

9 November 2023

Subject: Management Discussion and Analysis for the period ended 30 September 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 September 2023 of the Company and the subsidiaries as follow:

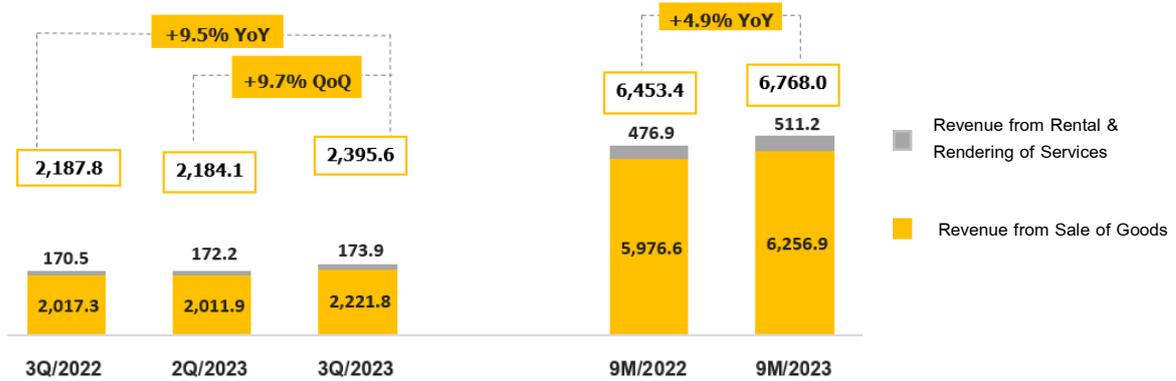
Summary of Operating Results

Summary of Operating Results	Q3/2023	Q2/2023	Q3/2022	% Change		9M/2023	9M/2022	% Change
				QoQ	YoY			
(Unit: THB million)								
Revenue from sale of goods	2,221.8	2,011.9	2,017.3	10.4%	10.1%	6,256.9	5,976.6	4.7%
Revenue from rental and rendering of services	173.9	172.2	170.5	1.0%	2.0%	511.2	476.9	7.2%
Operating revenue	2,395.6	2,184.1	2,187.8	9.7%	9.5%	6,768.1	6,453.4	4.9%
Cost of sale of goods	1,220.0	1,064.6	1,127.2	14.6%	8.2%	3,359.6	3,270.2	2.7%
Cost of rental and rendering of services	89.5	82.6	79.9	8.3%	11.9%	256.0	230.1	11.3%
Cost of sales and services	1,309.5	1,147.2	1,207.1	14.1%	8.5%	3,615.6	3,500.3	3.3%
Gross profit	1,086.2	1,036.9	980.7	4.8%	10.8%	3,152.5	2,953.2	6.7%
Other income	22.1	31.5	32.0	-29.7%	-30.8%	78.0	85.4	-8.7%
Selling and distribution expenses	550.8	545.7	524.2	0.9%	5.1%	1,618.1	1,557.7	3.9%
Administrative expenses	276.1	274.1	253.4	0.7%	8.9%	822.0	756.0	8.7%
Finance costs	55.1	53.5	52.8	2.9%	4.3%	160.7	159.6	0.7%
Profit before income tax expenses	226.4	195.0	182.3	16.1%	24.2%	629.6	565.2	11.4%
Tax expenses	37.0	31.3	29.7	18.1%	24.6%	102.2	89.7	14.0%
Profit for the Company	191.5	163.7	152.6	17.0%	25.5%	529.4	475.5	11.3%

