased by Baht 1.3 million or 0.9% QoQ, breaking a new record again, after the previous record high in Q1/2022, supported by the Company's gradually increased rental revenue recognition from new tenants since the beginning of 2022.

6M/2022 vs 6M/2021 (YoY)

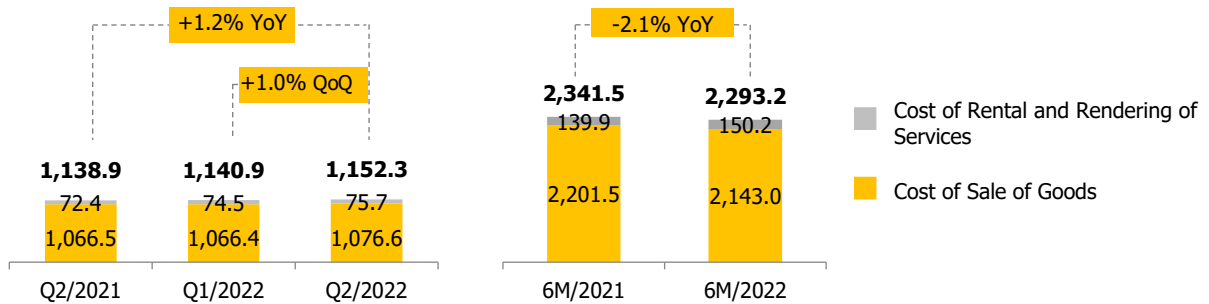
- In 6M/2022, the Company recorded total operating revenue of Baht 4,265.6 million, increased by Baht 98.3 million or 2.4% YoY. Details were as follows:
 - **Revenue from sale of goods** was Baht 3,959.3 million, increased by Baht 43.5 million or 1.1% YoY, although the Company has terminated home electric sale under the brand of Power One since the beginning of 2022 and changed the sales area of Power One to be the rental spaces to COM7. Sales growth came from retail sales, which grew by 2.7% YoY; online sales, which grew by 14.2% YoY; domestic dealer sales, which grew by 11.3% YoY; and overseas franchise sales, which grew by 11.4% YoY.

If excluding home electric sales that the Company has terminated the business, the Company's total sales in 6M/2022 will increase by 8.6% YoY; retail sales will increase by 11.5% YoY; and online sales will increase by 29.1% YoY.
 - **Revenue from rental and rendering of services** was Baht 306.3 million, increased by Baht 54.7 million or 21.8% YoY, mainly supported by the Company's increased and diversified tenants.

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

2. Cost of Sales and Services

Unit: THB million, %



Q2/2022 vs Q2/2021 (YoY)

- In Q2/2022, the Company recorded cost of sales and services of Baht 1,152.3 million, increased by Baht 13.4 million or 1.2% YoY. Details were as follows:
 - Cost of sale of goods** was Baht 1,076.6 million, increased by Baht 10.2 million or 1.0% YoY, following the higher sales.
 - Cost of rental and rendering of services** was Baht 75.7 million, increased by Baht 3.3 million or 4.5% YoY following the higher revenue from rental and rendering of services.

Q2/2022 vs Q1/2022 (QoQ)

- In Q2/2022, the Company recorded cost of sales and services of Baht 1,152.3 million, increased by Baht 11.4 million or 1.0% QoQ. Details were as follows:
 - Cost of sale of goods** was Baht 1,076.6 million, increased by Baht 10.2 million or 1.0% QoQ, following the higher sales.
 - Cost of rental and rendering of services** was Baht 75.7 million, increased by Baht 1.2 million or 1.6% QoQ, following the higher revenue from rental and rendering of services.

