

10 May 2024

Subject: Management Discussion and Analysis yearly ended 31 March 2024

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 yearly ended 31 March 2024 of the Company and the subsidiaries as follow:

Summary of Operating Results

	Q1/2024	Q4/2023	Q1/2023	% Change	
				QoQ	YoY
(Unit: THB million)					
Revenue from sale of goods	2,264.9	2,360.3	2,023.1	-4.0%	12.0%
Revenue from rental and rendering of services	184.4	180.6	165.1	2.1%	11.7%
Operating revenue	2,449.3	2,540.9	2,188.2	-3.6%	11.9%
Cost of sale of goods	1,222.1	1,323.1	1,075.0	-7.6%	13.7%
Cost of rental and rendering of services	90.1	87.0	83.9	3.6%	7.3%
Cost of sales and services	1,312.2	1,410.1	1,158.9	-6.9%	13.2%
Gross profit	1,137.1	1,130.8	1,029.3	0.6%	10.5%
Other income	23.6	29.1	24.3	-18.9%	-2.8%
Selling and distribution expenses	594.9	605.1	561.5	-1.7%	6.0%
Administrative expenses	256.3	267.0	231.8	-4.0%	10.6%
Finance costs	51.9	55.2	52.1	-6.0%	-0.3%
Profit before income tax expenses	257.5	232.8	208.2	10.6%	23.7%
Tax expenses	49.7	37.6	34.0	32.2%	46.4%
Profit for the Company	208.6	196.6	174.3	6.1%	19.7%

Remark * The company has reclassified the delivery expenses item, moving from the category of administrative expenses to selling and distribution expenses.

Revenue from sale of goods

	Q1/2024	Q4/2023	Q1/2023	% Change	
				QoQ	YoY
(Unit: THB million)					
Domestic sales					
1.1 Retail stores	1,789.2	1,799.7	1,675.0	-0.6%	6.8%
1.2 Projects	117.1	207.4	58.1	-43.5%	101.5%
1.3 Dealers	18.4	20.7	22.1	-11.1%	-16.7%
1.4 Online	311.8	306.7	227.6	1.7%	37.0%
Total revenue from domestic sales	2,236.5	2,334.4	1,982.9	-4.2%	12.8%
Overseas sales	28.4	25.9	40.3	9.8%	-29.4%
Total revenue from sale of goods	2,264.9	2,360.3	2,023.1	-4.0%	12.0%
Cost of sales of goods	1,222.1	1,323.1	1,075.0	-7.6%	13.7%
Gross profit from sale of goods	1,042.8	1,037.2	948.1	0.5%	10.0%
Gross profit margin from sale	46.0%	43.9%	46.9%		

Revenue from sale of goods

In Q1/2024, the Company reported revenue from sale of goods of Baht 2,264.9 million.

- **YoY:** Revenue from sale of goods increased by Baht 241.8 million or increased 12.0%, resulted from customers spending during the New Year festival and “Easy E-receipt” program from Government to help stimulating domestic spendings at the beginning of the year. Retail store channels still have strong growth especially in the tourist branches, Phuket and Pattaya that are newly renovated. As a result, total retail store sales of the Company grew by 6.8% and the online channel also continuously created high growth of 37.0% from every platform. In addition, the project sales increased up to 101.5% from the project handovers.
- **QoQ:** Revenue from sales of goods decreased by Baht 95.4 million or decreased 4.0%, resulted from a decrease in project sales, as high volume was delivered in Q4/23, including international sales and domestic distributors. While retail sales decreased slightly by 0.6% and online sales grew by 1.7%.

Cost of sales of goods

In Q1/2024, the Company reported cost of sales of Baht 1,222.1 million.

- **YoY:** Cost of sales of goods increased by Baht 147.1 million or increased 13.7%, increased in the same momentum with sales growth.
- **QoQ:** Cost of sales of goods decreased by Baht 101.0 million or decreased 7.6%, resulted from a decrease in project sales that have higher cost.

Gross profit and gross profit margin from sales

In Q1/2024, the Company reported gross profit from sales of Baht 1,042.8 million.

- **YoY:** Gross profit from sales increased by Baht 94.7 million or increased 10.0%, the same direction as the revenue from sales. However, the gross profit margin from sales decreased slightly resulted from the increase of project sale proportion which had the lower margin.
- **QoQ:** Gross profit from sales increased by Baht 5.6 million or increased 0.5%, despite the lower revenue from sales, while the gross profit margin from sales improved as a result from the higher sales proportion in retail channel generating the higher margin.

Revenue from rental and rendering of services.

	Q1/2024	Q4/2023	Q1/2023	% Change	
				QoQ	YoY
(Unit: THB million)					
Revenue from rental and services	184.4	180.6	165.1	2.1%	11.7%
Cost of rental and services	90.1	87.0	83.9	3.6%	7.3%
Gross Profit from rental and services	94.3	93.6	81.2	0.8%	16.2%
Gross Profit Margin from rental and services	51.1%	51.8%	49.2%		

Revenue from rental and rendering of services.