Revenue Structure	Q3/2023	Q2/2023	Q3/2022	% Change		9M/2023	9M/2022	% Change
				QoQ	YoY			
(Unit: THB million)								
A. Revenue from sale of goods								
Domestic sales								
1.1 Retail stores	1,681.5	1,670.8	1,516.3	0.6%	10.9%	5,027.4	4,583.9	9.7%
1.2 Projects	194.7	57.6	166.8	238.0%	16.7%	310.4	452.5	-31.4%
1.3 Dealers	17.2	23.1	23.4	-25.6%	-26.5%	62.4	68.1	-8.3%
1.4 Online	286.4	235.1	234.6	21.8%	22.1%	749.1	683.1	9.7%
Total revenue from domestic sales	2,179.8	1,986.5	1,941.1	9.7%	12.3%	6,149.4	5,787.6	6.3%
Overseas sales	42.0	25.3	76.2	66.0%	-44.9%	107.6	189.0	-43.1%
Total revenue from sale of goods	2,221.8	2,011.9	2,017.3	10.4%	10.1%	6,256.9	5,976.6	4.7%
B. Revenue from rental and rendering of services	173.9	172.2	170.5	1.0%	2.0%	511.2	476.9	7.2%
Total operating revenue	2,395.6	2,184.1	2,187.8	9.7%	9.5%	6,768.0	6,453.4	4.9%
Other income	22.1	31.5	32.0	-29.8%	-30.9%	78.0	85.4	-8.7%
Total revenue	2,417.8	2,215.6	2,219.8	9.1%	8.9%	6,846.0	6,538.8	4.7%

1. Operating Revenue

Unit: THB million, %



Operating Revenue

- In Q3/2023, the Company reported total operating revenue of Baht 2,395.6 million, an increase of Baht 207.8 million from 3Q/2022 or +9.5% YoY and increased by Baht 211.5 million from 2Q/2023 or +9.7% QoQ, the details were as follows:

Revenue from sale of goods was Baht 2,221.8 million

- YoY:** Revenue from sale of goods increased by Baht 204.5 million or +10.1%, from the high growth on retail sales especially in the tourist provincial areas together with the new store at Ladkrabang opened in December 2022 that topline performance in retail sales +10.9%, online channel still maintained strong growth at +22.1%, partly due to the expansion into a new platform (Tik Tok) earlier this year, together with sales from the domestic project also grew by 16.7%, on the other sides sales from domestic dealers and oversea slightly dropped.
- QoQ:** Revenue from sale of goods increased by Baht 209.9 million or +10.4%, due to the domestic project sales increased 238.0%, mainly from the project handover delayed from the first half of this year. Meanwhile, online sales still maintained high growth at 21.8% combined with the small growth 0.6% on retail stores and oversea sales. Overall sales still in a good momentum enjoy the high growth rate.

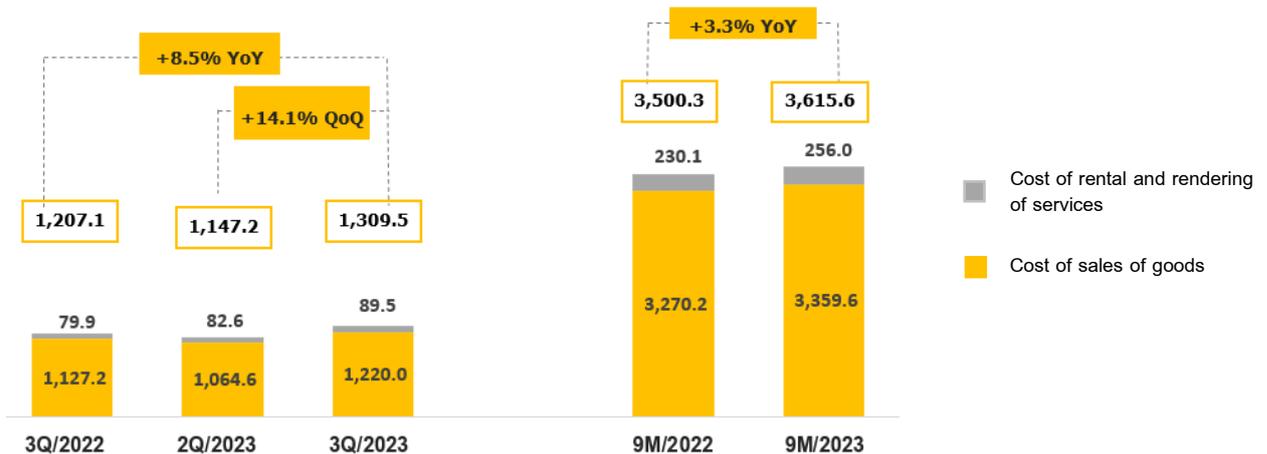
Revenue from rental and rendering of services was Baht 173.9 million

- YoY:** Revenue from rental and rendering of services increased by Baht 3.4 million or +2.0%, from the new store opened, Little Walk Ladkrabang, 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 1.7 million or +1.0%, from the average occupancy rate improved.

