

# **Index**livingmall

Index Living Mall Public Company Limited (ILM)

Management Discussion &

Analysis (MD&A)

Q3/2019



## Key Highlights

Q3/2019 Operating Highlights*	Q3/18	Q2/19	Q3/19	Change +/-		9M/18	9M/19	Change +/-
				% YoY	% QoQ			
(THB million)								
Revenue from sale of goods	2,225.1	2,253.8	2,275.0	+2.2%	+0.9%	6,818.1	6,828.6	+0.2%
Revenue from rental and rendering of services	121.9	140.6	146.4	+20.1%	+4.2%	358.7	413.2	+15.2%
<b>Operating revenue</b>	<b>2,347.0</b>	<b>2,394.4</b>	<b>2,421.5</b>	<b>+3.2%</b>	<b>+1.1%</b>	<b>7,176.8</b>	<b>7,241.8</b>	<b>+0.9%</b>
Gross Profit	1,005.1	1,052.0	1,088.5	+8.3%	+3.5%	3,126.2	3,197.3	+2.3%
EBITDA	328.2	396.8	393.8	+20.0%	-0.7%	930.1	1,147.5	+23.4%
<b>Net profit</b>	<b>105.0</b>	<b>158.0</b>	<b>165.6</b>	<b>+57.8%</b>	<b>+4.9%</b>	<b>307.1</b>	<b>455.4</b>	<b>+48.3%</b>
<b>Gross profit margin (%)</b>	<b>42.8%</b>	<b>43.9%</b>	<b>45.0%</b>			<b>43.6%</b>	<b>44.2%</b>	
<b>EBITDA margin (%)</b>	<b>13.8%</b>	<b>16.4%</b>	<b>16.1%</b>			<b>12.8%</b>	<b>15.7%</b>	
<b>Net profit margin (%)</b>	<b>4.4%</b>	<b>6.5%</b>	<b>6.8%</b>			<b>4.2%</b>	<b>6.2%</b>	

## Q3/2019

- Index Living Mall Public Company Limited (the “Company” or “ILM”) reported net profit in Q3/2019 of Baht 165.6 million, representing an impressive growth of 57.8% from Q3/2018, mainly due to the increase in both revenue from sale of goods and revenue from rental and rendering of services, higher gross profit margin both from gross profit margin from sale of goods and from rental and rendering of services, decreased percentage of selling and distribution expenses to operating revenue, and tax benefits from the Board of Investment of Thailand (BOI).
- Operating revenue continued to show growth compared to Q3/2018, mainly driven by 4 key growth drivers including “Yunique Customized Furniture 4.0” which increased by 47.8%, domestic project which increased by 8.0%, online channel which increased by 193.8%, and revenue from rental and rendering of services which increased by 20.1%. Total contribution from those 4 key growth drivers was equivalent to 24.8% of the Company’s operating revenue, increased from 20.5% in Q3/2018.
- Gross profit margin from sale of goods continued to show significant improvement as planned, following the improved product mix with an increased sales proportion of higher profit margin products.
- Gross profit margin from rental and rendering of services also improved, as a result of the improved occupancy rates.
- In Q3/2019, the Company has opened several new stores, including Index Living Mall Chanthaburi (operated in Aug 19), WINNER Ratchaburi (operated in Aug 19), and 3 “Yunique Customized Furniture 4.0” stores, which further contributed to the growth in revenue from sale of goods.

## 9M/2019

- The Company reported net profit in 9M/2019 of Baht 455.4 million, representing an impressive growth of 48.3% from 9M/2018, mainly due to the increase in both revenue from sale of goods and revenue from rental and rendering of services, higher gross profit margin from sale of goods, decreased percentage of administrative expenses to operating revenue, and tax benefits from BOI.
- Operating revenue continued to show growth compared to 9M/2018, mainly driven by 4 key growth drivers including “Yunique Customized Furniture 4.0” which increased by 69.6%, domestic project which increased by 14.2%, online channel which increased by 167.5%, and rental and rendering of services which increased by 15.2%. Total contribution from those 4 key growth drivers was equivalent to 23.7% of the Company’s operating revenue, increased from 19.6% in 9M/2018.
- Gross profit margin from sale of goods continued to show significant improvement as planned, following the improved product mix with an increased sales proportion of higher profit margin products.
- In 9M/2019, the Company has opened several new stores, including Index Living Mall Chaipruek (operated in Jan 19), Index Living Mall Chanthaburi (operated in Aug 19), WINNER Ratchaburi (operated in Aug 19), and 3 “Yunique Customized Furniture 4.0” stores, which further contributed to the growth in revenue from sale of goods.
- The Company also has opened another store for rental spaces, Index Mall Chaipruek (operated in Mar 19), which further contributed to the growth in revenue from rental and rendering of services.

## Q3/2019 Significant Events



### Newly opened Index Living Mall store in Chanthaburi

On 2 August 2019, the Company has successfully opened a new Index Living Mall store in Chanthaburi as the 31<sup>st</sup> Index Living Mall store in Thailand. This summed up to a total of 31 stores of Index Living Mall and 6 stores of Index Furniture Center.