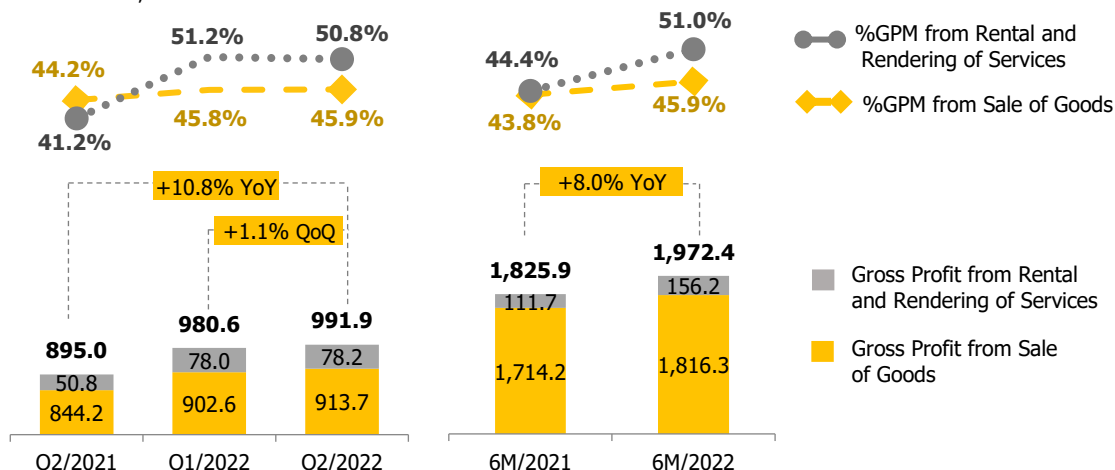
6M/2022 vs 6M/2021 (YoY)

- In 6M/2022, the Company recorded cost of sales and services of Baht 2,293.2 million, decreased by Baht 48.3 million or 2.1% YoY. Details were as follows:
 - Cost of sale of goods** was Baht 2,143.0 million, decreased by Baht 58.5 million or 2.7% YoY, despite the increased sales and higher cost of particle board, which is a major raw material for furniture production. The decreased cost of good sales was mainly because of the decreased sales proportion of low-gross profit margin products and the termination of home electric sale under the brand of Power One since the beginning of 2022.
 - Cost of rental and rendering of services** was Baht 150.2 million, increased by Baht 10.2 million or 7.3% YoY, following the higher revenue from rental and rendering of services.

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3. Gross Profit and Gross Profit Margin

Unit: THB million, %



Q2/2022 vs Q2/2021 (YoY)

- In Q2/2022, the Company recorded gross profit of Baht 991.9 million, increased by Baht 96.9 million or 10.8% YoY. Details were as follows:
 - Gross profit from sale of goods** was Baht 913.7 million, increased by Baht 69.5 million or 8.2% YoY, following the higher sales and improved gross profit margin from sales resulting from increased sales proportion of high gross profit margin products, increased selling prices following the cost hike, and termination of the home electric sale.
 - Gross profit from rental and rendering of services** was Baht 78.2 million, increased by Baht 27.4 million or 54.0% YoY, following the higher revenue from rental and rendering of services supported by increased and diversified tenants as well as effective cost management.

Q2/2022 vs Q1/2022 (QoQ)

- In Q2/2022, the Company recorded gross profit of Baht 991.9 million, increased by Baht 11.3 million or 1.1% QoQ. Details were as follows:
 - Gross profit from sale of goods** was Baht 913.7 million, increased by Baht 11.1 million or 1.2% QoQ, following the higher sales and improved gross profit margin from sales resulting from increased sales proportion of high gross profit margin product and increased selling prices following the cost hike.
 - Gross profit from rental and rendering of services** was Baht 78.2 million, slightly increased by Baht 0.2 million or 0.2% QoQ, following the higher revenue from rental and rendering of services supported by the Company's gradually increased rental revenue recognition from new tenants since the beginning of 2022. However, gross profit from rental and rendering of services slightly dropped by 0.3% QoQ due to higher utilities expenses from rising Ft (electricity cost factor).