- For 9M/2023, the Company reported total operating revenue of Baht 6,768.1 million, an increase of Baht 314.7 million from 9M/2022 or +4.9% YoY. Details were as follows:
 - **Revenue from sale of goods** was Baht 6,256.9 million, an increase of Baht 280.3 million or +4.7% YoY. Although the company has ceased operations of The Mall Bang Khae branch during mid-2022 and Index Living Mall Rattana Thibet branch at the end of January 2023, sales from existing branches still show strong growth 9.7% especially in the tourism provinces and add in with a new branch in Lat Krabang opened at the end of 2022. While the sales from online channel increased by 9.7% due to the expansion into a new platform (Tik Tok) earlier this year. High growth on retail and online are offset with decreasing in domestic project and oversea sales.
 - **Revenue from rental and rendering of services** was Baht 511.2 million, an increase of Baht 34.3 million or +7.2% 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 Q3/2023, the Company reported cost of sales and services of Baht 1,309.5 million, increased by Baht 102.4 million from Q3/2022 or +8.5% YoY and increased by Baht 162.3 million or +14.1% QoQ. Details were as follows:

Cost of sales of goods was Baht 1,220.0 million

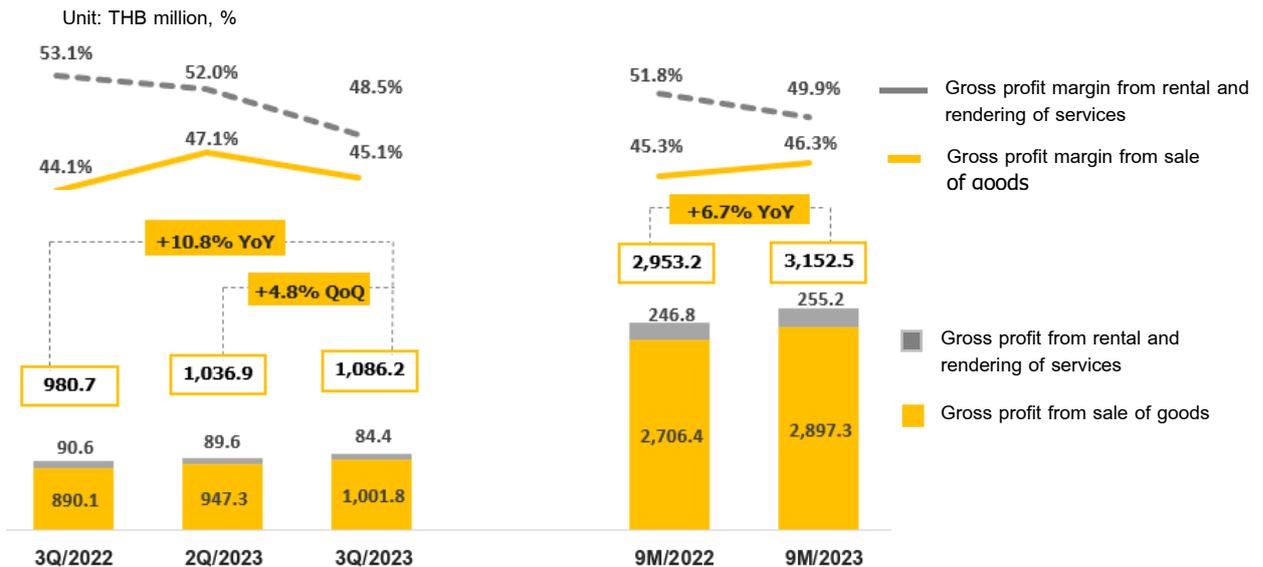
- **YoY:** Cost of sales of goods increased by Baht 92.8 million or +8.2%, in the same momentum with top line growth.
- **QoQ:** Cost of sales of goods increased by Baht 155.4 million or +14.6%, in the same momentum with top line growth.

