

Indexlivingmall

Index Living Mall Public Company Limited (ILM)

Management Discussion and Analysis (MD&A)

For the Year Ended 31 December 2022



Highlights

Operating Highlights	Q4/2021	Q3/2022	Q4/2022	Change +/-		2021	2022	Change +/-
				%YoY	%QoQ			
(Unit: THB million)								
Revenue from sale of goods	2,188.1	2,017.3	2,274.3	+3.9%	+12.7%	7,838.0	8,250.9	+5.3%
Revenue from rental and rendering of services	131.4	170.5	161.1	+22.6%	-5.5%	479.2	638.0	+33.2%
Operating revenue	2,319.6	2,187.8	2,435.4	+5.0%	+11.3%	8,317.1	8,888.9	+6.9%
Gross profit	964.8	980.7	1,058.2	+9.7%	+7.9%	3,593.1	4,011.4	+11.6%
SG&A	776.7	777.6	822.5	+5.9%	+5.8%	2,914.3	3,136.2	+7.6%
EBITDA	450.1	443.9	479.5	+6.5%	+8.0%	1,647.6	1,826.0	+10.8%
Net profit (loss)	150.9	152.6	183.5	+21.6%	+20.3%	453.2	659.1	+45.4%
Gross profit margin (%)	41.6%	44.8%	43.5%	+1.9%	-1.4%	43.2%	45.1%	+1.9%
%SG&A to operating revenue	33.5%	35.5%	33.8%	+0.3%	-1.8%	35.0%	35.3%	+0.2%
EBITDA margin (%)	19.0%	20.0%	19.4%	+0.4%	-0.6%	19.6%	20.3%	+0.7%
Net profit margin (%)	6.4%	6.9%	7.4%	+1.1%	+0.6%	5.4%	7.3%	+1.9%

Q4/2022

- In Q4/2022, Index Living Mall Public Company Limited (the "Company" or "ILM") recorded a net profit of Baht 183.5 million, increased by 21.6% YoY and 20.3% QoQ, a new high in 16 quarters since Q4/2018 and since being listed on the Stock Exchange of Thailand in Q3/2019, with the following key matters:
 - Increased sales by 3.9% YoY and 12.7% QoQ, supported by the improved consumer spending during the fourth quarter as a festive season compared to last year, despite the Company's termination of home electric sale under the brand of Power One since the beginning of 2022 and changing the sales area of Power One rented by Com7 Public Company Limited (COM7) to sell home electric appliances.
 - Revenue from rental and rendering of services increased by 22.6% YoY, supported by the Company's increased and diversified tenants, with gradually increased rental revenue recognition from new tenants since the beginning of 2022. On the other hand, the revenue from rental and rendering of services decreased by 5.5% QoQ due to some tenant discontinuing the lease contract. However, the Company is in the process of recruiting new tenants as a replacement.
 - Substantially increased %GPM from sales by 1.9% YoY, because of the full-amount allowance for diminution in value of home electric inventories in Q4/2021 before transferring the rental spaces to COM7 and the termination of the home electric sale under the brand of Power One since the beginning of 2022. On the other hand, gross profit margin from sales decreased by 1.1% QoQ, mainly due to the considerably increased sales proportion of domestic project sales, which contributed to low gross profit.
 - Decreased %GPM from rental and rendering of services 0.2% YoY and 3.8% QoQ mainly due to the higher utilities expense resulting from rising Ft and some tenant discontinuing the lease contract
 - SG&A rose by 5.9% YoY and 5.8% QoQ, mainly due to 1) increased salary and employee benefits YoY; 2) elevated delivery costs QoQ resulting from increased sales; 3) higher utilities expenses YoY and QoQ from rising Ft; and 4) higher sales promotion expenses QoQ from increased sales and new store openings of Index Living Mall and Little Walk – Lat Krabang
 - Decreased finance costs by 6.6% YoY, supported by continuous long-term loan prepayment but increased by 3.6% QoQ, mainly due to higher interest expense amortized from lease liabilities
 - In Q4/2022, the Company utilized tax incentives from the Office of the Board of Investment (BOI) of Baht 7.5 million for investment in new machinery, which increased from Baht 4.5 million in Q4/2021 and Baht 5.3 million in Q3/2022.
 - The Company recently opened the latest new stores of Index Living Mall and Little Walk Lat Krabang in December 2022 and received good feedback, with sales of Index Living Mall reaching the target and Little Walk having a 100% occupancy rate.
 - The Company's Board of Directors resolved to approve the Company to enter into a joint venture agreement with Flash Express Co., Ltd., the integrated E-Commerce service provider, to set up a new joint venture company providing delivery, assembling, and installation services of furniture and bulky products in Thailand.
 - The Company announced a dividend payment for the 2022 operating results at the rate of 0.80 baht per share, increasing from 0.55 baht per share in 2021, representing a dividend payout ratio of 61.3% which was the same rate as the previous year to propose to the shareholders' meeting for approval on 26 April 2023. As the Company has already paid an interim dividend of 0.20 baht per share, the remaining to be paid to shareholders will be 0.60 baht per share.

2022

- In 2022, the Company recorded a net profit of Baht 659.1 million, increased by 45.4% YoY. The profit made a record high since establishment in 1994, with the following key matters:
 - Increased sales by 5.3% YoY, mainly supported by improved purchasing power and no lockdown as occurred in the previous year, despite the termination of the home electric sale under the brand of Power One since the beginning of 2022.
 - Revenue from rental and rendering of services expanded by 33.2% YoY, supported by increased and diversified tenants since the beginning of 2022. Also, the Company no longer gives rental discounts to tenants, as occurred during the lockdown period last year.
 - Improved %GPM from sales by 1.5% YoY, supported by 1) increased sales proportion of high gross profit margin products; 2) increased selling prices to compensate for the cost hike; 3) termination of the home electric sale since the beginning of 2022; and 4) no allowance for diminution in value of home electric inventories as occurred in the previous year.
 - Improved %GPM from rental and rendering of services by 7.0% YoY, supported by the Company's increased and diversified tenants as well as effective cost management. Also, the Company no longer gives rental discounts to tenants, as occurred during the lockdown period last year.
 - Higher SG&A by 7.6% YoY mainly due to 1) increased salary and employee benefits; 2) higher sales promotion expenses from increased sales and new store openings of Index Living Mall and Little Walk – Lat Krabang; 3) higher utilities expenses from rising Ft; and 4) elevated delivery costs resulting from increased sales and higher oil prices.
 - Decreased finance costs by 13.0% YoY despite the increased interest rates, supported by continuous long-term loan prepayment. Total borrowings at the end of 2022 were Baht 1,136.5 million, reduced by Baht 839.5 million or 42.5% from Baht 1,975.9 million at the end of 2021, with the long-term loan prepayment of Baht 613.0 million.
 - The Company utilized tax incentives of Baht 24.2 million, increased from Baht 18.4 million in 2021. From the beginning of 2021 until the end of 2022, the Company has utilized tax incentives of Baht 42.6 million out of total tax incentives of Baht 71.1 million for 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 Q4/2022



