

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:

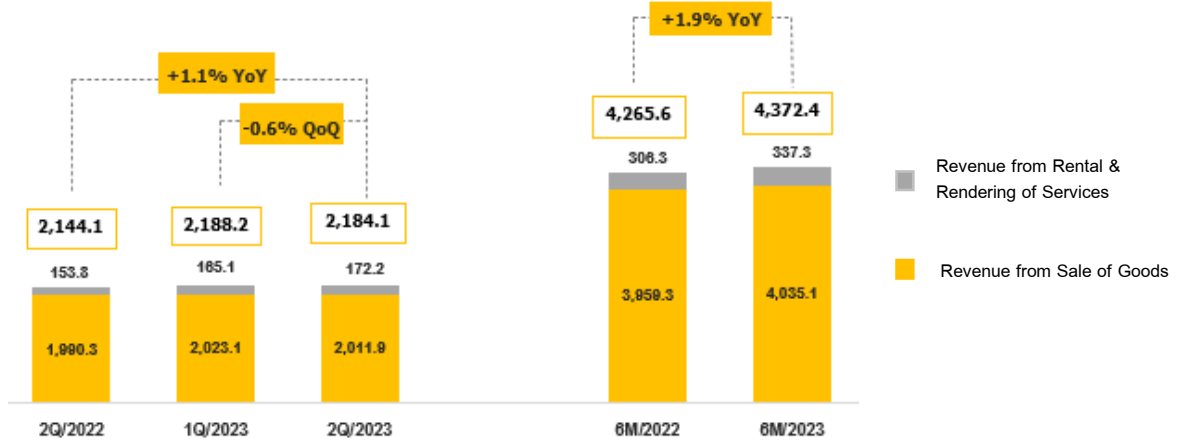
Summary of Operating Results

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 reported 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.

Revenue from sale of goods was Baht 2,012.0 million

- YoY:** Revenue from sale of goods grew by Baht 21.6 million or +1.1%. The increase is attributed to a stronger YoY topline performance in retail stores (9.3%), wholesales (13.3%) and online (5.4%). Retail stores' growth is driven from outlets in the tourist areas, together with the new store at Ladkrabang opened in December 2022. Despite 2 outlets closed at The Mall Bangkhae (mid 2022) and Rattathibet (lease expiration in January 2023). Retail remains positive consecutively, but Projects decreased 65.6% YoY due to the project postponement delivered to 2H23.
- QoQ:** Revenue from sale of goods increased by Baht 4.2 million or +0.6%, due to the high growth in the tourist areas despite one outlet at Rattathibet closed at the end of January 2023, together with growth on wholesales (4.6%) and online (3.3%). While projects are maintained with the prior quarter.

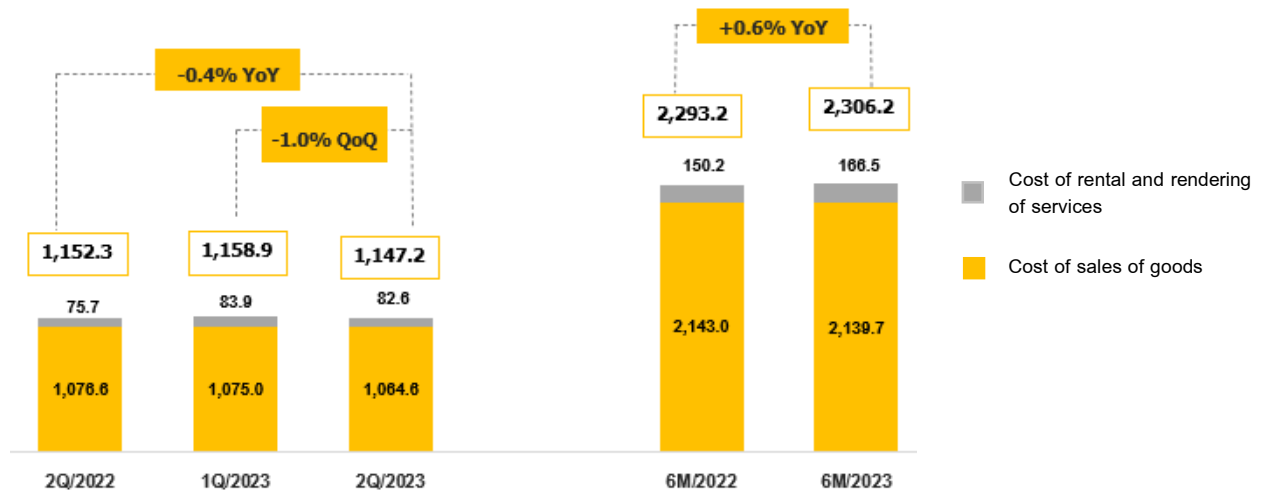
Revenue from rental and rendering of services was Baht 172.2 million