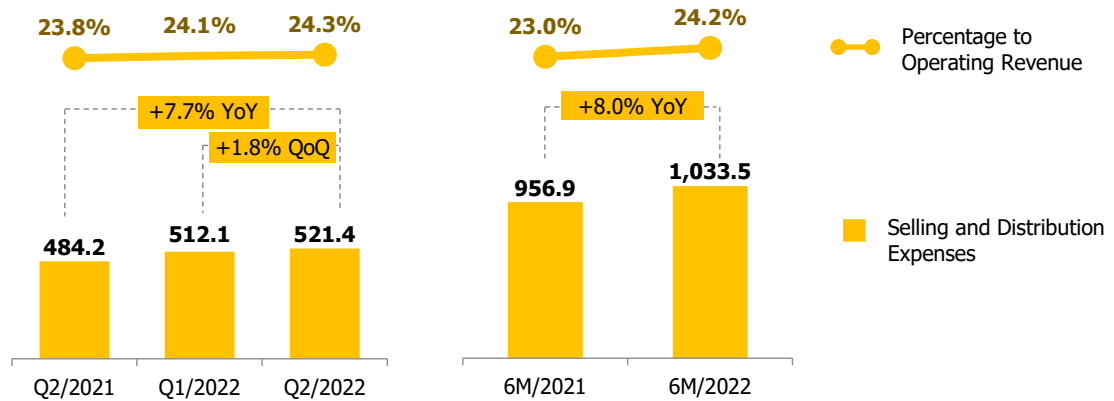
6M/2022 vs 6M/2021 (YoY)

- In 6M/2022, the Company recorded gross profit of Baht 1,972.4 million, increased by Baht 146.6 million or 8.0% YoY. Details were as follows:
 - Gross profit from sale of goods** was Baht 1,816.3 million, increased by Baht 102.0 million or 6.0% YoY, following the higher sales and improved gross profit margin from sales resulting from increased sales proportion of high gross profit margin products, increased selling prices following the cost hike, and termination of the home electric sale.
 - Gross profit from rental and rendering of services** was Baht 156.2 million, increased by Baht 44.5 million or 39.9% YoY, following the higher revenue from rental and rendering of services supported by increased and diversified tenants as well as 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, promotion expenses, utilities expenses, and rental costs.

Q2/2022 vs Q2/2021 (YoY)

- In Q2/2022, the Company recorded selling and distribution expenses of Baht 521.4 million, increased by Baht 37.2 million or 7.7% YoY, following the higher operating revenue. The higher expenses mainly came from the increased salary and employee benefits, higher sales promotion expenses, elevated delivery costs resulting from increased sales and oil prices, and higher utilities expenses from rising Ft (electricity cost factor).
- The percentage of selling and distribution expenses to operating revenue increased YoY, mainly due to higher expenses, despite the Company's effective cost management.

Q2/2022 vs Q1/2022 (QoQ)

- In Q2/2022, the Company recorded selling and distribution expenses of Baht 521.4 million, increased by Baht 9.3 million or 1.8% QoQ, following the higher operating revenue. The higher expenses mainly came from elevated delivery costs resulting from increased sales and oil prices, higher sales promotion expenses, and higher utilities expenses from rising Ft.
- The percentage of selling and distribution expenses to operating revenue increased QoQ mainly due to higher expenses, despite the Company's effective cost management.

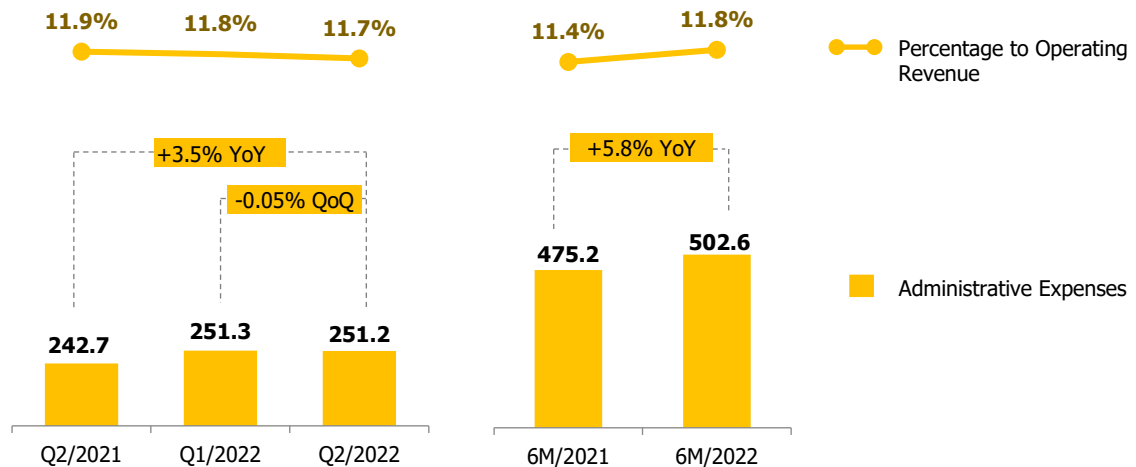
6M/2022 vs 6M/2021 (YoY)

