

9 August 2023

Subject Management Discussion and Analysis for the period ended 30 June 2023

To President, The Stock Exchange of Thailand

Index Living Mall Public Company Limited (“the Company”), are pleased to provide you our management discussion and analysis for the period ended 30 June 2023 of the Company and the subsidiaries as follow:

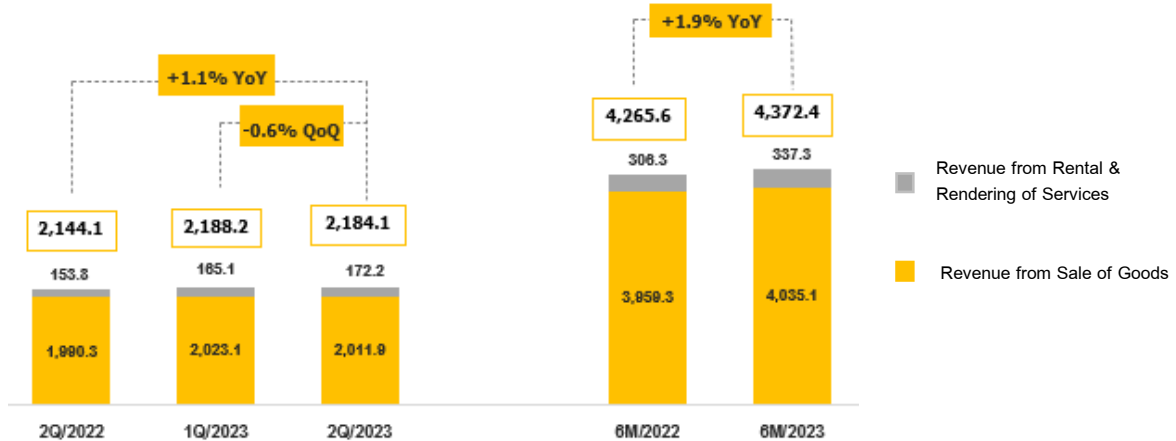
Summary of Operating Results

Summary of Operating Results	Q2/2023	Q1/2023	Q2/2022	% Change		6M/2023	6M/2022	% Change
				QoQ	YoY			
(Unit: THB million)				QoQ	YoY			YoY
Revenue from sale of goods	2,011.9	2,023.1	1,990.3	-0.6%	1.1%	4,035.1	3,959.3	1.9%
Revenue from rental and rendering of services	172.2	165.1	153.8	4.3%	12.0%	337.3	306.3	10.1%
Operating revenue	2,184.1	2,188.2	2,144.1	-0.2%	1.9%	4,372.4	4,265.6	2.5%
Cost of sale of goods	1,064.6	1,075.0	1,076.6	-1.0%	-1.1%	2,139.7	2,143.0	-0.2%
Cost of rental and rendering of services	82.6	83.9	75.7	-1.6%	9.1%	166.5	150.2	10.9%
Cost of sales and services	1,147.2	1,158.9	1,152.3	-1.0%	-0.4%	2,306.2	2,293.2	0.6%
Gross profit	1,036.9	1,029.3	991.9	0.7%	4.5%	2,066.2	1,972.4	4.8%
Other income	31.5	24.3	25.5	29.8%	23.6%	55.8	53.4	4.6%
Selling and distribution expenses	545.7	521.6	521.4	4.6%	4.7%	1,067.3	1,033.5	3.3%
Administrative expenses	274.1	271.7	251.2	0.9%	9.1%	545.8	502.6	8.6%
Finance costs	53.5	52.1	53.0	2.8%	1.0%	105.6	106.8	-1.1%
Profit before income tax expenses	195.0	208.2	191.8	-6.3%	1.7%	403.2	383.0	5.3%
Tax expenses	31.3	34.0	29.5	-8.0%	6.1%	65.2	60.0	8.7%
Net profit	163.7	174.3	162.3	-6.1%	0.9%	338.0	323.0	4.6%