Cost of rental and rendering of services was Baht 89.5 million.

- **YoY:** The cost of rental and rendering of services increased by Baht 9.5 million or +11.9%, 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 increased by Baht 6.9 million or +8.3%, partly due to an increase of pre-opening expenses from preparing to open a new Little Walk branch at Krungthep-Kreetha.

- For 9M/2023, the Company reported cost of sales and services of Baht 3,615.6 million, increased by Baht 115.3 million from 9M/2022 or +3.3% YoY. Details were as follows:
 - **Cost of sales of goods** was Baht 3,359.6 million increased by Baht 89.4 million or increased +2.7% YoY, in line with the revenue from sales.
 - **Cost of rental and rendering of services** was Baht 256.0 million, increased by Baht 25.9 million from 9M/2022 or +11.3% YoY in line with the increase of rental and service income, while the electricity cost increased from Ft price compared to the same period last year and also from the pre-opening expenses from preparing to open a new branch of Little Walk.

3. Gross Profit and Gross Profit Margin



Gross Profit

- In Q3/2023, the Company reported gross profit of Baht 1,086.2 million, increased by Baht 105.5 million from 3Q/2022 or +10.8% YoY and increased by Baht 49.3 million from 2Q/2023 or +4.8% QoQ. Details were as follows:

Gross profit from sale of goods was Baht 1,001.8 million

- **YoY:** Gross profit from sales increased by Baht 111.7 million or +12.5%, from the growth of sales revenue while the gross profit margin from sales improved, largely from the increase in the retail channel that has a high margin.

- **QoQ:** Gross profit from sales increased by Baht 54.5 million or +5.8%, in line with the top line growth while the %gross profit margin from sales dropped due to the higher portion of domestic project channel which has a lower %gross profit margin than other channels.

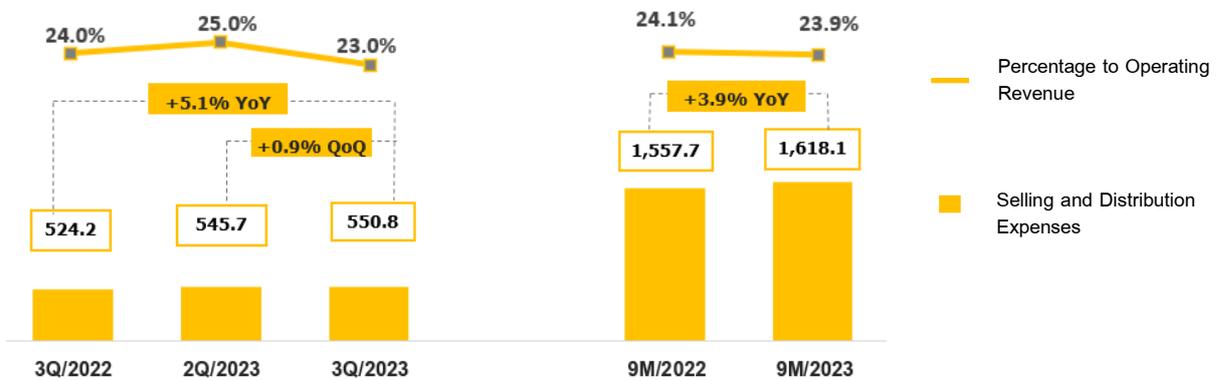
Gross profit from rental and rendering of services was 84.4 million.

- **YoY:** Gross profit from rental and rendering of services decreased by Baht 6.2 million or -6.8%, affected from the increase in electricity charge compared to the last year.
- **QoQ:** Gross profit from rental and rendering of services decreased by Baht 5.2 million or -10.2%, from the pre-opening expenses from preparing to open a new branch of Little Walk

- For 9M/2023, the company reported gross profit of Baht 3,152.5 million, an increase of Baht 199.3 million compared to 9M/2022 or +6.7% YoY.
 - **Gross profit from sale of goods** was Baht 2,897.3 million increased by Baht 190.9 million or +7.1% YoY, resulting from the stronger top line performance together with the improvement of the %gross profit margin from the higher contribution in the retail channel.
 - **Gross profit from rental and rendering of services** was Baht 255.2 million, increased by Baht 8.4 million or +3.4% YoY, from the higher top line performance but the %gross profit margin declined from the increasing of 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.