### Launched the first WINNER store

On 23 August 2019, the Company has officially launched the 1<sup>st</sup> standalone WINNER store under a COCO (Company Owned Company Operated) format in Ratchaburi. It is a new concept of small furniture store focusing on tackling a new market segment, aiming to penetrate second-tier cities nationwide.



### Continuous expansion of 'Youunique Customized Furniture 4.0'

After receiving excessive positive feedback from the disruptive furniture model of 'Youunique Customized Furniture 4.0' since the launch in late 2017, the Company continued to expand Youunique in Index Living Mall store with 3 new openings in Q3/2019, totaling 10 Youunique stores. The concept overcomes the pain points by offering over a million of furniture designs, extensive customer service, 1-minute quotation after design confirmation, and a personal designer.



### Strengthening online sales through 'Index Chat to Shop' channel

The Company currently sells online via its own website, Lazada, and Shopee in which most channels limit the interaction between store and customers. Therefore, the Company has sought a way to overcome this pain point by introducing 'Index Chat to Shop' via Line@ to enhance customer interaction with the Company's staff resulting in higher completed online transactions.

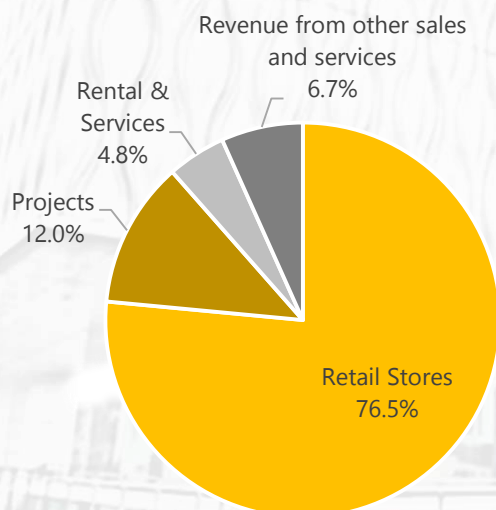


# Operating Results

Q3/2019 Overall Operating Results*	Q3/18	Q2/19	Q3/19	Change +/-		9M/18	9M/19	Change +/-
(THB million)				% YoY	% QoQ			% YoY
<b>Revenues</b>								
Revenue from sale of goods	2,225.1	2,253.8	2,275.0	+2.2%	+0.9%	6,818.1	6,828.6	+0.2%
Revenue from rental and rendering of services	121.9	140.6	146.4	+20.1%	+4.2%	358.7	413.2	+15.2%
<b>Total operating revenue</b>	<b>2,347.0</b>	<b>2,394.4</b>	<b>2,421.5</b>	<b>+3.2%</b>	<b>+1.1%</b>	<b>7,176.8</b>	<b>7,241.8</b>	<b>+0.9%</b>
<b>Cost of Goods Sold</b>								
Cost of sale of goods	1,271.2	1,257.3	1,249.0	-1.8%	-0.7%	3,846.6	3,797.9	-1.3%
Cost of rental and rendering of services	70.6	85.1	84.0	+18.9%	-1.3%	204.0	246.6	+20.9%
<b>Total cost of goods sold</b>	<b>1,341.9</b>	<b>1,342.4</b>	<b>1,333.0</b>	<b>-0.7%</b>	<b>-0.7%</b>	<b>4,050.6</b>	<b>4,044.5</b>	<b>-0.2%</b>
<b>Gross Profit</b>	<b>1,005.1</b>	<b>1,052.0</b>	<b>1,088.5</b>	<b>+8.3%</b>	<b>+3.5%</b>	<b>3,126.2</b>	<b>3,197.3</b>	<b>+2.3%</b>
Other income	38.3	31.8	27.5	-28.3%	-13.7%	80.9	79.2	-2.2%
Selling and distribution expenses	595.9	587.2	603.7	+1.3%	+2.8%	1,705.0	1,778.9	+4.3%
Administrative expenses	296.4	284.8	307.7	+3.8%	+8.1%	902.2	902.4	+0.0%
Finance costs	42.5	48.1	50.5	+18.7%	+4.9%	128.2	138.5	+8.0%
Other expenses	-	-	-	-	-	192.4	-	-100.0%
<b>Profit before income tax expenses</b>	<b>108.7</b>	<b>163.7</b>	<b>154.0</b>	<b>+41.7%</b>	<b>-5.9%</b>	<b>279.2</b>	<b>456.7</b>	<b>+63.6%</b>
Tax expenses (income)	25.0	5.7	(11.6)	-146.5%	-304.6%	103.1	1.6	-98.5%
<b>Net profit</b>	<b>105.0</b>	<b>158.0</b>	<b>165.6</b>	<b>+57.8%</b>	<b>+4.9%</b>	<b>307.1</b>	<b>455.4</b>	<b>+48.3%</b>

## Operating Revenue Structure

ILM operates as a retailer of furniture and home furnishing products. The Company's sources of revenue can be divided into 4 main businesses as follows:



Q3/2019 Operating Revenue of Baht 2,421.5 million

### Retail Stores

- >98% are sales from Index Living Mall, Index Furniture Center, and WINNER stores

### Projects

- >90% are from domestic project sales

### Revenue from Rental and Rendering of Services

- Revenue from rental, services, common area fee, and utilities charges

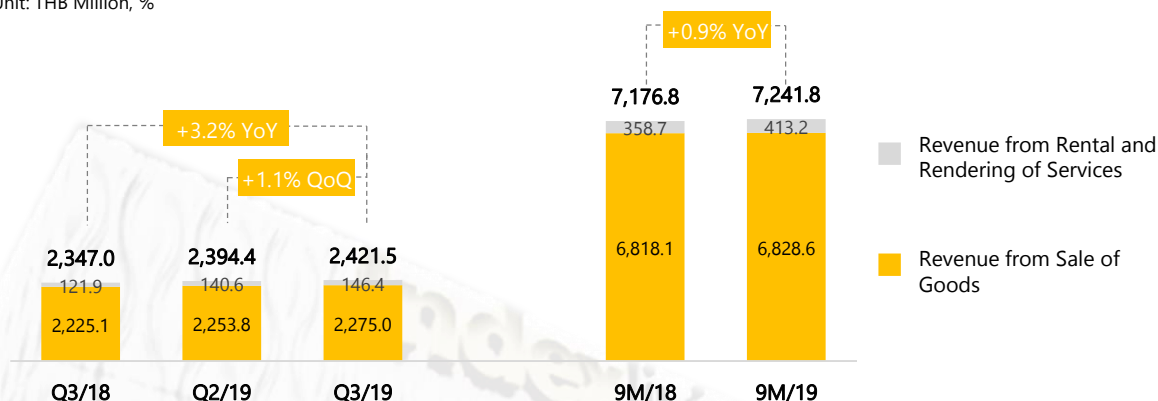
### Revenue from other sales and services

- Revenue from other channels, e.g., revenue from franchise stores, dealers, and online
- Revenue from other services, e.g., delivery, installation services

Revenue*	Q3/18	Q2/19	Q3/19	Change +/-		9M/19	9M/18	Change +/-
(THB million)				% YoY	% QoQ			% YoY
Revenue from sale of goods								
1. Domestic sales								
1.1 Retail stores	1,812.2	1,852.9	1,852.5	+2.2%	-0.0%	5,551.7	5,582.6	+0.6%
1.2 Projects	260.4	253.2	281.1	+8.0%	+11.0%	743.4	849.2	+14.2%
1.3 Dealers	30.0	35.1	27.6	-7.9%	-21.1%	100.2	97.8	-2.5%
1.4 Online	23.9	43.0	70.3	+193.8%	+63.6%	54.1	144.7	+167.5%
Total revenue from domestic sales	2,126.5	2,184.2	2,231.5	+4.9%	+2.2%	6,449.4	6,674.3	+3.5%
2. Overseas sales	98.6	69.6	43.5	-55.8%	-37.5%	368.6	154.2	-58.2%
<b>Total revenue from sale of goods</b>	<b>2,225.1</b>	<b>2,253.8</b>	<b>2,275.0</b>	<b>+2.2%</b>	<b>+0.9%</b>	<b>6,818.1</b>	<b>6,828.6</b>	<b>+0.2%</b>
Revenue from rental and rendering of services	121.9	140.6	146.4	+20.1%	+4.2%	358.7	413.2	+15.2%
<b>Total operating revenue</b>	<b>2,347.0</b>	<b>2,394.4</b>	<b>2,421.5</b>	<b>+3.2%</b>	<b>+1.1%</b>	<b>7,176.8</b>	<b>7,241.8</b>	<b>+0.9%</b>
Other income	38.3	31.8	27.5	-28.3%	-13.7%	80.9	79.2	-2.2%
<b>Total revenue</b>	<b>2,385.3</b>	<b>2,426.2</b>	<b>2,448.9</b>	<b>+2.7%</b>	<b>+0.9%</b>	<b>7,257.7</b>	<b>7,321.0</b>	<b>+0.9%</b>

## 1. Operating Revenue

Unit: THB Million, %



### Q3/2019 vs Q3/2018 (YoY)

- Total operating revenue was Baht 2,421.5 million in Q3/2019, increased by Baht 74.5 million or 3.2% from Q3/2018. The increase was mainly due to the following reasons:
  - Revenue from sale of goods** increased by Baht 50.0 million or 2.2% from Q3/2018. This increase was mainly contributed by the better domestic performance which increased by Baht 105.0 million or 4.9% as a result of the new stores (Index Living Mall Bangkruai-Sai Noi opened in August 2018, Index Living Mall Chaiyapruke opened in January 2019, and Index Living Mall Chanthaburi as well as WINNER Ratchaburi opened in August 2019), growth from online channel, increased domestic project sales, and growth from "Younique Customized Furniture 4.0", despite the decrease in overseas sales by Baht 55.0 million or 55.8%, mainly resulted from the close-down of Index Living Mall Malaysia.
  - Revenue from rental and rendering of services** increased by Baht 24.5 million or 20.1% as a result of the increase in rental spaces (Index Mall Bangna opened in September 2018, Little Walk Pattaya opened in November 2018, and Index Mall Chaiyapruke opened in March 2019).