2022 Net Profit Made A Record High Since Establishment in 1994 and Q4/2022 Net Profit Made A New High Since Being Listed in 2019

The Company recorded 2022 net profit of Baht 659.1 million, a historical high since establishment in 1994. Net profit in Q4/2022 was Baht 183.5 million, a new quarterly high in 16 quarters since Q4/2018 and since being listed on the Stock Exchange of Thailand in Q3/2019. Supporting factors included the Company's continuously adjusting sales strategies and introducing new products to match the behavior of consumers and effective cost management.



New Store Openings of Index Living Mall and Little Walk - Lat Krabang

The Company already opened Index Living Mall and Little Walk - Lat Krabang on 16 December 2022. Both received good feedback, with sales of Index Living Mall reaching the target and Little Walk having a 100% occupancy rate, consisting of supermarkets, restaurants, shops, service businesses, etc. Together will help drive both sales and rental and rendering of services to further grow and stable in the future.

At the end of December 2022, the Company has 59 retail stores of furniture and home furnishing products, of which 42 stores in Thailand and 17 stores overseas, consisting of 1) 32 stores of Living Index Mall; 2) 2 stores of Index Furniture Center; 3) 1 store of OK Furniture; 4) 6 stores of Trend Design; 5) 1 store of BoConcept; and 7) 17 overseas Index Living Mall franchise stores in 8 countries.



Approved an Entering Into a Joint Venture Agreement with Flash Express

The Company's Board of Directors approved the Company to enter into a joint venture agreement with Flash Express Co., Ltd., the integrated E-Commerce service provider, to set up a new joint venture company providing delivery, assembling, and installation services of furniture and bulky products in Thailand. The new joint venture's company registration is expected to complete by Q2/2023.



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 839.5 million from Baht 1,975.9 million at the end of 2021 to Baht 1,136.5 million at the end of 2022, with long-term loan prepayment of Baht 613.0 million. Finance costs in Q4/2022 (only from the borrowings from financial institutions) were Baht 7.1 million, reduced by Baht 6.9 million or 49.3% YoY from Baht 13.9 million in Q4/2021 and reduced by Baht 1.0 million or 12.9% QoQ from Baht 8.1 million in Q3/2022.

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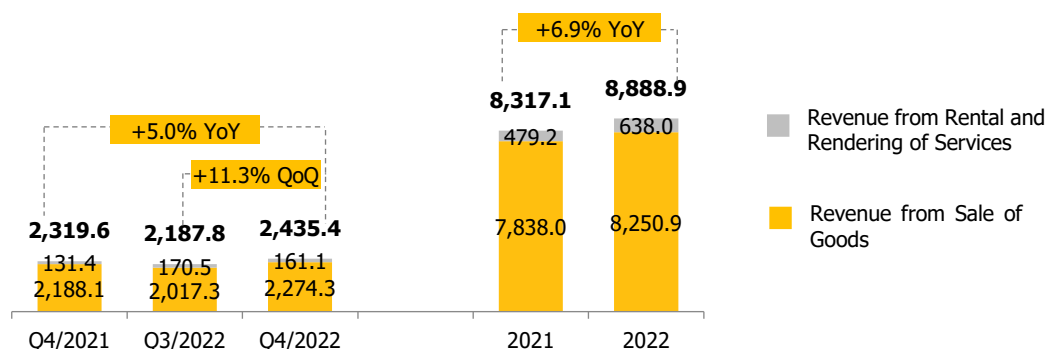
Summary of Operating Results

Operating Highlights	Q4/2021	Q3/2022	Q4/2022	Change +/-		2021	2022	Change +/-
				%YoY	%QoQ			
(Unit: THB million)								
Revenue from sale of goods	2,188.1	2,017.3	2,274.3	+3.9%	+12.7%	7,838.0	8,250.9	+5.3%
Revenue from rental and rendering of services	131.4	170.5	161.1	+22.6%	-5.5%	479.2	638.0	+33.2%
Operating revenue	2,319.6	2,187.8	2,435.4	+5.0%	+11.3%	8,317.1	8,888.9	+6.9%
Cost of sale of goods	1,288.4	1,127.2	1,295.5	+0.6%	+14.9%	4,456.5	4,565.8	+2.5%
Cost of rental and rendering of services	66.3	79.9	81.6	+23.0%	+2.1%	267.5	311.7	+16.5%
Cost of sales and services	1,354.8	1,207.1	1,377.2	+1.7%	+14.1%	4,724.0	4,877.5	+3.2%
Gross profit	964.8	980.7	1,058.2	+9.7%	+7.9%	3,593.1	4,011.4	+11.6%
Other income	49.8	32.0	34.7	-30.3%	+8.6%	97.0	120.1	+23.9%
Selling and distribution expenses	523.1	524.2	539.7	+3.2%	+2.9%	1,951.2	2,097.3	+7.5%
Administrative expenses	253.6	253.4	282.8	+11.5%	+11.6%	963.1	1,038.8	+7.9%
Finance costs	58.5	52.8	54.7	-6.6%	+3.6%	246.5	214.3	-13.0%
Profit before income tax expenses	179.4	182.3	215.8	+20.3%	+18.4%	529.4	781.0	+47.5%
Tax expenses	28.4	29.7	32.3	+13.6%	+8.8%	76.2	122.0	+60.0%
Net profit	150.9	152.6	183.5	+21.6%	+20.3%	453.2	659.1	+45.4%