Revenue Structure	Q2/2023	Q1/2023	Q2/2022	% Change		6M/2023	6M/2022	% Change
				QoQ	YoY			
(Unit: THB million)				QoQ	YoY			YoY
A. Revenue from sale of goods								
Domestic sales								
1.1 Retail stores	1,670.8	1,675.0	1,528.8	-0.3%	9.3%	3,345.8	3,067.6	9.1%
1.2 Projects	57.6	58.1	167.4	-0.8%	-65.6%	115.7	285.7	-59.5%
1.3 Dealers	23.1	22.1	20.4	4.6%	13.3%	45.2	44.7	1.1%
1.4 Online	235.1	227.6	223.1	3.3%	5.4%	462.7	448.5	3.2%
Total revenue from domestic sales	1,986.5	1,982.9	1,939.7	0.2%	2.4%	3,969.4	3,846.5	3.2%
Overseas sales	25.3	40.3	50.6	-37.2%	-50.0%	65.6	112.8	-41.8%
Total revenue from sale of goods	2,012.0	2,023.1	1,990.3	-0.6%	1.1%	4,035.1	3,959.3	1.9%
B. Revenue from rental and rendering of services	172.2	165.1	153.8	4.3%	12.0%	337.3	306.3	10.1%
Total operating revenue	2,184.2	2,188.2	2,144.1	-0.2%	1.9%	4,372.4	4,265.6	2.5%
Other income	31.5	24.3	25.5	29.8%	23.6%	55.8	53.4	4.6%
Total revenue	2,215.7	2,212.5	2,169.6	0.1%	2.1%	4,428.2	4,319.0	2.5%

1. Operating Revenue

Unit: THB million, %



Operating Revenue

- In Q2/2023, the Company recorded total operating revenue of Baht 2,184.1 million, an increase of Baht 40.0 million from 2Q/2022 or +1.9% YoY and decreased by Baht 3.2 million from 1Q/2023 or -0.2% QoQ. Details were as follows:

Revenue from sale of goods was Baht 2,012.0 million

- YoY:** Revenue from sale of goods increased by Baht 21.6 million or +1.1%, the sale revenue from the Company's retail stores channel remained the main distribution channel and had significant growth, although the Company has closed the furniture center at The Mall Bangkhae branch during mid-2022 and the Index Living Mall, Rattana Thibet branch due to the expiration of the lease agreement at the end of January 2023, but the revenue growth from other branches, especially the tourism province branches, combined with the expansion of new stores at Ladkrabang at the end of 2022, pushed the total revenue from retail store sales grew by 9.3%.

On the other hand, sales from domestic projects decreased by 65.6% due to the delay in project delivery. While sales from domestic dealers and online channels grew at 13.3% and 5.4% respectively.

- QoQ:** Revenue from sale of goods increased by Baht 4.2 million or +0.6%, due partly to the closure of Index Living Mall, Rattana Thibet branch at the end of January 2023, there was still some sales revenue recognition from such branches in the first quarter of 2023 but offset with the high revenue growth in the tourism province branches.

The sales from domestic projects were stable compared to the first quarter of 2023, while sales from domestic dealer channels and online channels increased by 4.6% and 3.3% respectively.

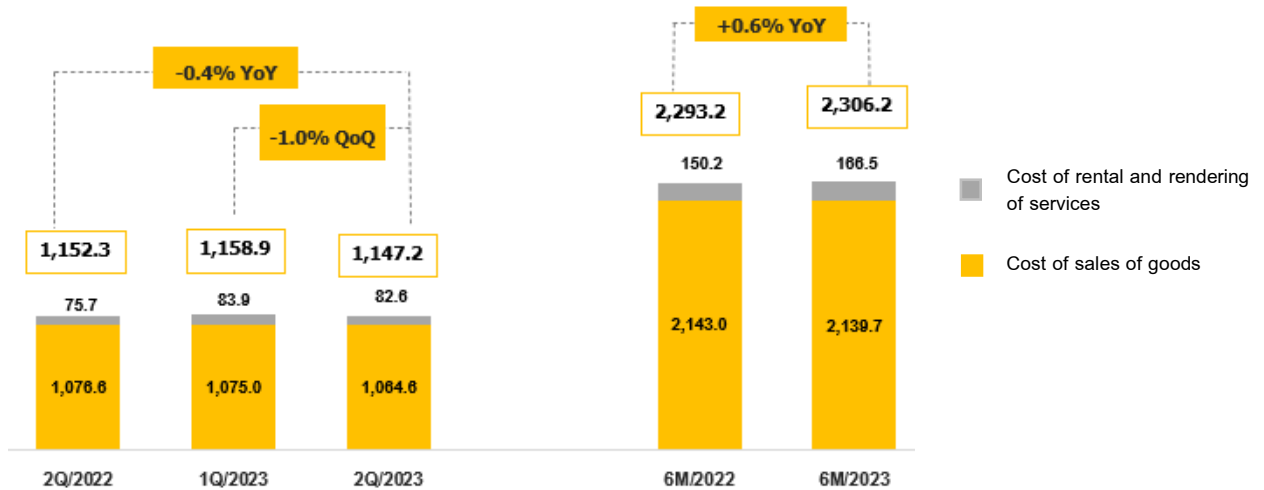
Revenue from rental and rendering of services was Baht 172.2 million