### Q3/2019 vs Q2/2019 (QoQ)

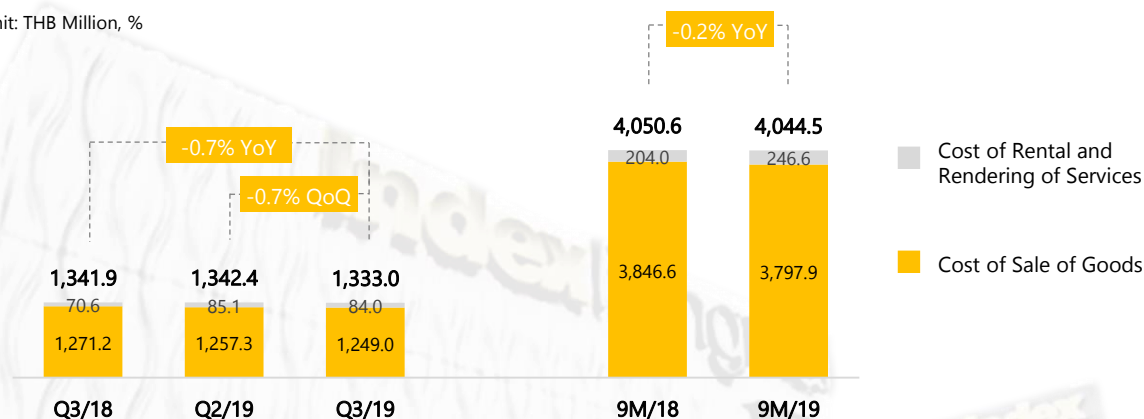
- Total operating revenue was Baht 2,421.5 million in Q3/2019, increased by Baht 27.1 million or 1.1% when compared to Q2/2019 due to the following reasons:
  - Revenue from sale of goods** increased by Baht 21.2 million or 0.9% from Q2/2019 as a result of the increase in domestic sales of Baht 47.3 million or 2.2% mainly from growth of online channel as well as domestic project, despite the decrease in revenue from overseas sales by Baht 26.1 million or 37.5% due to lower overseas project.
  - Revenue from rental and rendering of services** increased by Baht 5.8 million or 4.2% from Q2/2019 as a result of the improved occupancy rates.

### 9M/2019 vs 9M/2018 (YoY)

- Total operating revenue was Baht 7,241.8 million in 9M/2019, increased by Baht 65.0 million or 0.9% when compared to 9M/2018 due to the following reasons:
  - Revenue from sale of goods** increased by Baht 10.5 million or 0.2% from 9M/2018. The increase was mainly contributed by the better domestic performance which increased by Baht 224.9 million or 3.5% as a result of the new stores (Index Living Mall Bangkruai-Sai Noi opened in August 2018, Index Living Mall Chaiyapruerk opened in January 2019, and Index Living Mall Chanthaburi as well as WINNER Ratchaburi opened in August 2019), growth from online channel, an increase in domestic project sales, and growth from “Younique Customized Furniture 4.0”, despite the decrease in overseas sales by Baht 214.4 million or 58.2%, mainly resulted from the close-down of Index Living Mall Malaysia and decreased overseas project.
  - Revenue from rental and rendering of services** increased by Baht 54.5 million or 15.2% from 9M/2018 as a result of the increase in rental spaces (Index Mall Bangna opened in September 2018, Little Walk Pattaya opened in November 2018, and Index Mall Chaiyapruerk opened in March 2019).

## 2. Cost of Sales and Services

Unit: THB Million, %



### Q3/2019 vs Q3/2018 (YoY)

- Cost of sales and services was Baht 1,333.0 million in Q3/2019, decreased by Baht 8.9 million or 0.7% when compared to Q3/2018. This is mainly due to the following reasons:
  - Cost of sale of goods** decreased by Baht 22.2 million or 1.8% from Q3/2018 despite the higher sales. This was due to the improved product mix resulted from an increased sales proportion of higher profit margin products.
  - Cost of rental and rendering of services** increased by Baht 13.4 million or 18.9% from Q3/2018 due to the incremental expenses from new rental spaces, e.g., depreciation, utilities expenses, employee expenses, and rental costs.