In **Q1/2024**, the Company reported revenue from rental and rendering of services of Baht 184.4 million, the new high record.

- **YoY:** Revenue from rental and rendering of services increased by Baht 19.3 million or increased 11.7%, revenue from rentals and services continues to have strong growth as a result of the opening of Little Walk Krungthep Kreetha in October 2023 with great feedback of 100% tenants, including the average occupancy rate of other existing projects increased from the same period last year.
- **QoQ:** Revenue from rental and rendering of services increased by Baht 3.8 million or increased 2.1%, mainly from the average occupancy rate improved from the same period last year.

Cost of rental and services

In **Q1/2024**, the Company reported cost of rental and services of Baht 90.1 million.

- **YoY:** Cost of rental and services increased by Baht 6.2 million or increased 7.3%, from the new location opened, Little Walk Krungthep Kreetha.
- **QoQ:** Cost of rental and services slightly increased by Baht 3.1 million or increased 3.6%, in line with the increase of revenue from rental and rendering of services.

Gross profit and gross profit margin from rental and services

In **Q1/2024**, the Company reported gross profit from rental and services of Baht 94.3 million.

- **YoY:** Gross profit from rental and services increased by Baht 13.1 million or increased 16.2%, resulted from the new location opened at Krungthep Kreetha together with the average occupancy rate increased and lower Ft cost compared with same period of 2023.
- **QoQ:** Gross profit from rental and services increased slightly by Baht 0.7 million or increased 0.8%, while the gross profit margin from rental and services slightly decreased due to the higher Ft cost since January 2024.

Selling and Distribution Expenses and Selling and Administrative Expenses

(Unit: THB million)	Q1/2024	Q4/2023	Q1/2023	% Change	
				QoQ	YoY
Selling and Distribution Expenses	594.9	605.1	561.5	-1.7%	6.0%
<i>Percentage to Operating Revenue</i>	24.3%	23.8%	25.7%		
Administrative Expenses	256.3	267.0	231.8	-4.0%	10.6%
<i>Percentage to Operating Revenue</i>	10.5%	10.5%	10.6%		

Selling and Distribution Expenses

In Q1/2024, the Company reported selling and distribution expenses of Baht 549.9 million

- **YoY:** Selling and distribution expenses increased by Baht 33.4 million or increased 6.0%, the main spending was on promotion expenses to continuously support driving sales, the delivery expenses and installation expenses from the higher sales. However, the selling and distribution expenses to operating revenue ratio decreased.
- **QoQ:** Selling and distribution expenses decreased by Baht 10.1 million or decreased 1.7%, mainly decreased in promotion expenses, delivery expenses and installation expenses along with the lower sales.

Administrative Expenses

In Q1/2024, the Company reported administrative expenses of Baht 256.3 million.

- **YoY:** Administrative expenses increased by Baht 24.5 million or increased 10.6%, in line with the increase of operating revenue, while the administrative expenses to operating revenue ratio did not change.
- **QoQ:** Administrative expenses decreased by Baht 10.6 million or decreased 4.0%, due to the lower operating revenue, while the administrative expenses to operating revenue ratio was the same.

Finance Costs and Tax Expenses

(Unit: THB million)	Q1/2024	Q4/2023	Q1/2023	% Change	
				QoQ	YoY
Finance Costs	51.9	55.2	52.1	-6.0%	-0.3%
Tax Expenses	49.7	37.6	34.0	32.2%	46.4%

Finance Costs

In Q1/2024, the Company reported finance costs of Baht 51.9 million.

- **YoY:** Finance costs decreased Baht 0.2 million or decreased 0.3%, consisted of the financial costs from lease liabilities increased by Baht 1.2 million netted off with financial costs from loans decreased by Baht 1.4 million due to the repayment of all short-term loans from financial institutions and some of short-term loans from related parties.
- **QoQ:** Finance costs decreased Baht 3.3 million or decreased 6.0%, the financial costs from lease liabilities, slightly increased by Baht 0.3 million netted off with financial costs from loans decreased Baht 3.0 million due to the repayment of short-term loans as mentioned above.

Tax Expenses

In Q1/2024 the Company reported tax expenses of Baht 49.7 million

- **YoY:** Tax expenses increased Baht 15.8 million or increased 46.4% because of the higher operating profit and no tax incentives from the Office of the Board of Investment (BOI) compared to the previous year.
- **QoQ:** Tax expenses increased Baht 12.1 million or increased 32.2% from the higher operating profit and no tax incentives from BOI in this year.

Profit for the Company and Net Profit Margin

	Q1/2024	Q4/2023	Q1/2023	% Change	
				QoQ	YoY
(Unit: THB million)					
Profit for the Company	208.6	196.6	174.3	6.1%	19.7%
Net Profit Margin	8.4%	7.6%	7.9%		

In Q1/2024, the Company reported the profit for the Company of Baht 208.6 million, the new high quarterly record.