- YoY:** Revenue from rental and rendering of services increased by Baht 18.4 million or +12.0% YoY, besides the additional rental space from the opening of a new branch of Little Walk at Ladkrabang in late 2022, the occupancy rate was also increased from the same period last year.
- QoQ:** Revenue from rental and rendering of services increased by Baht 7.1 million or +4.3% QoQ, since the increase of the occupancy rate

- For 6M/2023, the Company recorded total operating revenue of Baht 4,428.2 million, an increase of Baht 109.2 million from 6M/2022 or +2.5% YoY. Details were as follows:
 - Revenue from sale of goods** was Baht 4,035.1 million, an increase of Baht 4.2 million or +0.6% YoY, although the Company has closed the furniture center at The Mall Bangkhae branch during mid-2022 and the Index Living Mall, Rattana Thibet branch due to the expiration of the lease agreement at the end of January 2023, but the revenue growth from other branches, especially the tourism province branches, combined with the expansion of new stores at Ladkrabang at the end of 2022, pushed the total revenue from retail store sales grew by 9.1% YoY. The sales from domestic dealers and online channels grew at 1.1% YoY and 3.2% YoY respectively, while the sales from domestic projects decreased since the delay in project delivery.
 - Revenue from rental and rendering of services** was Baht 337.3 million, an increase of Baht 31.0 million or +10.1% YoY, due mainly to the additional rental space from the opening of a new branch of Little Walk at Ladkrabang in late 2022, including the higher occupancy rate from the same period last year

2. Cost of Sales and Services

Unit: THB million, %



Cost of Sales and Services

- In Q2/2023, the Company recorded cost of sales and services of Baht 1,147.2 million, slightly decreased by Baht 5.1 million from 2Q/2022 or -0.4% YoY and decreased by Baht 11.7 million from 1Q/2023 or -1.0% QoQ. Details were as follows:

Cost of sales of goods was Baht 1,064.6 million

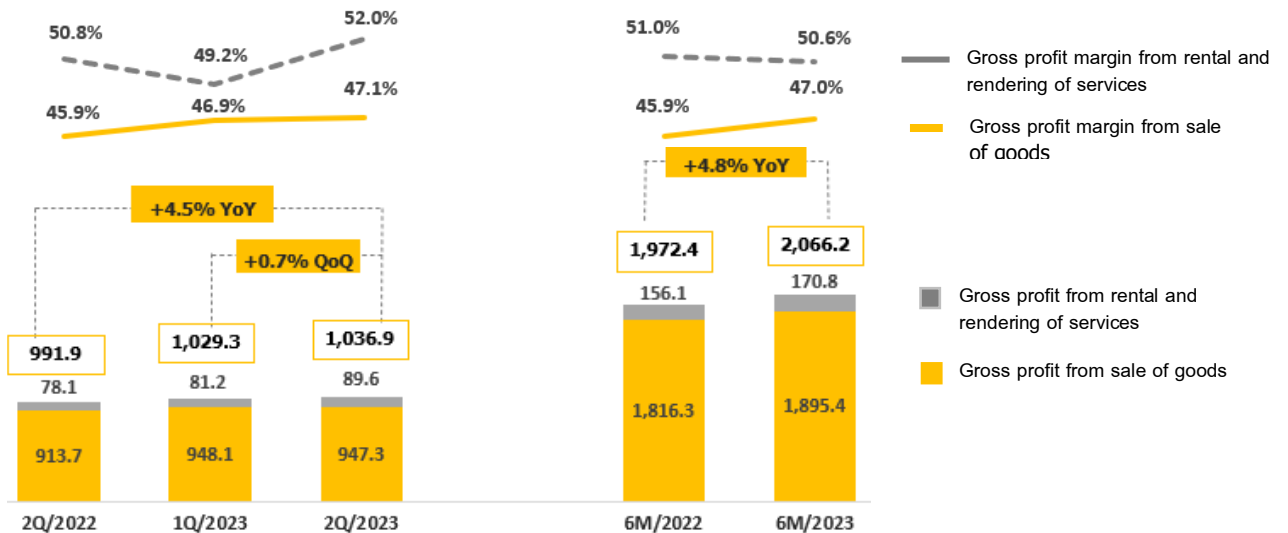
- YoY:** Cost of sales of goods decreased by Baht 12.0 million or decreased by -1.1% despite the increase in sales revenue due to an increase in the proportion of sales from retail stores which was the lower cost-ratio channel than other channels.
- QoQ:** Cost of sales decreased by Baht 10.4 million or decreased by 1.0%, which was in line with the sales revenue.

Cost of rental and rendering of services was Baht 82.6 million.