- YoY:** Revenue from rental and rendering of services increased by Baht 18.4 million or +12.0% YoY, from the new location, Little Walk Ladkrabang, opened in December 2022, together with higher occupancy rate compared to the same period in prior year.
- QoQ:** Revenue from rental and rendering of services increased by Baht 7.1 million or +4.3% QoQ, from the average occupancy rate improved.

- For 6M/2023, the Company reported 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. The increase is attributed to a stronger YoY topline performance in retail stores (9.1%), wholesales (1.1%) and online (3.2%). Retail stores' growth is driven from outlets in the tourist areas, together with the new store at Ladkrabang opened in December 2022. Despite 2 outlets closed at The Mall Bangkhuae (mid 2022) and Rattanathibet (lease expiration in January 2023). Retail remains positive consecutively, but Projects are slow down due to the project postponement delivered to 2H23.
 - **Revenue from rental and rendering of services** was Baht 337.3 million, an increase of Baht 31.0 million or +10.1% YoY, from the new location, Little Walk Ladkrabang, opened in December 2022, together with higher occupancy rate compared to the same period in prior year.

2. Cost of Sales and Services

Unit: THB million, %



Cost of Sales and Services

- In Q2/2023, the Company reported 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 by Baht 11.7 million 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 by -1.1% compared with the same period in the prior year despite an increase in sales. This is due to the high proportion of retail sales, where the cost of goods is lower.
- **QoQ:** Cost of sales decreased by Baht 10.4 million by 1.0%, in the same momentum with top line.

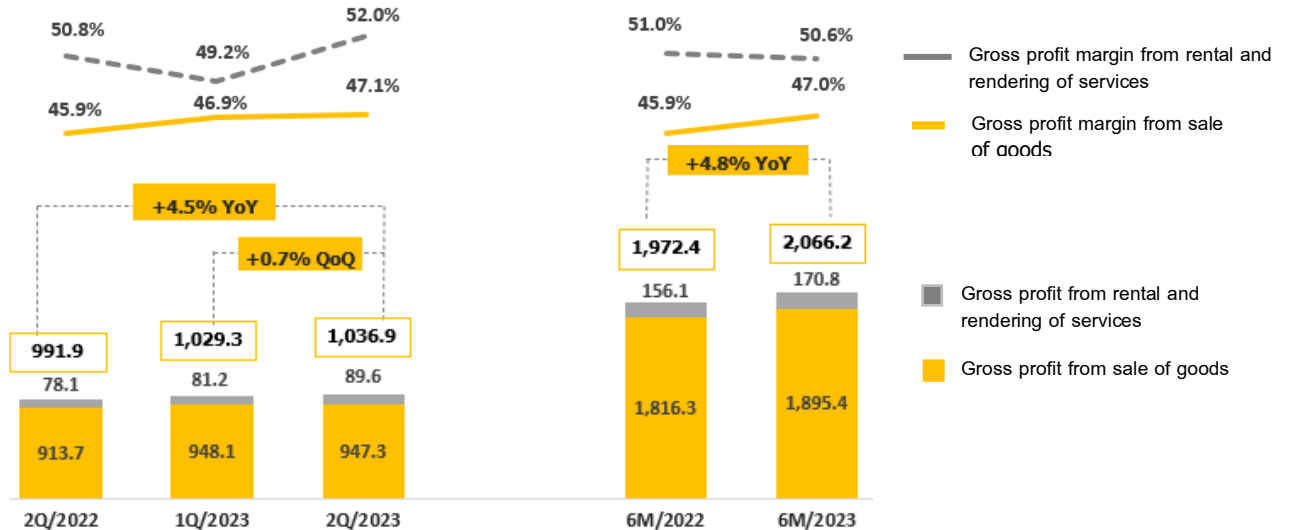
Cost of rental and rendering of services was Baht 82.6 million.