Revenue Structure	Q4/2021	Q3/2022	Q4/2022	Change +/-		2021	2022	Change +/-
				%YoY	%QoQ			
(Unit: THB million)								
A. Revenue from sale of goods								
Domestic sales								
1.1 Retail stores	1,660.8	1,501.1	1,660.8	-0.0%	+10.6%	5,885.6	6,229.5	+5.8%
1.2 Projects	167.5	182.0	305.4	+82.3%	+67.8%	588.3	773.1	+31.4%
1.3 Dealers	21.1	23.4	24.6	+16.6%	+5.3%	79.6	92.7	+16.5%
1.4 Online	283.6	234.6	219.7	-22.5%	-6.3%	1,000.7	902.8	-9.8%
Total revenue from domestic sales	2,133.0	1,941.1	2,210.5	+3.6%	+13.9%	7,554.2	7,998.1	+5.9%
Overseas sales	55.1	76.2	63.8	+15.6%	-16.4%	283.8	252.8	-10.9%
Total revenue from sale of goods	2,188.1	2,017.3	2,274.3	+3.9%	+12.7%	7,838.0	8,250.9	+5.3%
B. Revenue from rental and rendering of services	131.4	170.5	161.1	+22.6%	-5.5%	479.2	638.0	+33.2%
Total operating revenue	2,319.6	2,187.8	2,435.4	+5.0%	+11.3%	8,317.1	8,888.9	+6.9%
Other income	49.8	32.0	34.7	-30.3%	+8.6%	97.0	120.1	+23.9%
Total revenue	2,369.4	2,219.8	2,470.2	+4.3%	+11.3%	8,414.1	9,009.0	+7.1%

1. Operating Revenue

Unit: THB million, %



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

Q4/2022 vs Q4/2021 (YoY)

- In Q4/2022, the Company recorded total operating revenue of Baht 2,435.4 million, increased by Baht 115.9 million or 5.0% YoY. Details were as follows:
 - **Revenue from sale of goods** was Baht 2,274.3 million, increased by Baht 86.1 million or 3.9% YoY, mainly supported by improved sales during the festive season, despite the Company's termination of home electric sale under the brand of Power One since the beginning of 2022 and changing the sales area of Power One rented by COM7 to sell home electric appliances. Sales growth came from domestic project sales, which grew by 82.3% YoY; domestic dealer sales, which grew by 16.6% YoY; and overseas sales, which grew by 15.6% YoY.

If excluding home electric sales that the Company has terminated the business, the Company's total sales in Q4/2022 will increase by 6.7% YoY; retail sales will increase by 4.1% YoY. However, online sales will still decrease by 22.1% YoY, due to the change of strategies from building sales growth to focusing on profitability.
 - **Revenue from rental and rendering of services** was Baht 161.1 million, increased by Baht 29.7 million or 22.6% YoY, mainly supported by gradually increased rental revenue recognition from new tenants since the beginning of 2022.

Q4/2022 vs Q3/2022 (QoQ)

- In Q4/2022, the Company recorded total operating revenue of Baht 2,435.4 million, increased by Baht 247.6 million or 11.3% QoQ. Details were as follows:
 - **Revenue from sale of goods** was Baht 2,274.3 million, increased by Baht 257.0 million or 12.7% QoQ, supported increased consumer spending during the fourth quarter as the festive season. Sales expansion included retail sales, which grew by 10.6% QoQ, domestic project sales, which grew by 67.8% QoQ; and domestic dealer sales, which grew by 5.3% QoQ.
 - **Revenue from rental and rendering of services** was Baht 161.1 million, decreased by Baht 9.4 million or 5.5% QoQ, mainly due to the lease contract discontinuing of some tenant. However, the Company is in the process of recruiting new tenants.

2022 vs 2021 (YoY)

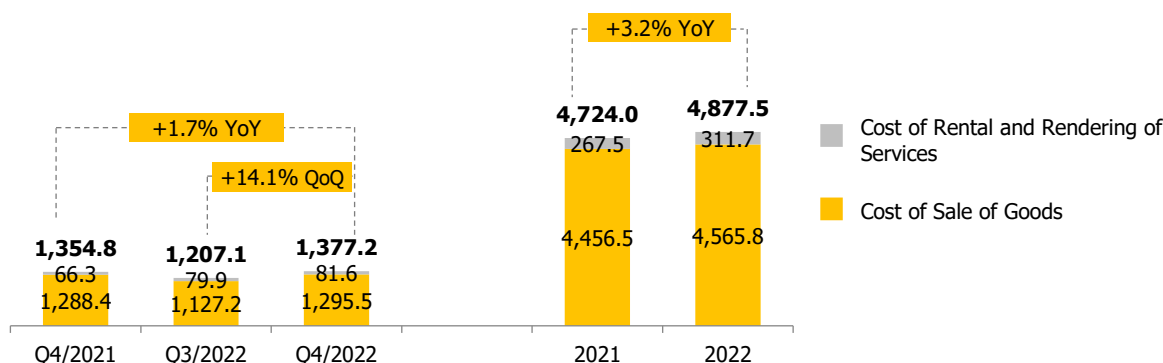
- In 2022, the Company recorded total operating revenue of Baht 8,888.9 million, increased by Baht 571.7 million or 6.9% YoY. Details were as follows:
 - **Revenue from sale of goods** was Baht 8,250.9 million, increased by Baht 412.9 million or 5.3% YoY, mainly supported by improved purchasing power and no lockdown measures as occurred in the previous year, despite the Company's termination of home electric sale under the brand of Power One since the beginning of 2022 and changing the sales area of Power One to be the rental spaces to COM7. Sales growth came from retail sales, which grew by 5.8% YoY; domestic project sales, which grew by 31.4% YoY; domestic dealer sales, which grew by 16.5% YoY; and overseas franchise sales, which grew by 10.3% YoY.