- **YoY:** The cost of rental and rendering of services increased by Baht 6.9 million or +9.1% due to the opening of a new branch of Little Walk Ladkrabang and the increase in electricity costs compared to the same period of last year.
 - **QoQ:** The cost of rental and rendering of services decreased by Baht 1.3 million or -1.6% because of lower electricity costs since the announcement of the Office of the Energy Regulatory Commission to reduce the Ft (announced on March 22, 2023) from 154.92 satang per unit in January - April 2023 to 98.27 satang per unit in May - August 2023, which could reduce the electricity cost of the Company.
- For 6M/2023, the Company recorded cost of sales and services of Baht 2,306.2 million, increased by Baht 13.0 million from 6M/2022 or +0.6% YoY. Details were as follows:
- **Cost of sales of goods** was Baht 2,139.7 million decreased by Baht 3.3 million or decreased by 0.2% YoY, despite the increase in sales revenue due to an increase in the proportion of sales from retail stores which was the lower cost-ratio channel than other channels.
 - **Cost of rental and rendering of services** was Baht 166.5 million, increased by Baht 16.3 million from 6M/2022 or +10.9% YoY which was in line with the sales revenue, as a results of opening of a new branch of Little Walk Ladkrabang and the increase in electricity costs compared to the same period of last year.

3. Gross Profit and Gross Profit Margin

Unit: THB million, %



Gross Profit

- In Q2/2023, the Company recorded gross profit of Baht 1,036.9 million, increased by Baht 45.0 million from 2Q/2022 or +4.5% YoY and increased by Baht 7.6 million from 1Q/2023 or +0.7% QoQ. Details were as follows:

Gross profit from sale of goods was Baht 947.3 million

- **YoY:** Gross profit from sales increased by Baht 33.6 million or +3.7%, which was in line with the increase of sales revenue, while the gross profit margin from sales was improved since the high growth of sales from retail store channel which had higher gross margin than other channels.
- **QoQ:** Gross profit from sales slightly decreased by Baht 0.8 million or -0.1%, which was in line with the decrease of sales revenue, while the gross profit margin slightly improved from 1Q/2023.

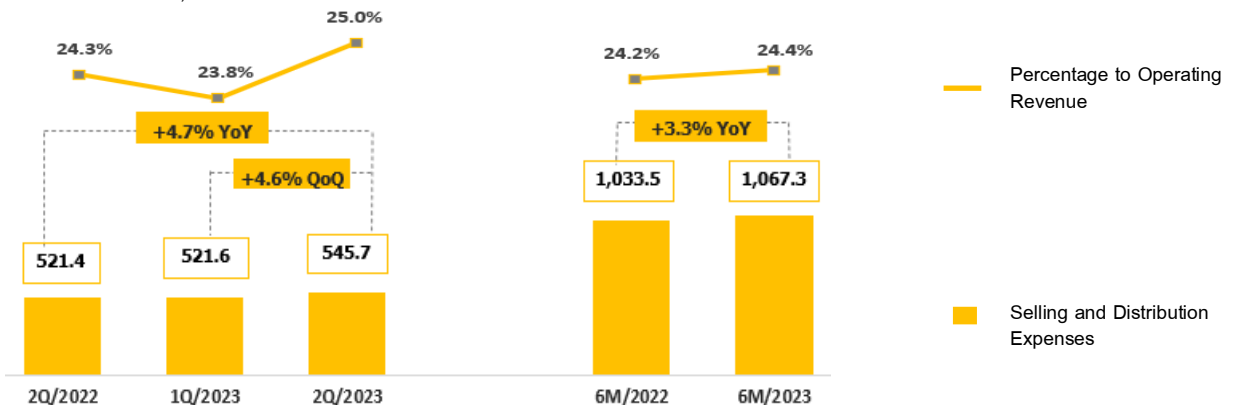
Gross profit from rental and rendering of services was 89.6 million.

- **YoY:** Gross profit from rental and rendering of services increased by Baht 11.5 million or +14.7%, according to the increase in revenue from rental and rendering of services. The gross profit margin from rental and rendering of services also improved from the opening of a new branch of Little Walk at Ladkrabang and the improvement of the occupancy rate.
- **QoQ:** Gross profit from rental and rendering of services increased by Baht 8.4 million or +10.3%, according to the increase in revenue from rental and rendering of services. The gross profit margin from rental and rendering of services also improved from the improvement of the occupancy rate.