### Q3/2019 vs Q2/2019 (QoQ)

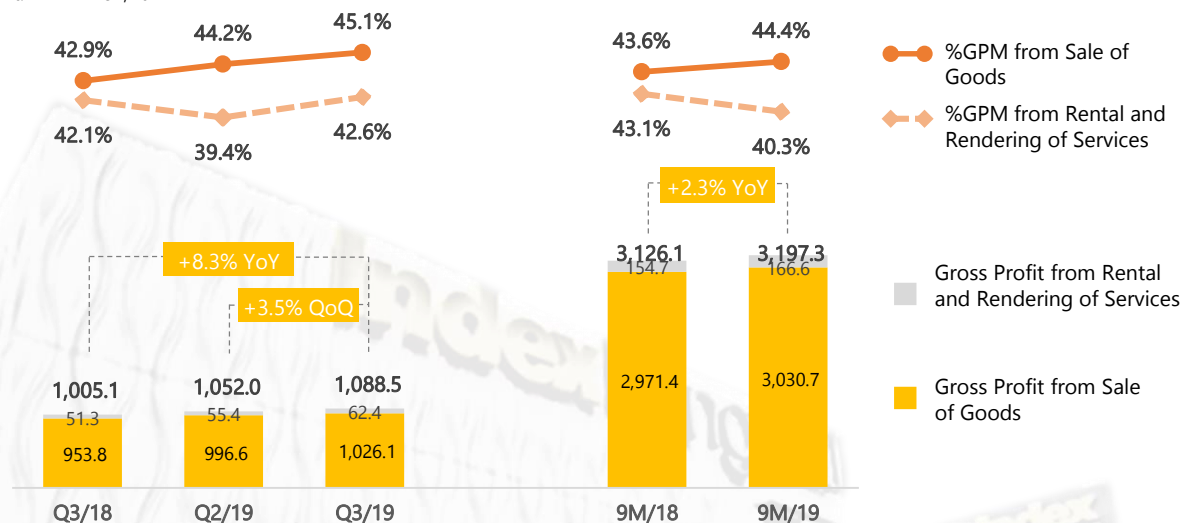
- Cost of sales and services was Baht 1,333.0 million in Q3/2019, decreased by Baht 9.4 million or 0.7% when compared to Q2/2019. This was mainly due to the following reasons:
  - Cost of sale of goods** decreased by Baht 8.3 million or 0.7% from Q3/2018 despite the higher sales. This was due to the improved product mix with an increased sales proportion of higher profit margin products.
  - Cost of rental and rendering of services** decreased by Baht 1.1 million or 1.3% from Q3/2018 due to better cost management.

### 9M/2019 vs 9M/2018 (YoY)

- Cost of sales and services was Baht 4,044.5 million in 9M/2019, decreased by Baht 6.1 million or 0.2% when compared to 9M/2018. This was mainly due to the following reasons:
  - Cost of sale of goods** decreased by Baht 48.7 million or 1.3% from 9M/2018 despite the higher sales. This was due to the improved product mix with an increased sales proportion of higher profit margin products.
  - Cost of rental and rendering of services** increased by Baht 42.6 million or 20.9% from 9M/2018 due to the incremental expenses from new rental spaces, e.g. depreciation, utilities expenses, employee expenses, and rental costs.

## 3. Gross Profit and Gross Profit Margin

Unit: THB Million, %



### Q3/2019 vs Q3/2018 (YoY)

- Gross profit was Baht 1,088.5 million in Q3/2019, increased by Baht 83.4 million or 8.3% from Q3/2018. The increase was mainly due to the following reasons:
  - Gross profit from sale of goods** increased by Baht 72.3 million or 7.6% from Q3/2018. The increase was mainly due to higher sales, the improved product mix with an increased sales proportion of higher profit margin products as well as sales growth of furniture, especially from "Younique Customized Furniture 4.0".
  - Gross profit from rental and rendering of services** increased by Baht 11.1 million or 21.6% from Q3/2018 as a result of the improved occupancy rates and the increase in rental spaces.

### Q3/2019 vs Q2/2019 (QoQ)

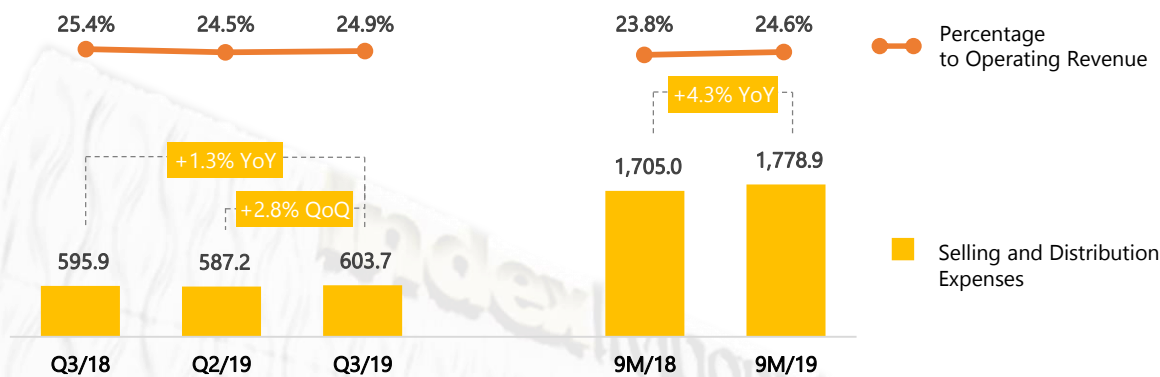
- Gross profit was Baht 1,088.5 million in Q3/2019, increased by Baht 36.5 million or 3.5% compared to Q2/2019. The increase was mainly due to the following reasons:
  - Gross profit from sale of goods** increased by Baht 29.5 million or 3.0% from Q2/2019. This increase was mainly due to higher sales, the improved product mix with an increased sales proportion of higher profit margin products as well as sales growth of furniture, especially from "Younique Customized Furniture 4.0".
  - Gross profit from rental and rendering of services** increased by Baht 7.0 million or 12.6% from Q2/2019 as a result of the improved occupancy rates.