- **YoY:** The cost of rental and rendering of services increased by Baht 6.9 million or +9.1% due to the new outlet, Little Walk Ladkrabang, opened in December 2022 and the increase in electricity charge compared to the same period in the prior year.
- **QoQ:** The cost of rental and rendering of services decreased by Baht 1.3 million or -1.6% because of lower electricity charge 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.

- For 6M/2023, the Company reported 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 an increase in sales. This is due to the high proportion of retail sales, where the cost of goods is lower.
 - **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 rising in the same momentum with revenue resulting from opening a new branch, Little Walk Ladkrabang, and the increase in electricity costs compared to the same period in the prior year.

3. Gross Profit and Gross Profit Margin

Unit: THB million, %



Gross Profit

- In Q2/2023, the Company reported 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%, largely from the increase in the retail channel that has a high margin.
- **QoQ:** Gross profit from sales decreased slightly by Baht 0.8 million or -0.1%, despite sales slightly decreased, the % gross profit margin is improved.

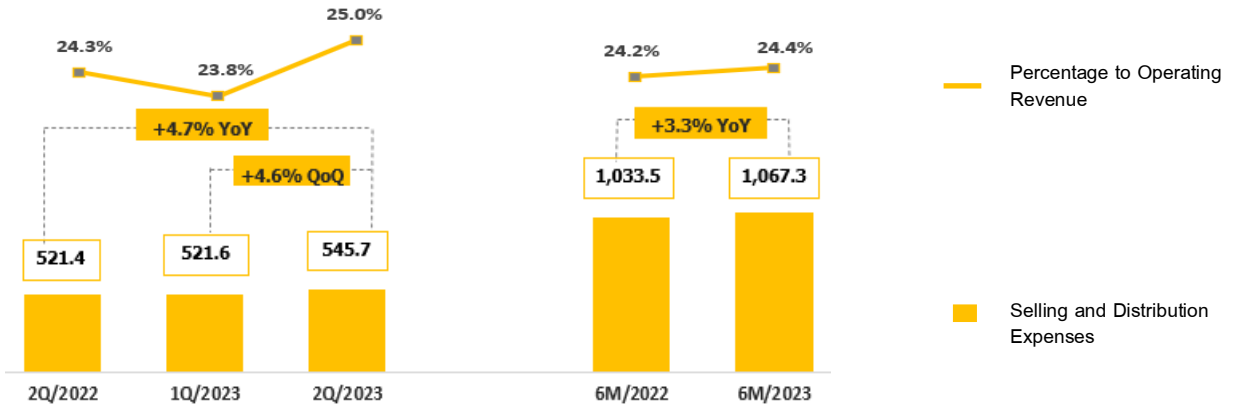
Gross profit from rental and rendering of services was 89.6 million.

- **YoY:** Gross profit from rental and rendering of services increased by Baht 11.5 million or +14.7%, due to the new branch opening at Ladkrabang and the average occupancy rate improved.
- **QoQ:** Gross profit from rental and rendering of services increased by Baht 8.4 million or +10.3%, resulting by the average occupancy rate is improved.

- For 6M/2023, the company reported gross profit of Baht 2,066.2 million, an increase of Baht 93.8 million compared to 6M/2022 or +4.8% YoY.
 - **Gross profit from sale of goods** was Baht 1,895.4 million increased by Baht 79.1 million or by 4.4% YoY resulting by stronger top line performance and higher contribution in the retail that has a high margin.
 - **Gross profit from rental and rendering of services** was Baht 166.5 million, increased by Baht 11.5 million or +14.7% YoY, due to the occupancy rate increased and new branch added. % Gross profit margin slightly declined from the increase in Ft price in electricity charge.

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.