- For 6M/2023, the company recorded gross profit of Baht 2,066.2 million, an increase of Baht 93.8 million compared to 6M/2022 or +4.8% YoY. Details were as follows:
 - **Gross profit from sale of goods** was 1,895.4 million increased by Baht 79.1 million or increased by 4.4% YoY, according to the increase in sales revenue while the gross profit margin from sales was improved since the high growth of sales from retail store channel which had higher gross margin than other channels.
 - **Gross profit from rental and rendering of services** was Baht 166.5 million, increased by Baht 11.5 million or +14.7% YoY, according to the increase in revenue from rental and rendering of services. The gross profit margin from rental and rendering of services dropped slightly as a result of the increase in utilities cost from the Ft increase compared to the same period last year.

4. Selling and Distribution Expenses**

Unit: THB million, %



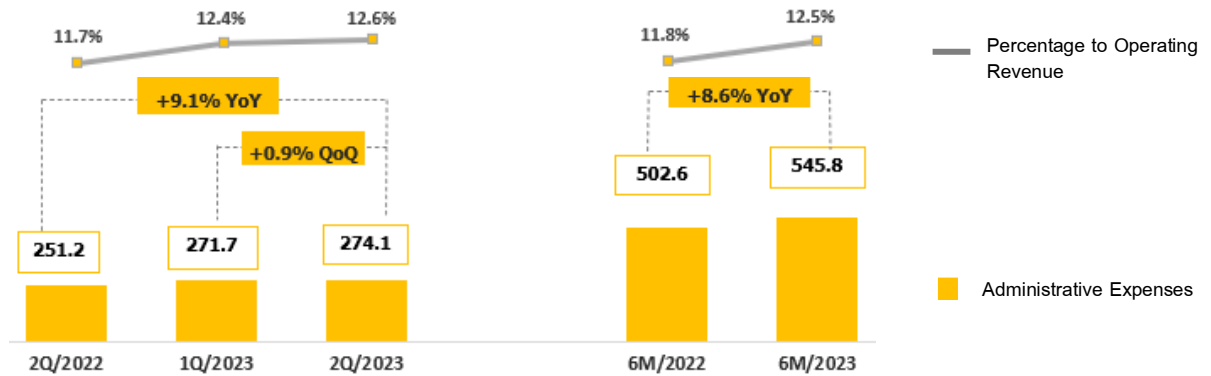
** Selling and distribution expenses are expenses incurred at retail stores, e.g., employee expenses, depreciation, promotion expenses, delivery costs, and utilities expenses.

Selling and Distribution Expenses

- In Q2/2023, the Company recorded selling and distribution expenses of THB 545.7 million
 - **YoY:** Selling and distribution expenses increased by Baht 24.3 million or +4.7% YoY, which was in line with the increase of operating revenue, while the ratio of selling and distribution expenses to operating revenue increased as a result of promotion expenses and higher electricity expenses from Ft adjustment.
 - **QoQ:** Selling and distribution expenses increased by Baht 24.1 million or +4.6% QoQ, while the ratio of selling and distribution expenses to operating revenue increased as a result of higher promotion expenses to maintain the sales revenue during the low season compared to the high seasons in the first quarter and the fourth quarter.
- For 6M/2023, the company recorded selling and distribution expenses Baht 1,067.3 million, an increase of Baht 33.8 million compared to 6M/2022 or +3.3% YoY, which was in line with the increase in operating revenue, while the ratio of selling and distribution expenses to operating revenue increased as a result of promotion expenses and higher electricity expenses from Ft adjustment.

5. Administrative Expenses **

Unit: THB million, %



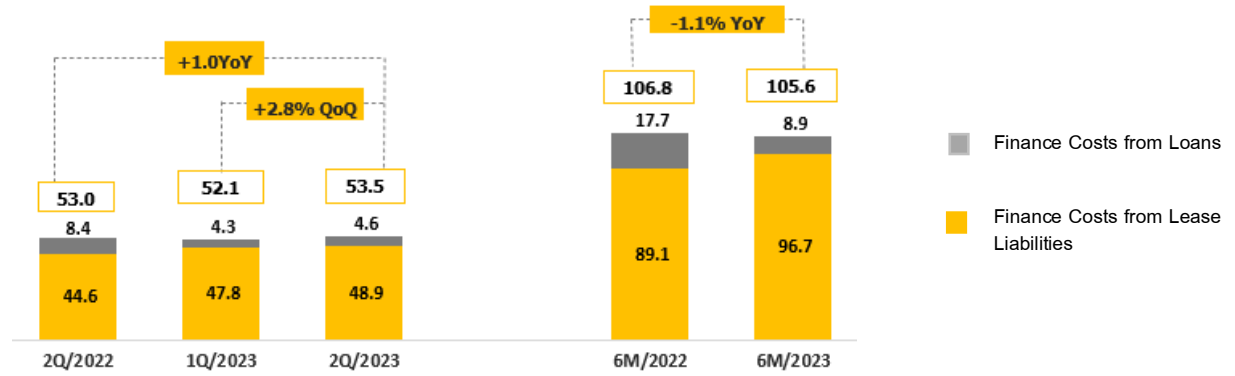
** Administrative expenses are back-office expenses, e.g., employee expenses, delivery costs, and depreciation