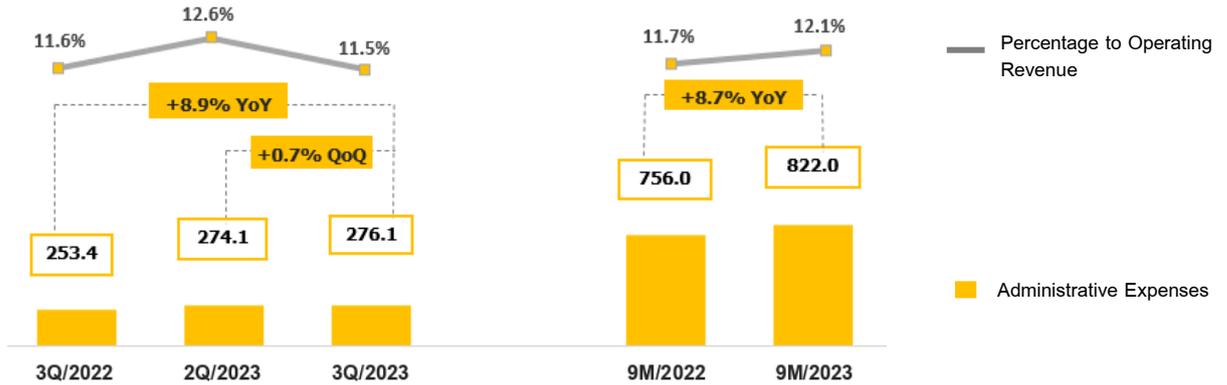
Selling and Distribution Expenses

- In Q3/2023, the Company recorded selling and distribution expenses of Baht 550.8 million
 - **YoY:** Selling and distribution expenses increased by Baht 26.6 million or +5.1%, the main spending was on promotion expenses, to continuously support in driving sales increasing. The percentage selling and distribution expenses to operating revenue decreased, reflecting the higher efficiency in managing expenses.
 - **QoQ:** Selling and distribution expenses slightly increased by Baht 5.1 million or +0.9%, more spendings on promotion expenses to gain the higher operating revenues.

- For 9M/2023, the company recorded selling and distribution expenses Baht 1,618.1 million, an increase of Baht 60.4 million compared to 9M/2022 or +3.9% YoY, mainly from the promotion expenses and electricity costs from the higher Ft price compared to the same period last year. The ratio of selling and distribution expenses to operating revenue decreased, reflecting the better expenses control.

5. Administrative Expenses **

Unit: THB million, %



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

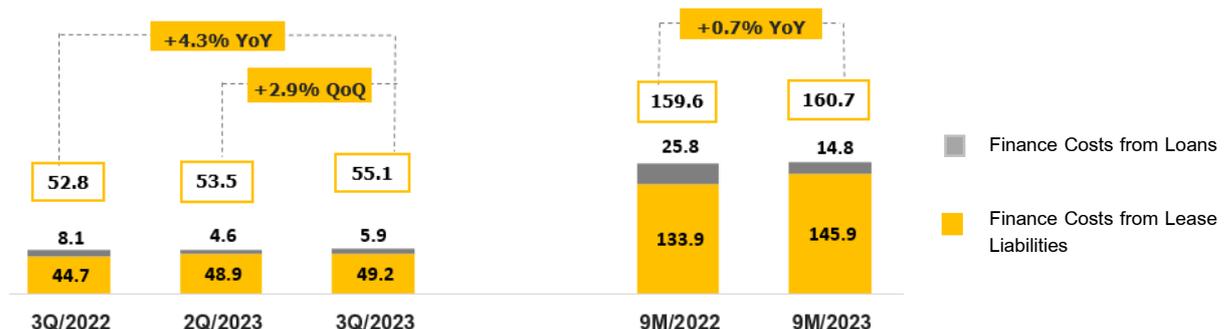
Administrative Expenses

- In Q3/2023, the Company recorded administrative expenses of Baht 276.1 million.
 - YoY:** Administrative expenses increased by Baht 22.7 million or +7.4%, mainly from the employee expenses. The proportion of administrative expenses to operating revenue was maintained in the same level of last year.
 - QoQ:** Administrative expenses increased by Baht 2.0 million or +0.7%, due to the higher delivery costs along with the sales growth.