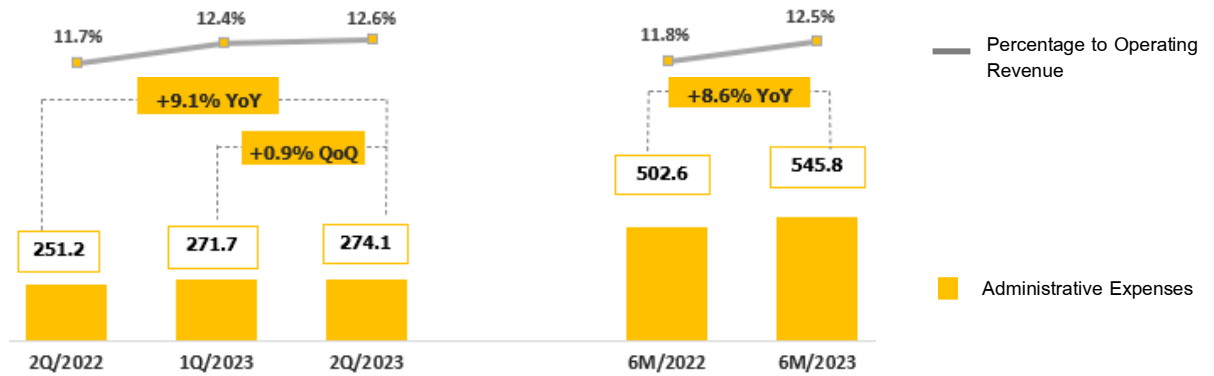
Selling and Distribution Expenses

- In Q2/2023, the Company recorded selling and distribution expenses of THB 545.7 million
 - **YoY:** Selling and distribution expenses rose by Baht 24.3 million or +4.7% YoY as goods sales momentum continued increasing. Main spending is promotion expense and higher electricity charge from Ft increase.
 - **QoQ:** Selling and distribution expenses increased by Baht 24.1 million or +4.6% QoQ, more spendings made on promotion expenses to maintain sales in the low season.

- 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, as goods sales momentum continued increasing. Main spending is promotion expense and higher electricity charge from Ft increase.

5. Administrative Expenses **

Unit: THB million, %



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

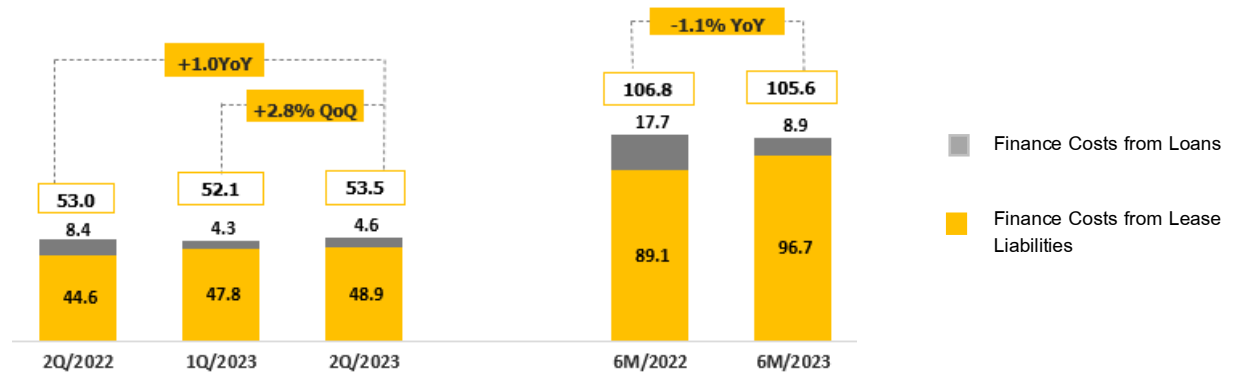
Administrative Expenses

- 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 due to the increase in the employee expenses and logistic costs.
 - QoQ:** Administrative expenses slightly increased by Baht 2.4 million or +0.9% YoY.

- 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, YoY due to the increase in the employee expenses and logistic costs.