If excluding home electric sales that the Company has terminated the business, the Company's total sales in 2022 will increase by 10.9% YoY; and retail sales will increase by 12.8% YoY. However, online sales will still decrease by 3.9% YoY since the lockdown measures in 2021 boosted exceptionally high online sales growth during the year. Another reason for the drop in online sales was the change of strategies from building sales growth to focusing on profitability.
 - **Revenue from rental and rendering of services** was Baht 638.0 million, increased by Baht 158.9 million or 33.2% YoY, mainly supported by the Company's increased and diversified tenants. Also, the Company no longer gives rental discounts to tenants, as occurred during the lockdown period last year.

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

2. Cost of Sales and Services

Unit: THB million, %



Q4/2022 vs Q4/2021 (YoY)

- In Q4/2022, the Company recorded cost of sales and services of Baht 1,377.2 million, increased by Baht 22.4 million or 1.7% YoY. Details were as follows:
 - Cost of sale of goods** was Baht 1,295.5 million, increased by Baht 7.1 million or 0.6% YoY, following the higher sales.
 - Cost of rental and rendering of services** was Baht 81.6 million, increased by Baht 15.3 million or 23.0% YoY following the higher revenue from rental and rendering of services.

Q4/2022 vs Q3/2022 (QoQ)

- In Q4/2022, the Company recorded cost of sales and services of Baht 1,377.2 million, increased by Baht 170.0 million or 14.1% QoQ. Details were as follows:
 - Cost of sale of goods** was Baht 1,295.5 million, increased by Baht 168.3 million or 14.9% QoQ, following the higher sales.
 - Cost of rental and rendering of services** was Baht 81.6 million, increased by Baht 1.7 million or 2.1% QoQ, despite the decreased revenue from rental and rendering of services mainly due to the higher utilities expense from rising Ft.

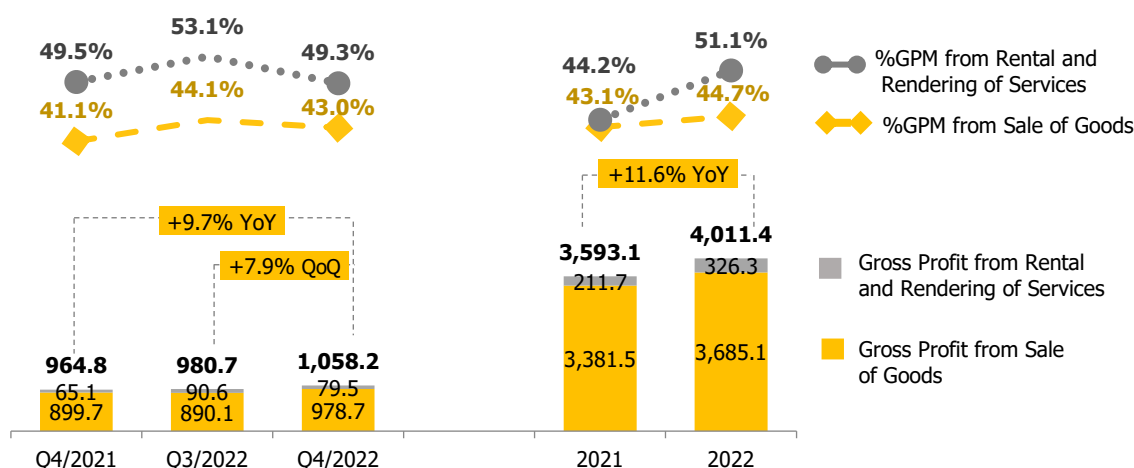
2022 vs 2021 (YoY)

- In 2022, the Company recorded cost of sales and services of Baht 4,877.5 million, increased by Baht 153.4 million or 3.2% YoY. Details were as follows:
 - Cost of sale of goods** was Baht 4,565.8 million, increased by Baht 109.2 million or 2.5% YoY, following the higher sales, the increased sales and higher cost of particle board, which is a major raw material for furniture production, and the extensive depreciation of average Thai baht (THB) in 2022 against the US dollar (USD), which caused the higher cost of imported products.
 - Cost of rental and rendering of services** was Baht 311.7 million, increased by Baht 44.2 million or 16.5% 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, %



Q4/2022 vs Q4/2021 (YoY)

- In Q4/2022, the Company recorded gross profit of Baht 1,058.2 million, increased by Baht 93.5 million or 9.7% YoY. Details were as follows:
 - Gross profit from sale of goods** was Baht 978.7 million, increased by Baht 79.0 million or 8.8% YoY, following the higher sales. Gross profit margin from sales improved substantially YoY, mainly due to the full-amount allowance for diminution in value of home electric inventories set up in Q4/2021 before transferring the rental spaces to COM7 and the termination of the home electric sale since the beginning of 2022.
 - Gross profit from rental and rendering of services** was Baht 79.5 million, increased by Baht 14.5 million or 22.2% YoY, following the higher revenue from rental and rendering of services supported by increased and diversified tenants. However, gross profit margin from rental and rendering of services decreased YoY mainly due to the higher utilities expense resulting from rising Ft.

Q4/2022 vs Q3/2022 (QoQ)