Administrative Expenses

- In Q2/2023, the Company recorded administrative expenses of Baht 274.1 million.
 - **YoY:** Administrative expenses increased by Baht 22.9 million or +9.1% YoY since the increase of operating revenue while the ratio of administrative expenses to operating revenue increased as a result of the higher employee remunerations and logistic costs.
 - **QoQ:** Administrative expenses increased by Baht 2.4 million or +0.9% YoY, while the ratio of administrative expenses to operating revenue maintained at the same level.
- For 6M/2023, the company recorded administrative expenses of Baht 541.5 million, an increase of Baht 38.9 million compared to 6M/2022 or +7.7% YoY, the ratio of administrative expenses to operating revenue increased, mainly from the higher employee remunerations and logistic costs.

6. Finance Costs

Unit: THB million, %

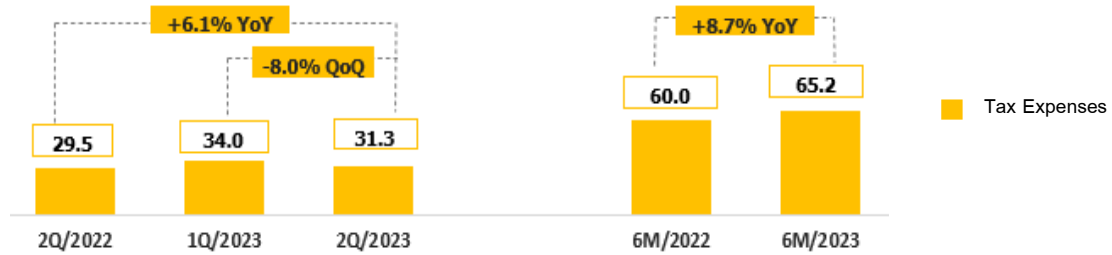


Finance Costs

- In Q2/2023, the Company recorded finance costs of Baht 53.5 million
 - **YoY:** Finance costs slightly increased Baht 0.5 million or +1.0% YoY, the Company's total borrowings at the end of Q2/2023 were Baht 1,056.9 million, decreased by Baht 673.3 million or 38.9% from Baht 1,056.9 million at the end of Q2/2022. The decrease was supported by the Company's continuous long-term loan prepayment. Therefore, the finance costs from loans decreased Baht 3.8 million and the finance costs from lease liabilities increased Baht 4.3 million since the increase in the number of lease liabilities due to branch expansions. Interest-bearing debt at the end of Q2/2023 was Baht 4,094.0 million, decreased by Baht 419.0 million or 9.3% from Baht 4,513.0 million at the end of Q2/2022.
 - **QoQ:** Finance costs slightly increased Baht 1.4 million or +2.8% QoQ, the finance costs from loans slightly increased Baht 1.4 million and the finance costs from lease liabilities increased Baht 1.1 million. Interest-bearing debt at the end of Q2/2023 was Baht 4,094.0 million, increased by Baht 319.5 million or 8.5% from Baht 3,774.5 million at the end of Q1/2023.
- For 6M/2023, the company recorded finance costs of Baht 55.8 million, an increase of Baht 2.4 million compared to 6M/2022 or +4.6% YoY.
 - Finance costs from loans was Baht 8.9 million, a decrease of Baht 8.8 million compared to 6M/2022 or +49.7% YoY, since the Company already paid all long-term loan prepayments.
 - Finance costs from lease liabilities was Baht 96.7 million, an increase of Baht 7.6 million compared to 6M/2022 or +8.5% YoY, because of the increase in the number of lease liabilities due to branch expansions.