6. Finance Costs

Unit: THB million, %

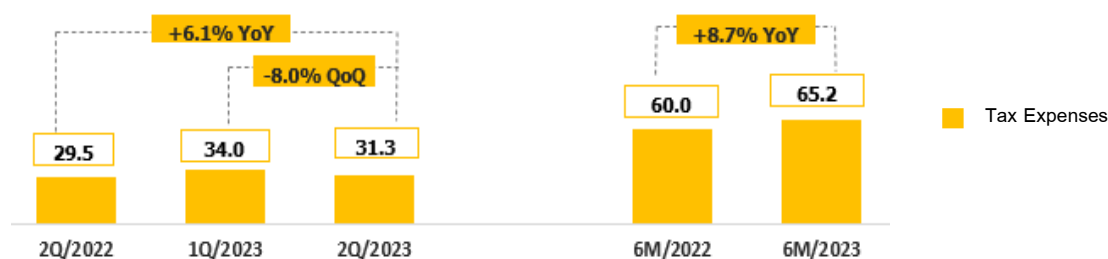


Finance Costs

- 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 prepayment of long-term loans. Therefore, Baht 3.8 million decrease in finance cost from loans netted off with Baht 4.3 million increase in finance lease liabilities from new expansion. 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, due to slightly increase in the finance costs from loans Baht 0.3 million together with the finance costs from lease liabilities 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 reported finance costs of Baht 55.8 million, an increase of Baht 2.4 million compared to 6M/2022 or +4.6% YoY.
 - Finance cost from loans is Baht 8.9 million, decreased Baht 8.8 million compared to 6M/2022 or +49.7% YoY resulting from the prepayments of long-term loans.
 - Finance cost from lease liabilities is Baht 96.7 million, increased of Baht 7.6 million compared to 6M/2022 or +8.5% YoY, due to in lease liabilities of new expansion.

7. Tax Expenses

Unit: THB million, %



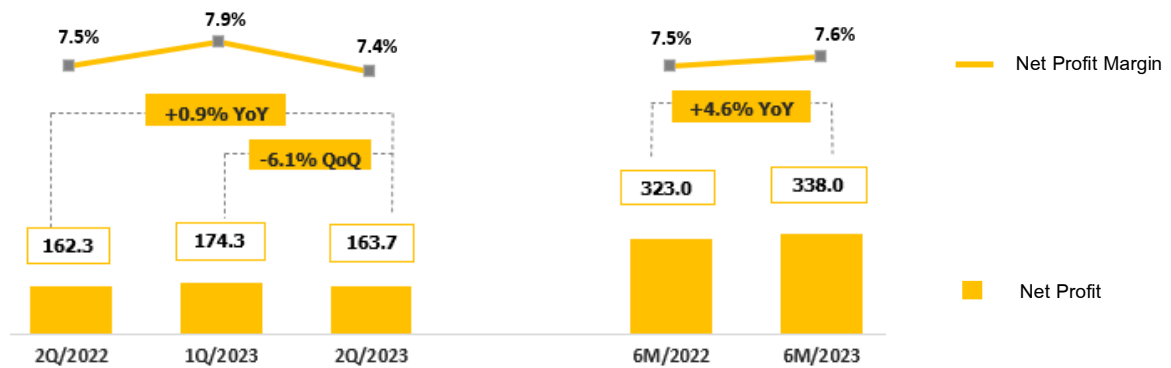
Tax Expenses

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

- For 6M/2023, the company reported tax expenses of Baht 65.2 million, an increase of Baht 5.2 million compared to 6M/2022 or +8.7% YoY rising from the higher operating profit. The Company could utilize tax incentives from the BOI for investment in new machinery of Baht 14.4 million (Baht 11.4 in 6M/2022) From the beginning of 2021 until the end of Q2/2023, the Company could utilize tax incentives of Baht 57.0 million out of total tax incentives of Baht 71.1 million received from BOI which shall be fully utilized by end of 2023.