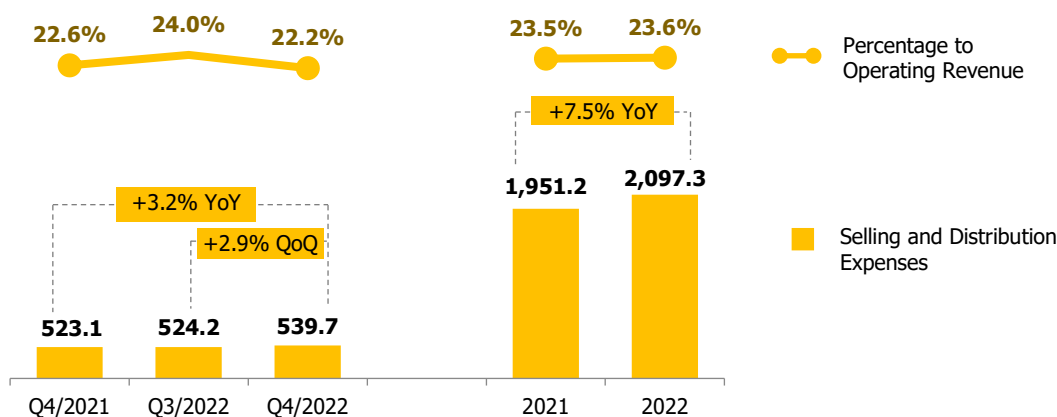
- In Q4/2022, the Company recorded gross profit of Baht 1,058.2 million, increased by Baht 77.5 million or 7.9% QoQ. Details were as follows:
 - Gross profit from sale of goods** was Baht 978.7 million, increased by Baht 88.6 million or 10.0% QoQ, following the higher sales. However, gross profit margin from sales decreased QoQ mainly due to the considerably increased proportion of domestic project sales, which contributed to a low gross profit margin, despite the higher retail sales QoQ which contributed to a high gross profit margin but lower sales proportion.
 - Gross profit from rental and rendering of services** was Baht 79.5 million, decreased by Baht 11.1 million or 12.2% QoQ, following lower revenue and gross profit margin from rental and rendering of services mainly due to higher utilities expense resulting from rising Ft and the lease contract discontinuing of some tenant.

2022 vs 2021 (YoY)

- In 2022, the Company recorded gross profit of 4,011.4 million, increased by Baht 418.3 million or 11.6% YoY. Details were as follows:
 - Gross profit from sale of goods** was Baht 3,685.1 million, increased by Baht 303.6 million or 9.0% YoY, following the higher sales and improved gross profit margin from sales supported by increased sales proportion of high gross profit margin products, increased selling prices to compensate for the cost hike, termination of the home electric sale since the beginning of 2022, and no allowance for diminution in value of home electric inventories as occurred in the previous year.
 - Gross profit from rental and rendering of services** was Baht 326.3 million, increased by Baht 114.7 million or 54.2% YoY, following the higher revenue and gross profit margin from rental and rendering of services supported by increased and diversified tenants and effective cost management. Also, the Company no longer gives rental discounts to tenants, as occurred during the lockdown period last year.

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4. Selling and Distribution Expenses**



**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.

Q4/2022 vs Q4/2021 (YoY)

- In Q4/2022, the Company recorded selling and distribution expenses of Baht 539.7 million, increased by Baht 16.6 million or 3.3% YoY, following the higher operating revenue. The higher expenses mainly came from the increased salary and employee benefits, 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 decreased YoY, despite the increased expenses, mainly supported by higher operating revenue and effective cost management.

Q4/2022 vs Q3/2022 (QoQ)

- In Q4/2022, the Company recorded selling and distribution expenses of Baht 539.7 million, increased by Baht 15.5 million or 2.9% QoQ, following the higher operating revenue. The higher expenses mainly came from elevated delivery costs resulting from increased sales, higher utilities expenses from rising Ft, and increased sales promotion expenses from higher sales and new store openings of Index Living Mall and Little Walk – Lat Krabang.
- The percentage of selling and distribution expenses to operating revenue decreased QoQ, despite the increased expenses, mainly supported by higher operating revenue and effective cost management.

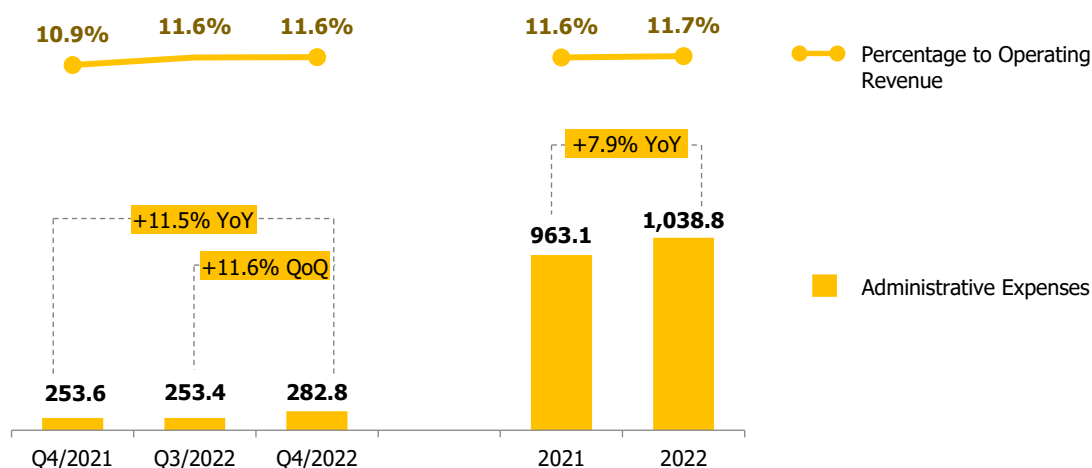
2022 vs 2021 (YoY)

- In 2022, the Company recorded selling and distribution expenses of Baht 2,097.3 million, increased by Baht 146.2 million or 7.5% YoY, following the higher operating revenue. The increased expenses were mainly due to the increased salary and employee benefits, elevated delivery costs resulting from increased sales and oil prices, higher utilities expenses from rising Ft, and increased sales promotion expenses from higher sales and new store openings of Index Living Mall and Little Walk – Lat Krabang.
- The percentage of selling and distribution expenses to operating revenue slightly increased YoY, due to the increased expenses, despite 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.

Q4/2022 vs Q4/2021 (YoY)

- In Q4/2022, the Company recorded administrative expenses of Baht 282.8 million, increased by Baht 29.2 million or 11.5% YoY, mainly due to the increased salary and employee benefits and higher utilities expenses from rising Ft.
- The percentage of administrative expenses to operating revenue increased YoY, due to the increased expenses despite effective cost management.

Q4/2022 vs Q3/2022 (QoQ)

- In Q4/2022, the Company recorded administrative expenses of 282.8 million, increased by Baht 29.4 million or 11.6% QoQ, mainly due to higher delivery costs resulting from increased sales and higher utilities expenses from rising Ft.
- The percentage of administrative expenses to operating revenue was unchanged QoQ, supported by effective cost management despite the increased expenses.