- For 9M/2023, the company recorded administrative expenses of Baht 822.0 million, an increase of Baht 66.0 million compared to 9M/2022 or +8.7% YoY. The percentage of administrative expenses to operating revenue was lower, reflecting the better expenses control.

6. Finance Costs

Unit: THB million, %

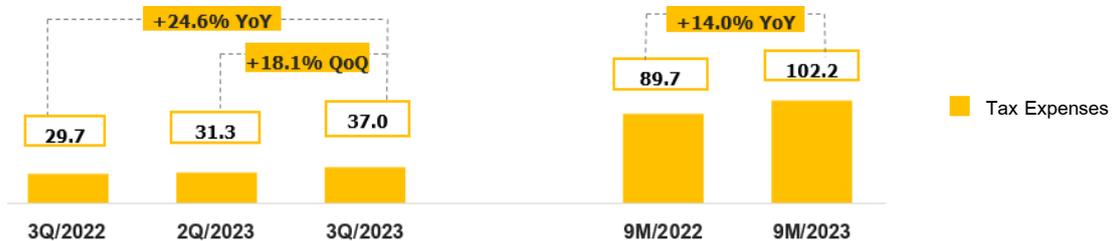


Finance Costs

- In Q3/2023, the Company recorded finance costs of Baht 55.1 million
 - **YoY:** Finance costs increased by Baht 2.3 million or +4.3%, separated into financial costs from lease liabilities increased by Baht 4.5 million and financial costs from loans decreased by Baht 2.2 million. All long-term loans have been fully-paid. Interest-bearing debt at the end of Q3/2023 was Baht 4,170.1 million, decreased by Baht 148.9 million or 3.4% from Baht 4,319.0 million at the end of Q2/2022.
 - **QoQ:** Finance costs slightly increased Baht 1.6 million or +2.9%, separated into financial costs from lease liabilities, slightly increased by Baht 0.3 million while financial costs from loans increased by Baht 1.3 million.
- For 9M/2023, the company reported finance costs of Baht 160.7 million, an increase of Baht 1.1 million compared to 9M/2022 or +0.7% YoY.
 - Finance cost from loans was Baht 14.8 million, decreased by Baht 11.0 million compared to 9M/2022 or +49.7% YoY resulting from the prepayments of long-term loans.
 - Finance cost from lease liabilities was Baht 145.9 million, increased by Baht 12.0 million compared to 9M/2022 or +9.0% YoY.