8. Net Profit and Net Profit Margin

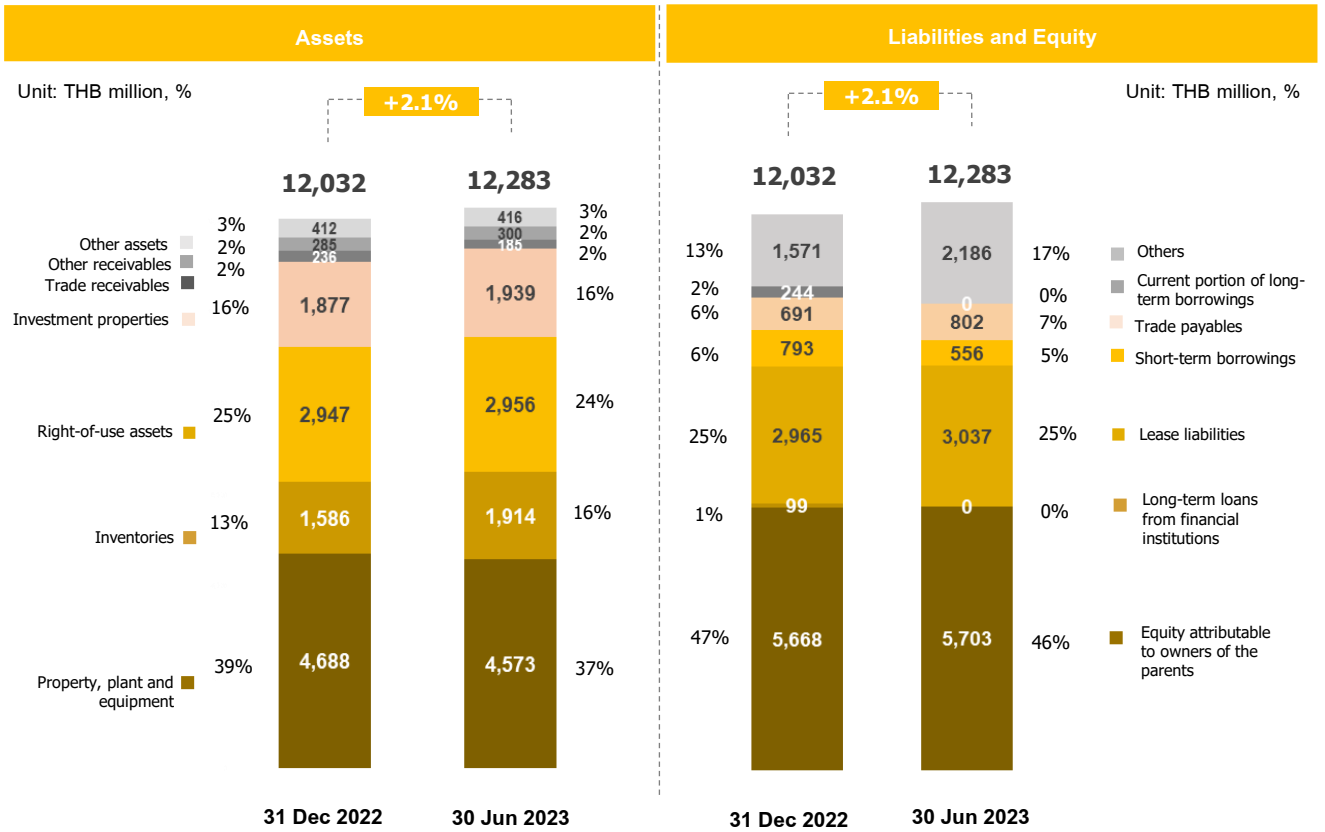
Unit: THB million, %



- In Q2/2023, the Company reported net profit of Baht 163.7 million
 - YoY:** Net profit increased Baht 1.4 million or +0.9% due to strong operating revenue performance and maintaining the net profit margin level.
 - QoQ:** Net profit decreased Baht 10.6 million or -6.1% due to higher spending on promotion during the low season sales to maintain top line.

- 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, demonstrates the stronger top line performance and gross profit margin improvement, together with high tax incentive utilization.

Statement of Financial Position



Assets

- At the end of 30 June 2023, the Company reported total assets of Baht 12,283.5 million, an increase of Baht 251.9 million or +2.1% from Baht 12,031.5 million at the end of 2022. The increase is primarily attributable to 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

- At the end of 30 June 2023, the Company reported total liabilities of Baht 6,563.4 million, an increase of 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 netted off with a decrease of long-term loans from financial institutions due to early repayment of all long-term loans.

Equity

- At the end of 30 June 2023, the Company reported equity attributable to owners of the parents of Baht 5,702.9 million, an increase of 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, netted off 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.



Rental 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.