- In 6M/2022, the Company recorded selling and distribution expenses of Baht 1,033.5 million, increased by Baht 76.6 million or 8.0% YoY, following the higher operating revenue. The increased expenses were mainly due to the increased salary and employee benefits, higher sales promotion expenses, elevated delivery costs resulting from increased sales and oil prices, and higher utilities expenses from rising Ft.
- The percentage of selling and distribution expenses to operating revenue increased YoY, mainly due to higher expenses, despite the Company's effective cost management.

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5. Administrative Expenses**

Unit: THB million, %



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

Q2/2022 vs Q2/2021 (YoY)

- In Q2/2022, the Company recorded administrative expenses of Baht 251.2 million, increased by Baht 8.5 million or 3.5% YoY, mainly due to the increased salary and employee benefits, elevated delivery costs resulting from increased sales and oil prices, and higher utilities expenses from rising Ft.
- The percentage of administrative expenses to operating revenue decreased YoY, mainly supported by higher operating revenue and effective cost management.

Q2/2022 vs Q1/2022 (QoQ)

- In Q2/2022, the Company recorded administrative expenses of Baht 251.2 million, slightly decreased by Baht 0.1 million or 0.05% QoQ, despite elevated delivery costs resulting from increased sales and oil prices.
- The percentage of administrative expenses to operating revenue decreased QoQ mainly supported by higher operating revenue and effective cost management.

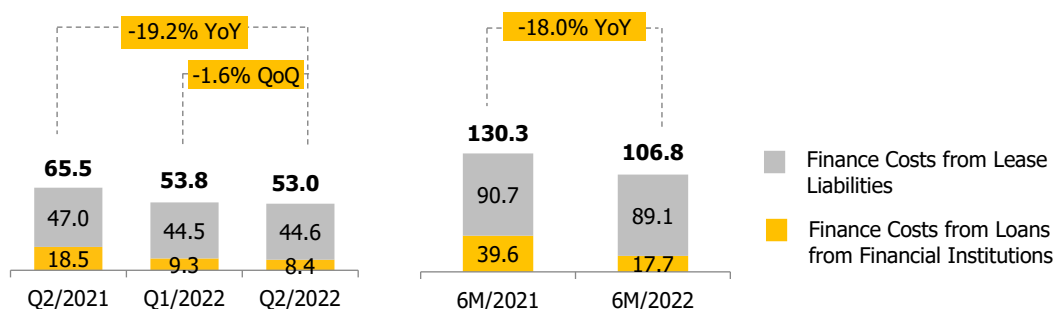
6M/2022 vs 6M/2021 (YoY)

- In 6M/2022, the Company recorded administrative expenses of Baht 502.6 million, increased by Baht 27.4 million or 5.8% YoY. The increase was mainly due to the increased salary and employee benefits, elevated delivery costs resulting from increased sales and oil prices, and higher utilities expenses from rising Ft.
- The percentage of administrative expenses to operating revenue increased YoY, mainly due to higher expenses, despite the Company's effective cost management.

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

6. Finance Costs

Unit: THB million, %



Q2/2022 vs Q2/2021 (YoY)

- In Q2/2022, the Company recorded finance costs of Baht 53.0 million, decreased by Baht 12.6 million or 19.2% YoY. Details were as follows:
 - Finance costs from loans from financial institutions were Baht 8.4 million, decreased by Baht 10.2 million or 54.8% YoY, resulting from the Company's continuous long-term loan prepayment.
 - Finance costs from lease liabilities were Baht 44.6 million, decreased by Baht 2.4 million or 5.1% YoY, resulting from lower interest expense amortized from lease liabilities.