7. Tax Expenses

Unit: THB million, %



Tax Expenses

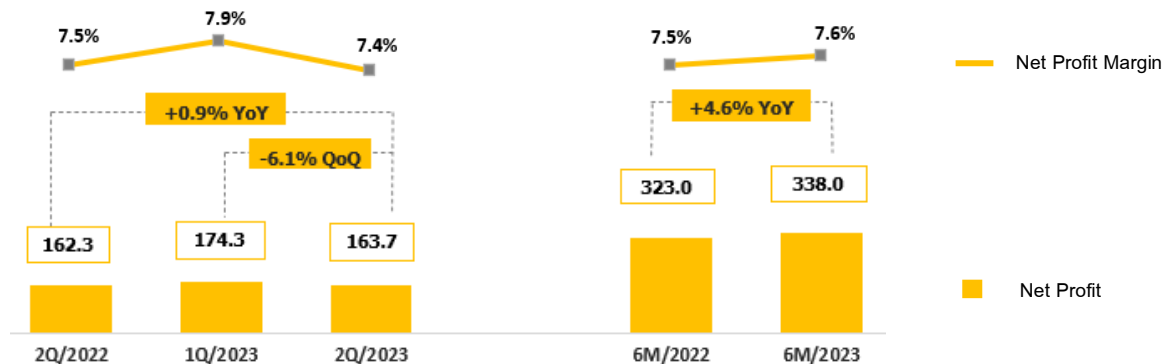
- In Q2/2023, the Company recorded tax expenses of Baht 31.3 million
 - YoY:** Tax expenses increased Baht 1.8 million or +6.1% because of higher profit before income tax expense. In Q2/2023, the Company utilized tax incentives from the Office of the Board of Investment (BOI) for investment in new machinery of Baht 8.4 million, increased from Baht 5.7 million in Q2/2022.
 - QoQ:** Tax expenses decreased Baht 2.7 million or +8.0% because of lower profit before income tax expense. In Q2/2023, the Company utilized tax incentives from the BOI for investment in new machinery of Baht 8.4 million, increased from Baht 6.0 million in Q1/2023.

- For 6M/2023, the company recorded tax expenses of Baht 65.2 million, an increase of Baht 5.2 million compared to 6M/2022 or +8.7% YoY because of higher profit before income tax expense. The Company utilized tax incentives from the BOI for investment in new machinery of Baht 14.4 million, increased from Baht 11.4 million compared to the same period of last year.

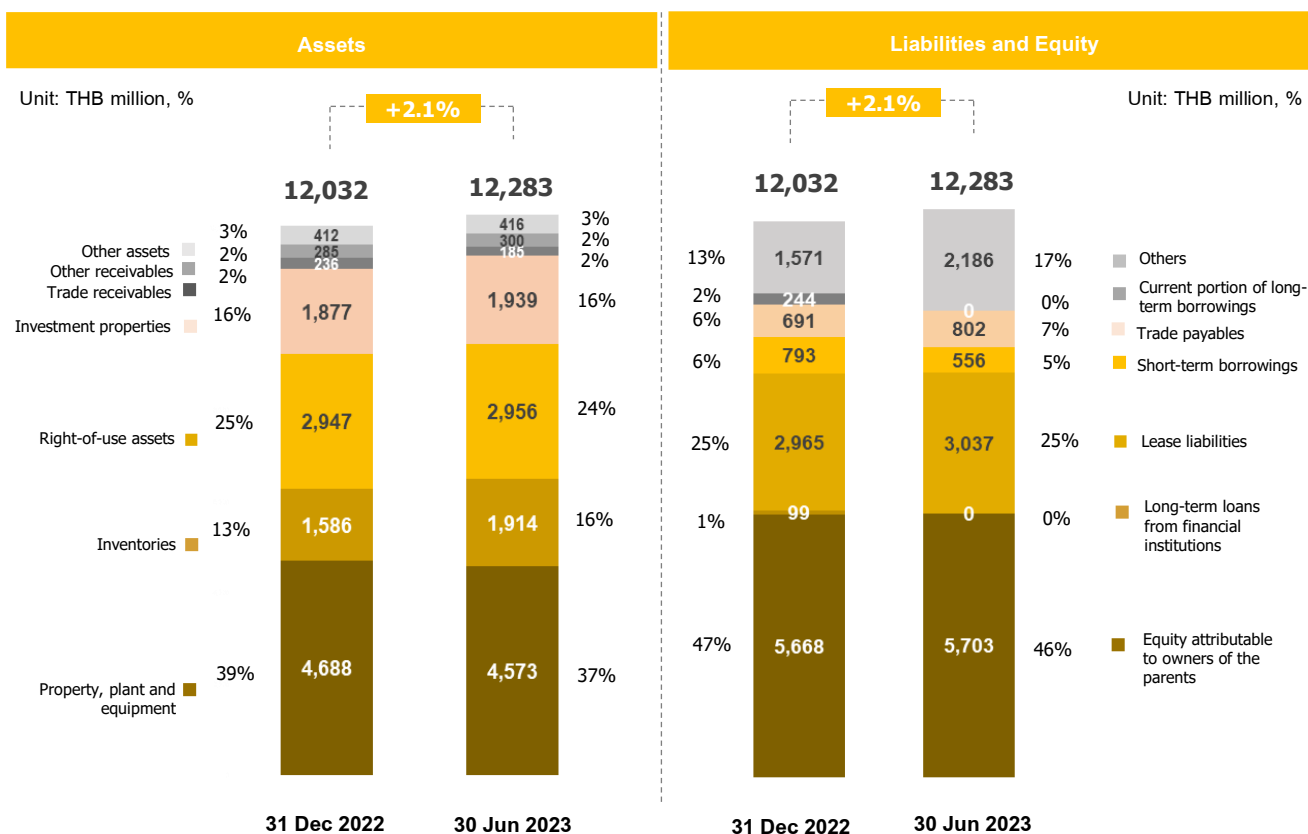
From the beginning of 2021 until the end of Q2/2023, the Company utilized tax incentives of Baht 57.0 million out of total tax incentives of Baht 71.1 million received from BOI which must be used by the end of 2023.