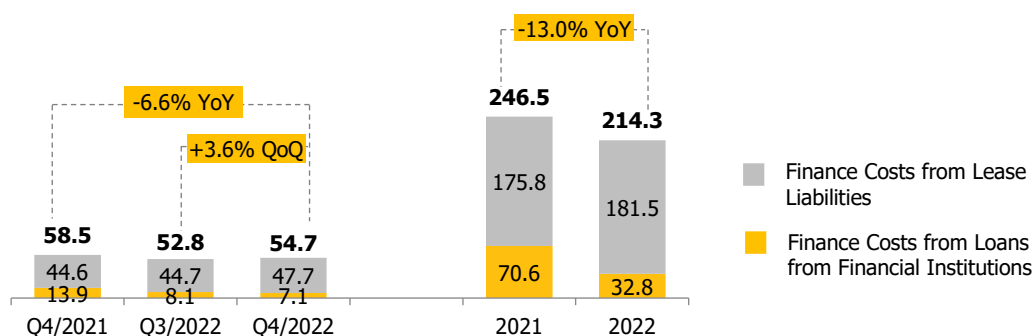
2022 vs 2021 (YoY)

- In 2022, the Company recorded administrative expenses of Baht 1,038.8 million, increased by Baht 75.7 million or 7.9% 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 slightly increased YoY, due to the increased expenses despite effective cost management.

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

6. Finance Costs

Unit: THB million, %



Q4/2022 vs Q4/2021 (YoY)

- In Q4/2022, the Company recorded finance costs of Baht 54.7 million, decreased by Baht 3.8 million or 6.6% YoY. Details were as follows:
 - Finance costs from loans from financial institutions were Baht 7.1 million, decreased by Baht 6.9 million or 49.3% YoY, despite the increased interest rates, supported by the Company's continuous long-term loan prepayment.
 - Finance costs from lease liabilities were Baht 47.7 million, increased by Baht 3.0 million or 6.8% YoY, resulting from higher interest expense amortized from lease liabilities.

The Company's total borrowings from financial institutions at the end of Q4/2022 were Baht 1,136.5 million, decreased by Baht 839.5 million or 42.5% from Baht 1,975.9 million at the end of Q4/2021. The decrease was supported by the Company's continuous long-term loan prepayment.

Interest-bearing debt at the end of Q4/2022 was Baht 4,101.0 million, decreased by Baht 674.0 million or 14.1% from Baht 4,775.0 million at the end of Q4/2021.

Q4/2022 vs Q3/2022 (QoQ)

- In Q4/2022, the Company recorded finance costs of Baht 54.7 million, increased by Baht 1.9 million or 3.6% QoQ. Details were as follows:
 - Finance costs from loans from financial institutions were 7.1 million, decreased by Baht 1.0 million or 12.9% QoQ, despite the increased interest rates, supported by the Company's continuous long-term loan prepayment.
 - Finance costs from lease liabilities were Baht 47.7 million, increased by Baht 2.9 million or 6.6% QoQ, resulting from higher interest expense amortized from lease liabilities.

The Company's borrowings from financial institutions at the end of Q4/2022 were 1,136.5 million, decreased by Baht 410.1 million or 26.5% from Baht 1,546.6 million at the end of Q3/2022, mainly supported by the Company's continuous long-term loan prepayment of Baht 100.0 million during Q4/2022.

Interest-bearing debt at the end of Q4/2022 was Baht 4,101.0 million, decreased by Baht 218.0 million or 5.0% from Baht 4,319.0 million at the end of Q3/2022.

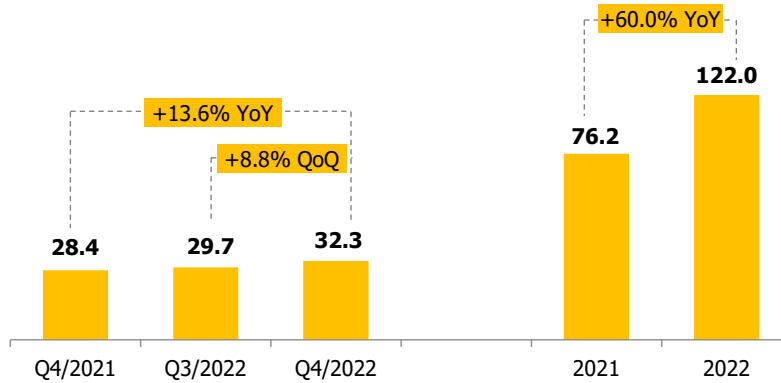
2022 vs 2021 (YoY)

- In 2022, the Company recorded finance costs of Baht 214.3 million, decreased by Baht 32.1 million or 13.0% YoY. Details were as follows:
 - Finance costs from loans from financial institutions of Baht 32.8 million, decreased by Baht 37.8 million or 53.5% YoY, despite the increased interest rates mainly, supported by the Company's continuous long-term loan prepayment of Baht 613.0 million during 2022.
 - Finance costs from lease liabilities of Baht 181.5 million, increased by Baht 5.7 million or 3.2% YoY, resulting from higher interest expense amortized from lease liabilities.

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

7. Tax Expenses

Unit: THB million, %



Q4/2022 vs Q4/2021 (YoY)

- In Q4/2022, the Company recorded tax expenses of Baht 32.3 million, increased by Baht 3.9 million or 13.6% YoY, mainly due to higher earnings before tax.

In Q4/2022, the Company utilized tax incentives from the Office of the Board of Investment (BOI) for investment in new machinery of Baht 7.5 million, increased from Baht 4.5 million in Q4/2021.

Q4/2022 vs Q3/2022 (QoQ)

- In Q4/2022, the Company recorded tax expenses of Baht 32.3 million, increased by Baht 2.6 million or 8.8% QoQ, mainly due to higher earnings before tax.

The Company utilized tax incentives in Q4/2022 of Baht 7.5 million, increased from Baht 5.3 million in Q3/2022.

2022 vs 2021 (YoY)

- In 2022, the Company recorded tax expenses of Baht 122.0 million, increased by Baht 45.7 million or 60.0% YoY mainly due to higher earnings before tax.