The Company's total borrowings from financial institutions at the end of Q2/2022 were Baht 1,730.2 million, decreased by Baht 845.2 million or 32.8% from Baht 2,575.3 million at the end of Q2/2021. The decrease was supported by the Company's continuous long-term loan prepayment.

Interest-bearing debt at the end of Q2/2022 was Baht 4,513.0 million, decreased by Baht 856.9 million or 16.0% from Baht 5,369.9 million at the end of Q2/2021.

Q2/2022 vs Q1/2022 (QoQ)

- In Q2/2022, the Company recorded finance costs of Baht 53.0 million, decreased by Baht 0.9 million or 1.6% QoQ. Details were as follows:
 - Finance costs from loans from financial institutions were 8.4 million, decreased by Baht 0.9 million or 9.9% QoQ, resulting from the Company's continuous long-term loan prepayment.
 - Finance costs from lease liabilities were Baht 44.6 million, slightly increased by Baht 0.04 million or 0.1% QoQ, resulting from higher interest expense amortized from lease liabilities.

The Company's borrowings from financial institutions at the end of Q2/2022 were Baht 1,730.2 million, increased by Baht 29.3 million or 1.7% from Baht 1,700.8 million at the end of Q1/2022, due to higher short-term loans for the use of working capital. However, the Company has repaid long-term loans continuously, with the long-term loan prepayment during Q2/2022 of Baht 73.0 million.

Interest-bearing debt at the end of Q2/2022 was Baht 4,513.0 million, increased by Baht 31.5 million or 0.7% from Baht 4,481.5 million at the end of Q1/2022.

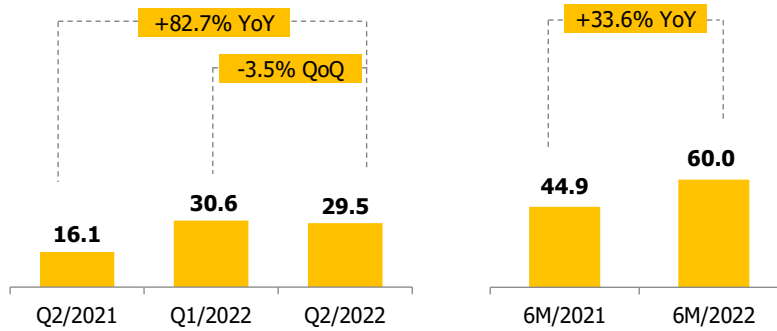
6M/2022 vs 6M/2021 (YoY)

- In 6M/2022, the Company recorded finance costs of Baht 106.8 million, decreased by Baht 23.5 million or 18.0% YoY. Details were as follows:
 - Finance costs from loans from financial institutions of Baht 17.7 million, decreased by Baht 22.0 million or 55.4% YoY, resulting from the Company's continuous long-term loan prepayment, with the long-term loan prepayment during 6M/2022 of Baht 373.0 million.
 - Finance costs from lease liabilities of Baht 89.1 million, decreased by Baht 1.5 million or 1.7% YoY, resulting from lower interest expense amortized from lease liabilities.

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

7. Tax Expenses

Unit: THB million, %



Q2/2022 vs Q2/2021 (YoY)

- In Q2/2022, the Company recorded tax expenses of Baht 29.5 million, increased by Baht 1.3 million or 82.7% YoY, mainly due to higher earnings before tax.

In Q2/2022, the Company utilized tax incentives from the Office of the Board of Investment (BOI) from investment in new machinery of Baht 5.7 million, increased from Baht 4.2 million in Q2/2021.

Q2/2022 vs Q1/2022 (QoQ)

- In Q2/2022, the Company recorded tax expenses of Baht 29.5 million, decreased by Baht 1.1 million or 3.5% QoQ.

The Company utilized tax incentives in Q2/2022 of Baht 5.7 million, unchanged from Baht 5.7 million in Q1/2022.