8. Net Profit and Net Profit Margin

Unit: THB million, %



- In Q2/2023, the Company recorded net profit of Baht 163.7 million
 - **YoY:** Net profit increased Baht 1.4 million or +0.9% since the increase of operating revenue, while the net profit margin maintained at the same level of Q2/2022.
 - **QoQ:** Net profit decreased Baht 10.6 million or -6.1% and the net profit margin also dropped due mainly to the higher promotion expenses for maintaining the sales revenue during the low season
- For 6M/2023, the company recorded net profit of Baht 338.0 million, an increase of Baht 15.0 million compared to 6M/2022 or +4.6% YoY while the net profit margin slightly improved as a result of operating revenue and gross profit margin improved plus the higher tax incentive utilization.
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Statement of Financial Position

Assets

- As of 30 June 2023, the Company had total assets of Baht 12,283.5 million, increased by Baht 251.9 million or +2.1% from Baht 12,031.5 million at the end of 2022. The key matters were as follows: 1) property, plant and equipment decreased by Baht 114.7 million or -2.4% from Baht 4,687.8 million at the end of 2022; 2) right-of-use assets increased by Baht 9.0 million or +0.3% from Baht 2,946.5 million at the end of 2022; 3) investment properties by Baht 62.3 million or +3.3% from Baht 1,876.8 million at the end of 2022; 4) trade receivables decreased by Baht 51.0 million or -21.6% from Baht 236.2 million at the end of 2022 and 5) inventories increased by Baht 327.6 million or +20.6% from Baht 1,586.3 million at the end of 2022.

Liabilities

- As of 30 June 2023, the Company had total liabilities of Baht 6,563.4 million, increased by Baht 199.8 million or +3.1% from Baht 6,363.6 million at the end of 2022, due to the increase of short-term loans from related parties, accounts payable and finance lease liabilities offset with a decrease of long-term loans from financial institutions due to early repayment of all long-term loans.

Equity

- As at 30 June 2023, the Company had equity attributable to owners of the parents of Baht 5,702.9 million, increased by Baht 52.1 million or +0.9% from Baht 5,668.0 million at the end of 2022, mainly resulting from the company's profits for the six-month period of 2023, offset with the remaining dividend payment according to the resolution of the annual general meeting of shareholders.

Future Outlook

The global economy in the second half of the year may gradually recover since the inflation rate problems from many countries have been stabilized and tend to gradually improve as a result of the financial instruments and economic policies from many central banks, that also in line with the Thai economic situation that might gradually continue to grow in the second half of the year. Although there is still a problem of uncertainty from the political situation that could slow down the government spendings, but the tourism sector would be the leading positive factor that will continue to expand very well. Therefore, the Company expect that the sales revenue will continue to grow especially in the tourism destination branches, the online sales channels will be able to keep growing including the plan to open a new branch (Little Walk Krungthep Kreetha) by the end of the third quarter of 2023, which should support the growth of total operating results in 2023.



Renal Space Expansion Plan

The Company expects to be able to operate Little Walk Krungthep Kreetha in 3Q/2023, which will allow the Company to have additional rental area of approximately 5,000 square meters and also have plans to open two more Little Walks in 2024, according to the plan to increase the rental area approximately 5,000-8,000 square meters per year to support the growth of rental income and service of the company.



Testing the EV Truck

The Company will test the EV Truck during the 3Q/2023 to estimate the operation efficiency and value for money according to sustainable development guidelines, that could respond to the Green Planet initiative as part of the company's ESG strategy.



Renovation Plan : Index Living Mall, Pattaya Branch

The company has a plan to renovate Index Living Mall, Pattaya branch, which is expected to start renovation in July 2023 and would be completed in November 2023.