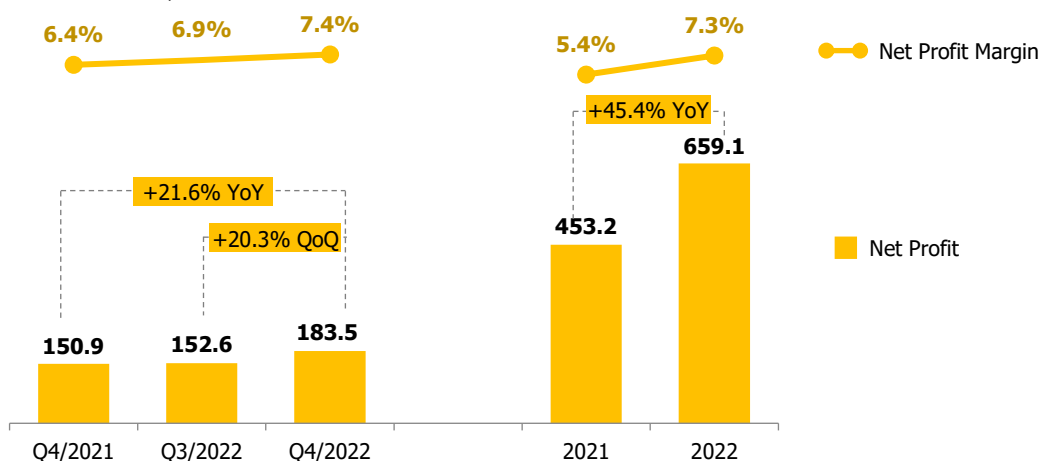
The Company utilized tax incentives in 2022 of Baht 24.2 million, increased from Baht 18.4 million in 2021.

The Company utilized tax incentives from the beginning of 2021 until the end of 2022 of Baht 42.6 million out of total tax incentives of Baht 71.1 million received for 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, %



Q4/2022 vs Q4/2021 (YoY)

- In Q4/2022, the Company recorded a net profit of Baht 183.5 million, increased by Baht 32.6 million or 21.6% YoY. Net profit made a new quarterly high in 16 quarters since Q4/2018 and since being listed on SET in Q3/2019. Key reasons for the increase were as follows:
 - Higher revenue both from sales and from rental and rendering of services, supported by the improved consumer spending during the festive season compared to the same period last year
 - Substantially improved gross profit margin from sales, because of the full-amount allowance for diminution in value of home electric inventories set up in Q4/2021 before transferring the rental spaces to COM7 and the termination of the home electric sale since the beginning of 2022
 - Lower finance costs despite the increased interest rates, supported by continuous long-term loan prepayment
 - The Company utilized tax incentives of Baht 7.5 million, increased from Baht 4.5 million in Q4/2021

Q4/2022 vs Q3/2022 (QoQ)

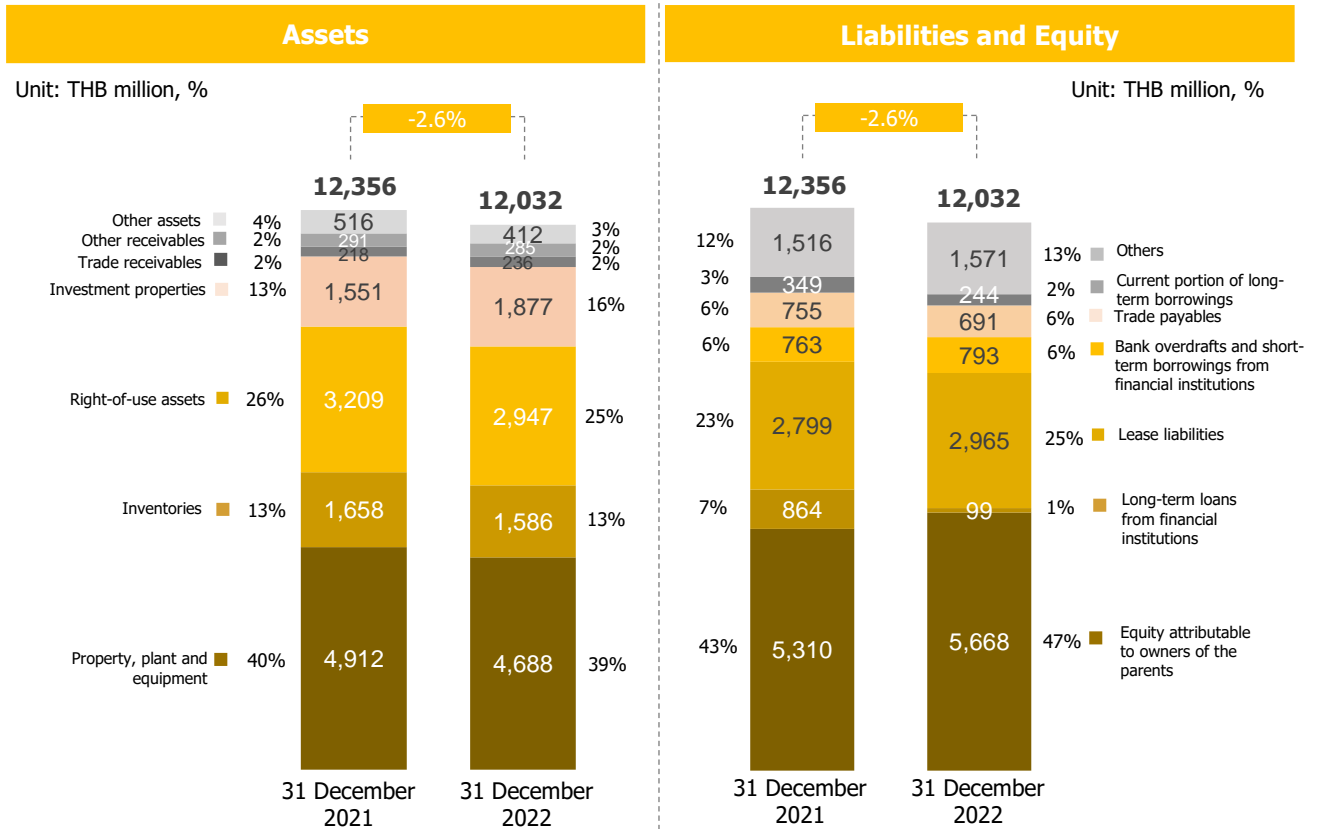
- In Q4/2022, the Company recorded a net profit of Baht 183.5 million, increased by Baht 30.9 million or 20.3% QoQ. Key reasons for the increase were as follows:
 - Higher sales, supported by the higher consumer spending during the festive season
 - Lower %SG&A to operating revenue despite the increased expenses, supported by higher operating revenue and effective cost management
 - The Company utilized tax incentives of Baht 7.5 million, increased from Baht 5.3 million Q3/2022.