6M/2022 vs 6M/2021 (YoY)

- In 6M/2022, the Company recorded tax expenses of Baht 60.0 million, increased by Baht 15.1 million or 33.6% YoY mainly due to higher earnings before tax.

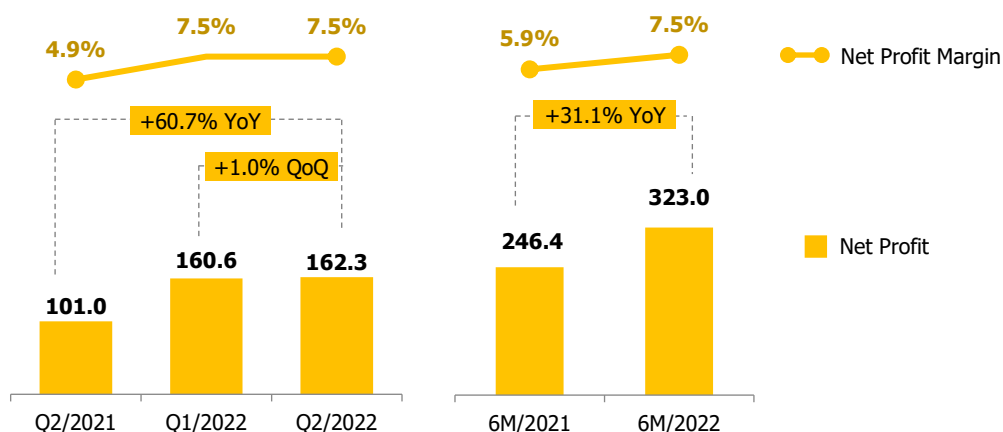
The Company utilized tax incentives in 6M/2022 of Baht 11.4 million, increased from Baht 10.4 million in the same period last year.

The Company has utilized total tax incentives from the beginning of 2021 until the end of Q2/2022 of Baht 29.5 million, out of total tax incentives of Baht 64.3 million received from investment in new machinery to utilize by the end of 2023.

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

8. Net Profit and Net Profit Margin

Unit: THB million, %



Q2/2022 vs Q2/2021 (YoY)

- In Q2/2022, the Company recorded a net profit of Baht 162.3 million, increased by Baht 61.3 million or 60.7% YoY. Key reasons were as follows:
 - Higher revenue both from sales and from rental and rendering of services, especially the revenue from rental and rendering of services which made a new high
 - Improved gross profit margin from sales, supported by increased sales proportion of high gross profit margin products, increased selling prices following the cost hike, and termination of the home electric sale
 - Improved gross profit margin from rental and rendering of services, supported by the Company's increased and diversified tenants as well as effective cost management
 - Lower finance costs, supported by continuous long-term loan prepayment
 - The Company utilized total tax incentives of Baht 5.7 million, increased from Baht 4.2 million in Q2/2021

Q2/2022 vs Q1/2022 (QoQ)