### 9M/2019 vs 9M/2018 (YoY)

- Gross profit was Baht 3,197.3 million in 9M/2019, increased by Baht 71.1 million or 2.3% compared to 9M/2018. The increase was mainly due to the following reasons:
  - Gross profit from sale of goods** increased by Baht 59.2 million or 2.0% from 9M/2018. This increase was mainly due to higher sales, the improved product mix with an increased sales proportion of higher profit margin products as well as sales growth of furniture, especially from "Younique Customized Furniture 4.0".
  - Gross profit from rental and rendering of services** increased by Baht 11.9 million or 7.7% from 9M/2018 as the result of the improved occupancy rates and the increase in rental spaces.

## 4. Selling and Distribution Expenses\*

Unit: THB Million, %



\*Selling and distribution expenses are expenses at stores, e.g., employee expenses, depreciation, utilities expenses, rental costs, etc.

### Q3/2019 vs Q3/2018 (YoY)

- Selling and distribution expenses were Baht 603.7 million in Q3/2019, increased by Baht 7.8 million or 1.3% from Q3/2018. The increase was mainly due to the incremental expenses from new stores, both from retail stores and rental spaces, and higher promotional expenses especially for online advertisements. However, the percentage of selling and distribution expenses to operating revenue decreased due to higher revenue and improved cost management.

### Q3/2019 vs Q2/2019 (QoQ)

- Selling and distribution expenses were Baht 603.7 million in Q3/2019, increased by Baht 16.5 million or 2.8% from Q2/2019. The increase was mainly due to the incremental expenses from new retail stores and promotional expenses especially for online advertisements.

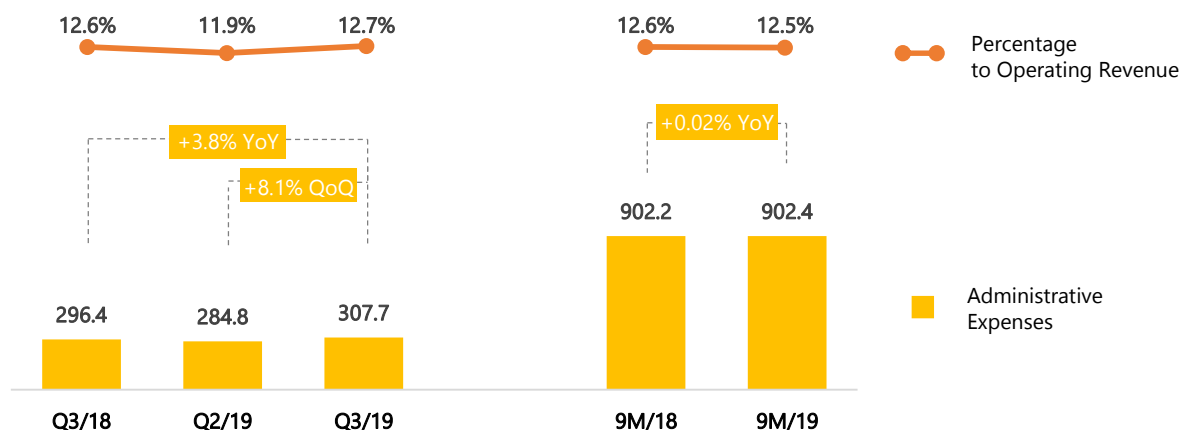


### 9M/2019 vs 9M/2018 (YoY)

- Selling and distribution expenses were Baht 1,778.9 million in 9M/2019, increased by Baht 73.8 million or 4.3% from 9M/2018. The increase was mainly due to the incremental expenses from new stores, both from retail stores and rental spaces as well as higher promotional expenses especially for online advertisements.

## 5. Administrative Expenses\*

Unit: THB Million, %



\*Administrative expenses are back office expenses, e.g., employee expenses, delivery costs, depreciation, etc.

### Q3/2019 vs Q3/2018 (YoY)

- Administrative expenses were Baht 307.7 million in Q3/2019, increased by Baht 11.4 million or 3.8% compared to Q3/2018. The increase was mainly due to higher employee expenses, depreciation, and delivery expenses caused by the rise in the number of delivery trips as a result of the increase in sales.