2022 vs 2021 (YoY)

- In 2022, the Company recorded a net profit of Baht 659.1 million, increased by Baht 205.9 million or 45.4% YoY. Net profit made a record high since the Company's establishment in 1994. Key reasons for the increase were as follows:
 - Higher revenue both from sales and from rental and rendering of services, mainly supported by improved purchasing power and no lockdown measures as occurred in the previous year, despite the termination of the home electric sale under the brand of Power One since the beginning of 2022.
 - Improved gross profit margin from sales, supported by increased sales proportion of high gross profit margin products, increased selling prices to compensate for the cost hike, termination of the home electric sale since the beginning of 2022, and no allowance for diminution in value of home electric inventories as occurred in the previous year.
 - 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. Also, the Company no longer gives rental discounts to tenants, as occurred during the lockdown period last year.
 - Lower finance costs despite the increased interest rates, supported by continuous long-term loan prepayment
 - Utilized tax incentives of Baht 24.2 million, increased from Baht 18.4 million in 2021
 - The Company utilized tax incentives from the beginning of 2021 until the end of 2022 of Baht 42.6 million out of total tax incentives of Baht 71.1 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 31 December 2022, the Company had total assets of Baht 12,031.5 million, decreased by Baht 324.4 million or 2.6% 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 262.8 million or 8.2% from Baht 3,209.4 million at the end of 2021; 2) decreased property, plant and equipment by Baht 224.4 million or 4.6% from Baht 4,912.3 million at the end of 2021; and 3) decreased inventories by Baht 71.5 million or 4.3% from Baht 1,657.8 million at the end of 2021

On the other hand, investment properties increased by Baht 325.5 million or 21.0% from Baht 1,551.3 million at the end of 2021.

Liabilities

- As at 31 December 2022, the Company had total liabilities of Baht 6,363.6 million, decreased by Baht 681.3 million or 9.7% from Baht 7,044.9 million at the end of 2021. The decrease was mainly due to reduced loans from financial institutions by Baht 839.5 million or 42.5% from Baht 1,975.9 million at the end of 2021 to Baht 1,136.5 million at the end of 2022 after the Company has been repaying loans from financial institutions continuously, with long-term loan prepayment of Baht 613.0 million. Trade accounts payable also decreased by Baht 63.9 million or 8.5% from Baht 755.2 million at the end of 2021.

Equity

- As at 31 December 2022, the Company had equity attributable to owners of the parent of Baht 5,668.0 million, increased by Baht 358.2 million or 6.7% from Baht 5,309.8 million at the end of 2021, mainly resulting from the Company's 2022 net profit of Baht 659.1 million, deducted by a cash dividend of Baht 202.0 million for the 2021 operating results, the amount of which the remaining after paying the interim dividend of Baht 75.8 million and a cash dividend of Baht 101.0 million for the 6M/2022 operating results paid to shareholders.

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Future Outlook

Although the global economy tends to slow down in 2023, the Thai economy in 2023 is likely to continue to expand. The main supporting factors include the government's stimulus measures and significant recovery of foreign tourists, especially after China reopened the country on 8 January 2023, while domestic investment tends to increase decently. Several positive economic outlook indicators will help boost consumer confidence and increase domestic consumption. Meanwhile, the Company is committed to driving its future performance to grow continuously through its key sales channels, both online and offline. The Company's store expansion plan includes a new community mall, Little Walk - Krungthep Kreetha, in Q3/2023 and 3 new stores of Index Living Mall during 2023 - 2024, which will help drive the Company's operating results to continue to increase in the future.



Three New Stores of Index Living Mall Opening Plan

After the ease of COVID-19 outbreak, the Company started to plan for the new store opening continuously. The Company recently opened Index Living Mall - Lat Krabang in December 2022 and has 3 new stores in the pipeline during 2023 -2024 to help drive the Company's sales growth in the future.



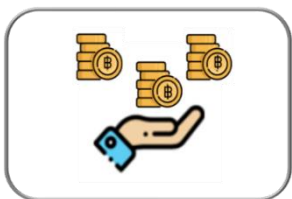
The Fourth Little Walk Opening Plan

The Company plans to open Little Walk - Krungthep Kreetha, the fourth Little Walk after Bangna, Pattaya, and Lat Krabang. Little Walk - Krungthep is a small-sized community mall, expected to open around Q3/2023 to enhance revenue from rental and rendering of services to grow continuously.



The Government's 'Shop Dee Mee Kuen' Campaign to Help Boost Sales

Under the government's economic stimulus measure 'Shop Dee Mee Kuen', taxpayers can claim their expenses for the purchase of goods and services worth up to Baht 40,000 from 1 January to 15 February 2023 for personal income tax deductions, higher than Baht 30,000 in the previous year. The campaign will stimulate domestic spending and help drive the Company's sales growth.



Growth Target in 2023

The Company targets its operating revenue to continue to expand in 2023, both revenue from sales and from rental and rendering of services. Meanwhile, the Company is aware of the tendency of cost increase and well prepared to minimize the impact, e.g., using robots and automated machinery in the production process to increase the efficiency and accuracy of work while reducing the cost of production; building fuel bunker to reduce the cost of diesel for goods delivery; installing solar rooftop at the factory, Index Living Mall stores, and a distribution center to reduce electricity costs and also helps reduce the environmental impact; adjusting the sales promotion optimally and effectively following the rapid change of cost during each period; and continuously repaying loans to reduce finance costs. Therefore, the Company is confident that it will be able to manage costs and expenses effectively and continue to maintain the optimal profit in 2023.