- **YoY:** Profit for the Company increased by Baht 34.3 million or increased 19.7% resulted from the strong growth in operating income coupled with better expense controlling, as a result, the net profit margin improved from the previous year.
- **QoQ:** Profit for the Company increased by Baht 12.0 million or increased 6.1%, meanwhile, the net profit margin improved, due to better expense controlling even the lower operating revenue.

Statement of Financial Position

	31 Mar 2024	Proportion	31 Dec 2023	Proportion	Change	% Change
(Unit: THB million)						
Other assets	343.5	2.8%	306.6	2.5%	36.9	12.0%
Cash and cash equivalents	158.2	1.3%	273.5	2.2%	-115.3	-42.2%
Other receivables	334.1	2.7%	321.7	2.6%	12.4	3.8%
Trade receivables	340.4	2.8%	381.2	3.1%	-40.8	-10.7%
Inventories	1,828.7	15.0%	1,747.9	14.2%	80.9	4.6%
Investment properties	1,910.8	15.7%	1,900.1	15.4%	10.7	0.6%
Right-of-use assets	2,863.3	23.5%	2,919.3	23.7%	-55.9	-1.9%
Property, plant and equipment	4,414.9	36.2%	4,474.2	36.3%	-59.3	-1.3%
Total assets	12,193.9	100.0%	12,324.5	100.0%	-130.6	-1.1%
Other liabilities	867.0	7.1%	817.9	6.6%	49.1	6.0%
Other payables	927.9	7.6%	915.9	7.4%	12.0	1.3%
Trade payables	850.3	7.0%	750.5	6.1%	99.7	13.3%
Short-term borrowings from financial institutions	-	0.0%	400.0	3.2%	-400.0	-100.0%
Short-term borrowings from related parties	375.1	3.1%	470.1	3.8%	-95.0	-20.2%
Lease liabilities	2,987.4	24.5%	2,991.5	24.3%	-4.1	-0.1%
Total equity	6,186.3	50.7%	5,978.5	48.5%	207.8	3.5%
Total liabilities and equity	12,193.9	100.0%	12,324.5	100.0%	-130.6	-1.1%

Assets

At the end of 31 March 2024, the Company reported total assets of Baht 12,193.9 million, a decrease of Baht 130.6 million or decreased 1.1% from Baht 12,324.5 million at the end of 2023. The decrease was primarily attributable to (1) Baht 115.3 million or 42.2% decrease in Cash and cash equivalents from the repayment of all short-term loans from financial institutions, (2) Baht 40.8 million or 10.7% decrease in Trade receivables due to the receiving payments from our project customers, and (3) decrease in the Rights-of-use assets and Property, plant and equipment items from the depreciation and amortization.

Liabilities

At the end of 31 March 2024, the Company reported total liabilities of Baht 6,007.6 million, a decrease of Baht 338.3 million or decreased 5.3% from Baht 6,345.9 million at the end of 2023, mainly from the repayments of all short-term loans from financial institutions and some part of short-term loans from related businesses netted off with an increase in trade accounts payable and other liabilities.

Equity

At the end of 31 March 2024, the Company reported total equity of Baht 6,186.3 million, an increase of Baht 207.8 million or increased 3.5% from Baht 5,978.5 million at the end of 2023, resulting from the Company's profits in the first quarter of 2024.

Future Outlook

Due to the Company' strategic plans to expand both Index Living Mall and Little Walk branches, not less than 1-2 additional branches per year, therefore in 2024, the Company plans to invest in expanding 3 new branches as follows.



The first branch at Rattana Thibet, there will be both Index Living Mall and Little Walk on approximately 12 rais of land, the area of Index Living Mall of approximately 6,000 square meters and the area of Little Walk of approximately 10,000 square meters which is expected to open by the end of 2024.

The second branch at Thonglor, will be the new Lifestyle Mall, namely "Décor Scape" with the Concept of "Modern Elegance" in the heart of Thonglor, expanding the Hi-End segment. There will be the flagship store of the BoConcept Brand, (the Company is the sole distributor) with a building area of approximately 3,000 square meters, including the rental space for other Hi-End furniture brands.



The last branch in the expansion plan will be Index Living Mall, Saraburi branch. This branch would be an Eco Store, with the first energy-saving building "Zero Energy Building - ZEB" in the retail business. The Company has worked together with the experts, to save the building energy, reduce greenhouse gas emissions Including filter PM 2.5 dust that could reduce carcinogenic substances, bacteria, and carbon dioxide to very low level, reflecting the Company development along with sustainability under the concept of "Sustainable Living Future Lifestyle". This branch is expected to open in early 2025.

In addition, the Company has developed a variety of products in both design and function to meet the needs of the New Gen customer group, emphasizing the creation of Digital Experience and Pop Display both in online and offline shopping lifestyle along with maintaining the existing customer base by expanding the Furinbox brand products from online to offline, available in 22 branches nationwide, targeting on C customer group who are the large customer base in domestic market. Including expanding products in the Customized group to meet even more individual needs.

The Company has strong confidence in our business plan in strengthening the Company's business performance and sustainability.