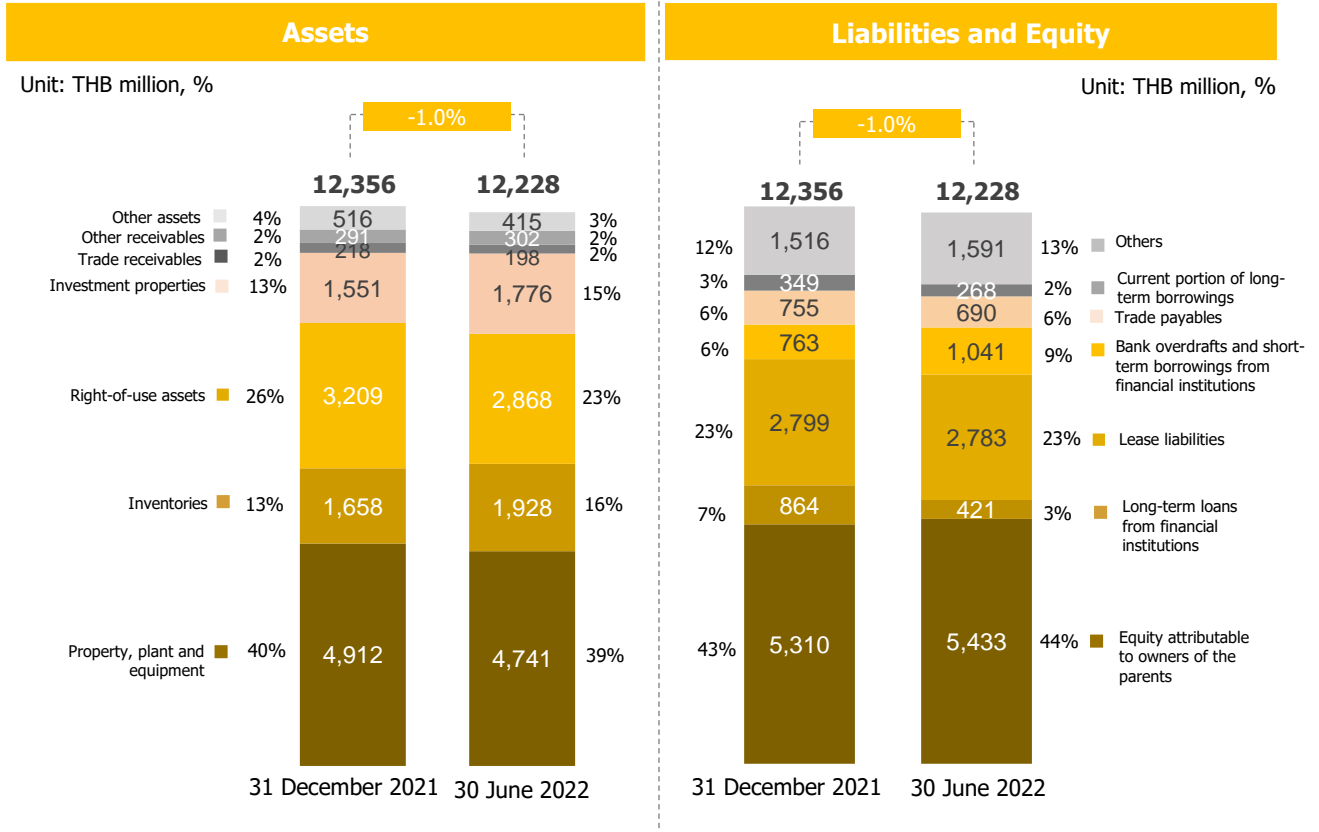
- In Q2/2022, the Company recorded a net profit of Baht 162.3 million, increased by Baht 1.7 million or 1.0% QoQ. Key reasons were as follows:
 - Higher revenue both from sales and from rental and rendering of services
 - Improved gross profit margin from sales, supported by increased sales proportion of high gross profit margin products and increased selling prices following the cost hike
 - Lower finance costs, supported by continuous long-term loan prepayment
 - The Company utilized total tax incentives of Baht 5.7 million, unchanged from Q1/2022.

6M/2022 vs 6M/2021 (YoY)

- In 6M/2022, the Company recorded a net profit of Baht 323.0 million, increased by Baht 76.6 million or 31.1% YoY. Key reasons were as follows:
 - Higher revenue both from sales and from rental and rendering of services
 - Improved gross profit margin from sales, supported by increased sales proportion of high gross profit margin products, increased selling prices following the cost hike, and termination of the home electric sale
 - Improved gross profit margin from rental and rendering of services, supported by the Company's increased and diversified tenants as well as effective cost management
 - Lower finance costs, supported by continuous long-term loan prepayment
 - Utilized tax incentives of Baht 11.4 million, increased from Baht 10.4 million in the same period last year
 - The Company has utilized total tax incentives from the beginning of 2021 until the end of Q2/2022 of Baht 29.5 million, out of total tax incentives of Baht 64.3 million received from investment in machinery to utilize by the end of 2023.

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

Statement of Financial Position



Assets

- As at 30 June 2022, the Company had total assets of Baht 12,227.8 million, decreased by Baht 128.2 million or 1.0% from Baht 12,356.0 million at the end of 2021. The key matters were as follows: 1) decreased right-of-use assets by Baht 341.2 million or 10.6% from Baht 3,209.4 million at the end of 2021; and 2) decreased property, plant and equipment by Baht 171.2 million or 3.5% from Baht 4,912.3 million at the end of 2021.