### Q3/2019 vs Q2/2019 (QoQ)

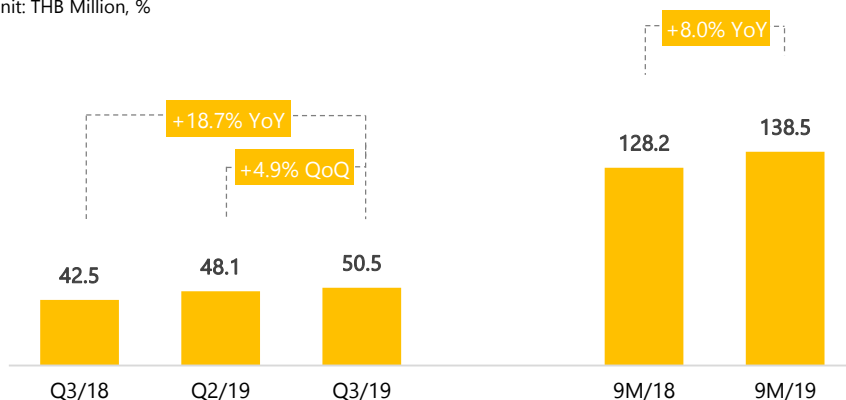
- Administrative expenses were Baht 307.7 million in Q3/2019, increased by Baht 22.9 million or 8.1% compared to Q2/2019. The increase was mainly due to higher employee expenses, depreciation, and delivery expenses caused by the rise in the number of delivery trips as a result of the increase in sales.

### 9M/2019 vs 9M/2018 (YoY)

- Administrative expenses were Baht 902.4 million in 9M/2019, increased by Baht 0.2 million or 0.02% compared to 9M/2018. The increase was mainly due to higher employee expenses, depreciation, delivery expenses caused by the rise in the number of delivery trips as a result of the increase in sales, and higher transportation rate adjusted since May 2018. However, the percentage of administrative expenses to operating revenue decreased due to higher revenue and improved cost management despite the one-time expense employee retirement benefits of Baht 26.2 million during Q1/2019.

## 6. Finance Costs

Unit: THB Million, %



### Q3/2019 vs Q3/2018 (YoY)

- Finance costs were Baht 50.5 million in Q3/2019, increased by Baht 8.0 million or 18.7% compared to Q3/2018.

### Q3/2019 vs Q2/2019 (QoQ)

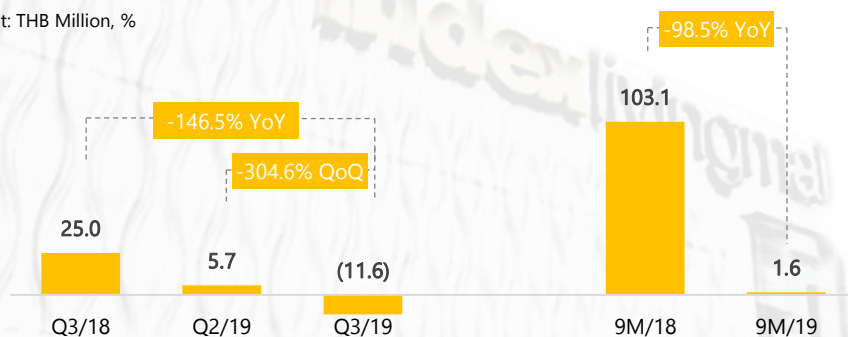
- Finance costs were Baht 50.5 million in Q3/2019, increased by Baht 2.4 million or 4.9% compared to Q2/2019.

### 9M/2019 vs 9M/2018 (YoY)

- Finance costs were Baht 138.5 million in 9M/2019, increased by Baht 10.3 million or 8.0% compared to 9M/2018.
- The increase in finance costs was due to the higher borrowings from financial institutions during the period. However, the interest-bearing debt as at the end of Q3/2019 has decreased to Baht 4,975.8 million, from Baht 5,691.0 million as at the end of Q2/2019, and Baht 4,987.6 million as at the end of Q3/2018, as the Company has repaid debenture and some portion of the borrowings.

## 7. Tax Expenses (Income)

Unit: THB Million, %



### Q3/2019 vs Q3/2018 (YoY)

- Tax income was Baht 11.6 million in Q3/2019, compared with the tax expenses of Baht 25.0 million in Q3/2018. This was due to the tax benefits received from the Board of Investment of Thailand (BOI) on the investment promotion of Index Interfurn Co., Ltd. ("IDF"), which is the Company's subsidiary since the beginning of 2019.