7. Tax Expenses

Unit: THB million, %



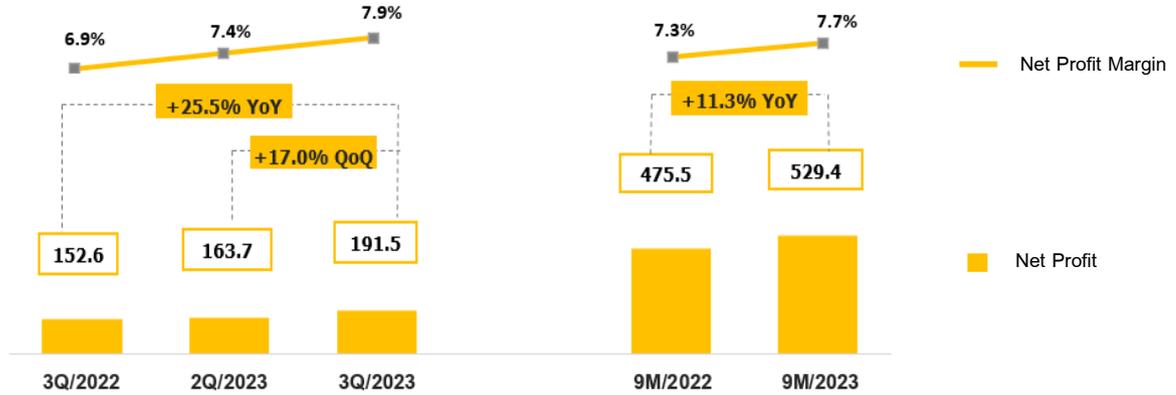
Tax Expenses

- In Q3/2023, the Company recorded tax expenses of Baht 37.0 million
 - **YoY:** Tax expenses increased Baht 7.3 million or +24.6% as a result of the higher operating profit. The Company also utilized tax incentives from the Office of the Board of Investment (BOI) for investment in new machinery of Baht 5.4 million (Q3/2022: Baht 5.3 million).
 - **QoQ:** Tax expenses increased Baht 5.7 million or +18.1% from the higher operating profit. Additionally, the Company utilized tax incentives from the BOI for investment in new machinery of Baht 5.4 million (Q2/2023: Baht 8.4 million).
- For 9M/2023, the company reported tax expenses of Baht 102.2 million, an increase of Baht 12.5 million compared to 9M/2022 or +14.0% YoY, rising from the higher operating profit. The Company utilized tax incentives from the BOI for investment in new machinery of Baht 19.8 million (9M/2022: Baht 16.7 million).

Accumulative tax incentives utilized from 2021 to Q3/2023 is Baht 62.4 million out of total Baht 71.1 million received from BOI