On the other hand, inventories increased by Baht 270.2 million or 16.3% from Baht 1,657.8 million at the end of 2021 as the Company purchased more goods and raw materials to optimally manage the rising costs. However, the current situation of rising cost of goods and raw materials is likely to be stable. Investment properties also increased by Baht 224.7 million or 14.5% from Baht 1,551.3 million at the end of 2021.

Liabilities

- As at 30 June 2022, the Company had total liabilities of Baht 6,794.9 million, decreased by Baht 250.0 million, or 3.5% from Baht 7,044.9 million at the end of 2021. The decrease was mainly due to decreased loans from financial institutions by Baht 245.8 million or 12.4% from Baht 1,975.9 million at the end of 2021 to Baht 1,730.2 million at the end of Q2/2022, with long-term loan prepayment of Baht 373.0 million after the Company has been repaying loans from financial institutions continuously. Trade accounts payable also decreased by Baht 64.7 million or 8.6% from Baht 755.2 million at the end of 2021.

Equity

- As at 30 June 2022, the Company had equity attributable to owners of the parent of Baht 5,432.9 million, increased by Baht 123.0 million or 2.3% from Baht 5,309.8 million at the end of 2021, resulting from the Company's operating profit during 6M/2022 of Baht 323.0 million, deducted by a cash dividend of Baht 202.0 million for the 2021 operating results paid to shareholders, the amount of which the remaining after paying the interim dividend of Baht 75.8 million.

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

Future Outlook

Thai economy still has risk factors from concerns about the global economic slowdown, the ongoing conflict between Russia and Ukraine, and high inflation from rising oil and food prices, which caused the cost hike and increased cost of living. However, the Thai economy in the second half of 2022 tends to be improving, including expanding private consumption, increasing private investment, and especially significant recovery of tourism. Therefore, the Company anticipates that its operating results will continue to rise, supported by growth from revenue from sales and from rental and rendering of services, well maintained gross profit margin from increased selling prices following the rising costs, sales promotion planning that meets customer needs, effective cost management, new store expansion plan of Index Living Mall - Lat Krabang at the end of 2022 and Little Walk - Krungthep Kreetha around in the middle of 2023, overseas Index Living Mall franchise store expansion plan, new sales channel development, and collaboration with more partners to help support the Company to further grow steadily.



Additional Customer of the Modern-Trade OEM Channel

The Company has been developing products for a new sales channel, modern-trade OEM and received the first sales order from the first customer in Q4/2021. Recently, the Company completed a deal with an additional modern-trade OEM customer, and the sales order will begin in Q3/2022. Although sales from the modern-trade OEM channel is not yet significantly high, the Company expects to receive repeat orders and more customers to help drive the Company's sales growth.



A Plan for the Fourth Index Living Mall Franchise Store in Vietnam

After the successful opening of the first two franchise stores in Vietnam in 2019 and the third store in 2020, the Company will be opening the fourth store in Vietnam in Q4/2022 to further expand overseas sales in the future.

At the end of Q2/2022, the Company has a total of 16 overseas franchise stores in 8 countries.



An Opening Plan for Little Walk - Krungthep Kreetha in the Middle of 2023

Besides the new store opening plan of Index Living Mall - Lat Krabang at the end of 2022, the mixed-use format containing both sales area and rental spaces, the Company also has a plan to open Little Walk – Krungthep Kreetha around the middle of 2023, a small-sized community mall to further drive and secure both revenue from sales and from rental and rendering of services.



Rental Spaces Increasing Plan

Besides additional rental spaces from Index Living Mall – Lat Krabang, a new store opening plan at the end of 2022, which will provide rental spaces around 3,000 sqm, and Little Walk – Krungthep Kreetha to be opening in the middle of 2023, which will provide rental spaces around 4,000 sqm, the Company also has a plan to increase more rental spaces at Index Living Mall stores to drive revenue from rental and rendering of services, attract more customers to visit the store, and create more sales opportunities.