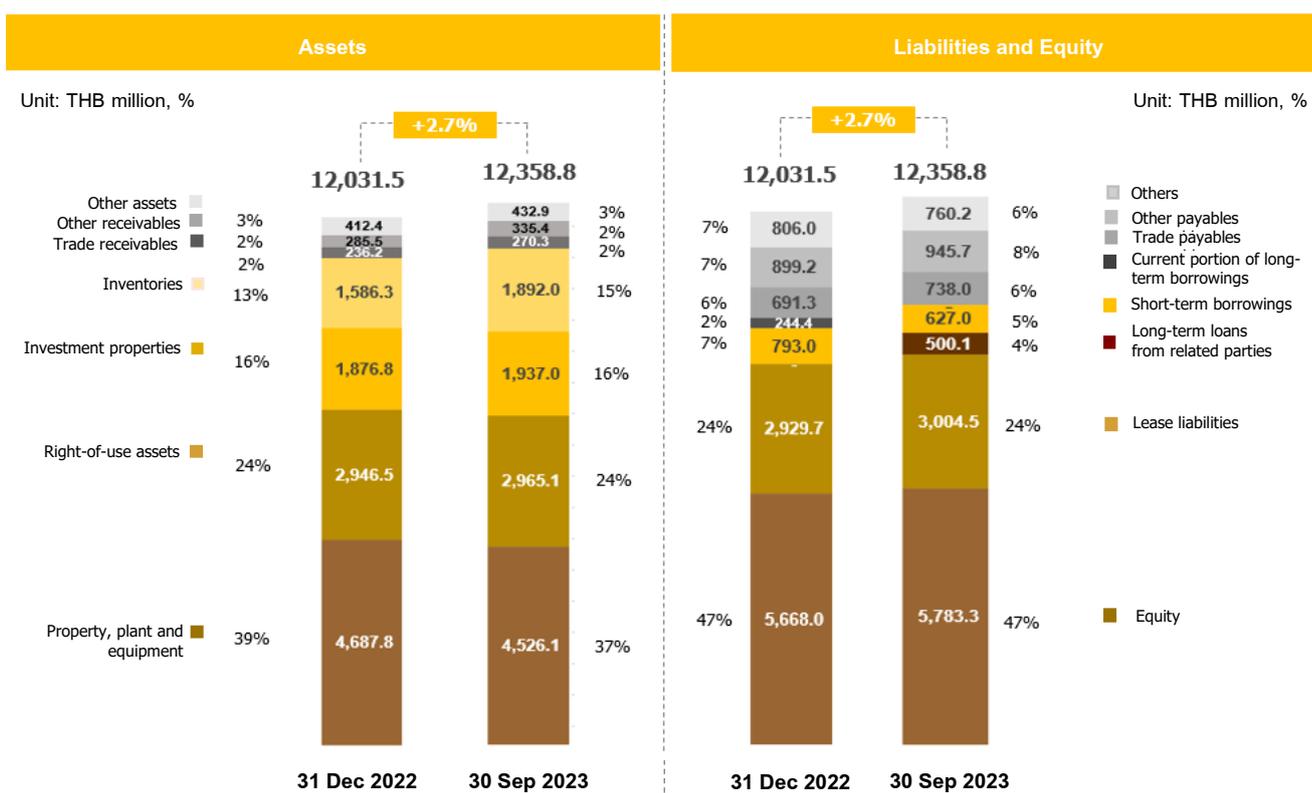
8. Net Profit and Net Profit Margin

Unit: THB million, %



- In Q3/2023, the Company reported the profit attributable to the Company of Baht 191.5 million

 - **YoY:** Profit attributable to the Company increased by Baht 38.9 million or +25.5% resulted from the strong growth on operating income coupled with the better expense control.
 - **QoQ:** Profit attributable to the Company increased by Baht 27.8 million or +17.0%. Improvement on the net profit margin was from the better gross profit margin and efficiency in cost control, even tax benefits were utilized lower than the previous quarter.
- For 9M/2023, the company recorded the profit attributable to the Company of Baht 529.4 million, an increase of Baht 53.9 million compared to 9M/2022 or +11.3% YoY, due to the increase in operating revenue combined with the effective expense management that pushed the net profit margin for 9M/2023 equal to 7.7%, improved from 7.3% of the same period last year.

Statement of Financial Position

Assets

- At the end of 30 September 2023, the Company reported total assets of Baht 12,358.8 million, an increase of Baht 327.3 million or +2.7% from Baht 12,031.5 million at the end of 2022. The significant changes were Investment Properties increased by Baht 60.2 million, an increase of 3.2% from Baht 1,876.8 million at the end of 2022 driven from the expansion of rental space and Inventory increased by Baht 305.7 million, an increase of 19.3% from Baht 1,586.3 million at the end of 2022 preparing the products to sell in the high season in the fourth quarter.

Liabilities

- At the end of 30 September 2023, the Company reported total liabilities of Baht 6,575.5 million, an increase of Baht 212.0 million or +3.3% from Baht 6,363.5 million at the end of 2022, mainly 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 September 2023, the Company reported total equity of Baht 5,783.3 million, an increase of Baht 115.3 million or +2.0% from Baht 5,668.0 million at the end of 2022, mainly resulting from the Company's profits for the nine-month period of 2023, netted off with the remaining dividend payment according to the resolution of the annual general meeting of shareholders and interim dividend.

Future Outlook

Overall outlook of Thai economy in the remaining months forecasted to be pressured from several factors that affect domestic spending power, however, with the help from tourism industry that become the significant sector to the economics of Thailand, the Company would closely monitor the situation and quickly adjust the strategies.



For the furniture marketing strategy, the Company has renovated Index Living Mall stores to increase sales spaces for “Furinbox” brand, focusing on the reasonable product quality at good price, to increase product variety in stores.

Company still pursues on store renovation plan in the high potential locations by relocating the spaces to maximize the benefits and find the right products and shops to satisfy the customers’ needs. Success feedback on this plan is from Phuket store that just finished renovation in the midyear. Currently, Pattaya store is in progress of renovation and expected to finish at the end of this year. Other stores are scheduled in the coming years.



On Online channel, Company still explore and expand into the new platform and keep collaborating with the valued partners, together with offering the attractive promotions.



In the rental business, Company just grand opening the newest location of Little Walk Krungthep Kreetha in early October and have plan to expand more locations in the next year as the strategy to increase rental space around 5,000-8,000 sq.m. per year.

The Company believes that such strategies would continue to strengthen the top-line performance and maintain for sustained growth.