### Q3/2019 vs Q2/2019 (QoQ)

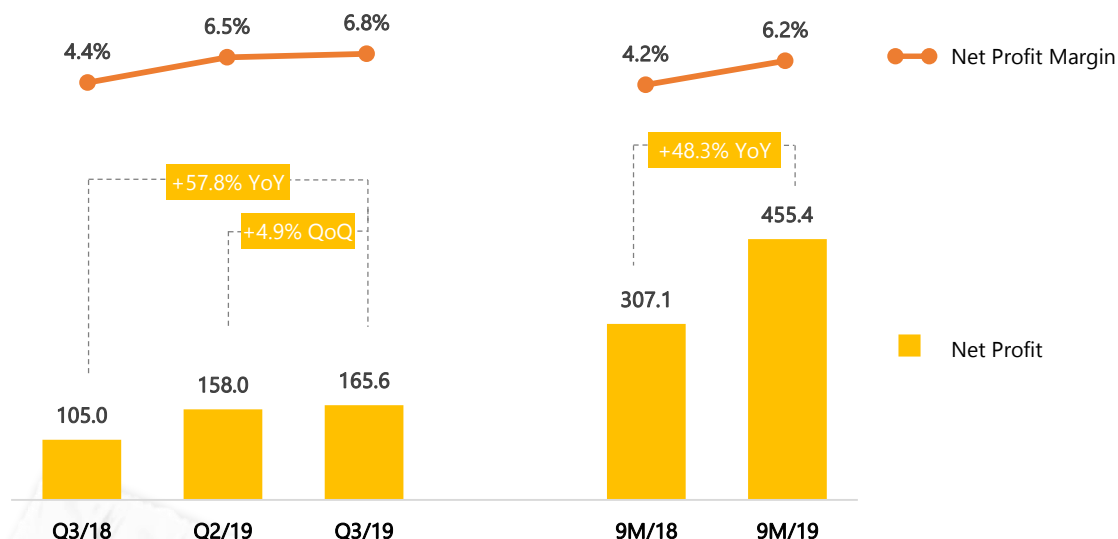
- Tax income was Baht 11.6 million in Q3/2019, compared with the tax expenses of Baht 5.7 million in Q2/2019, as a result of the tax benefits from BOI.

### 9M/2019 vs 9M/2018 (YoY)

- Tax expenses was Baht 1.6 million in 9M/2019, decreased by Baht 101.5 million or 98.5% compared to 9M/2018 as a result of the tax benefits from BOI.

## 8. Net Profit and Net Profit Margin

Unit: THB Million, %



### Q3/2019 vs Q3/2018 (YoY)

- Net profit was Baht 165.6 million in Q3/2019, increased by Baht 60.7 million or 57.8% compared to Q3/2018. This was mainly due to the following reasons:
  - Increased revenue from sale of goods from new stores, growth from “Younique Customized Furniture 4.0”, online sales, and domestic projects.
  - Increased revenue from rendering of services from new rental spaces and improved occupancy rates.
  - Higher gross profit margin from sale of goods as a result of the improved product mix with an increased sales proportion of higher profit margin products.
  - Higher gross profit margin from rental and rendering of services due to improved occupancy rates.
  - Decreased percentage of selling and distribution expenses to operating revenue from higher revenue and improved cost management.
  - Tax benefits from BOI.

**Q3/2019 vs Q2/2019 (QoQ)**

- Net profit was Baht 165.6 million in Q3/2019, increased by Baht 7.7 million or 4.9% compared to Q2/2019. This was mainly due to the following reasons:
  - Increased revenue from sale of goods from growth of “Younique Customized Furniture 4.0”, online sales, and domestic projects.
  - Increased revenue from rendering of services from improved occupancy rates.
  - Higher gross profit margin from sale of goods as a result of the improved product mix with an increased sales proportion of higher profit margin products.
  - Higher gross profit margin from rental and rendering of services due to improved occupancy rates.
  - Tax benefits from BOI.

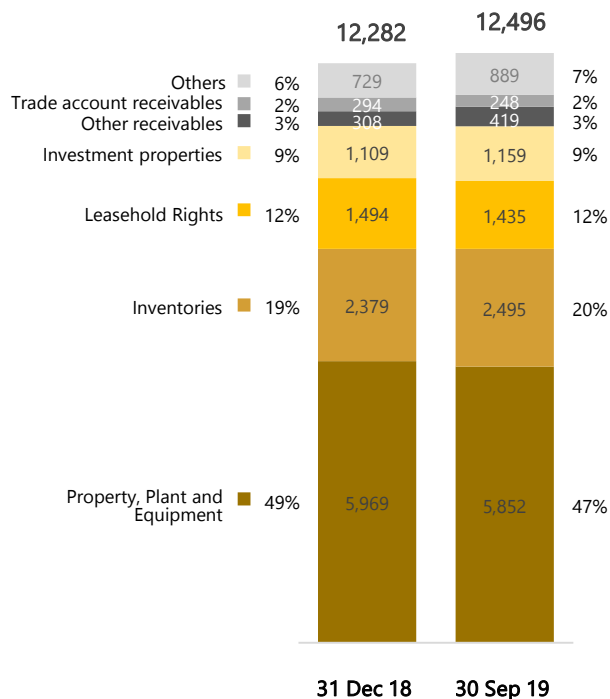
**9M/2019 vs 9M/2018 (YoY)**

- Net profit was Baht 455.4 million in 9M/2019, increased by Baht 148.3 million or 48.3% compared to 9M/2018. This was mainly due to the following reasons:
  - Increased revenue from sale of goods from new stores, growth from “Younique Customized Furniture 4.0”, online sales, and domestic projects.
  - Increased revenue from rendering of services from new rental spaces and improved occupancy rates.
  - Higher gross profit margin from sale of goods as a result of the improved product mix with an increased sales proportion of higher profit margin products.
  - Decreased percentage of administrative expenses to operating revenue from higher operating revenue and improved cost management.
  - Tax benefits from BOI.
  - During 9M/2018, the Company recorded loss recognition from the close-down of ILM Malaysia of Baht 119.3 million (net loss after tax attributable to shares of the parent company).

## Statement of Financial Position

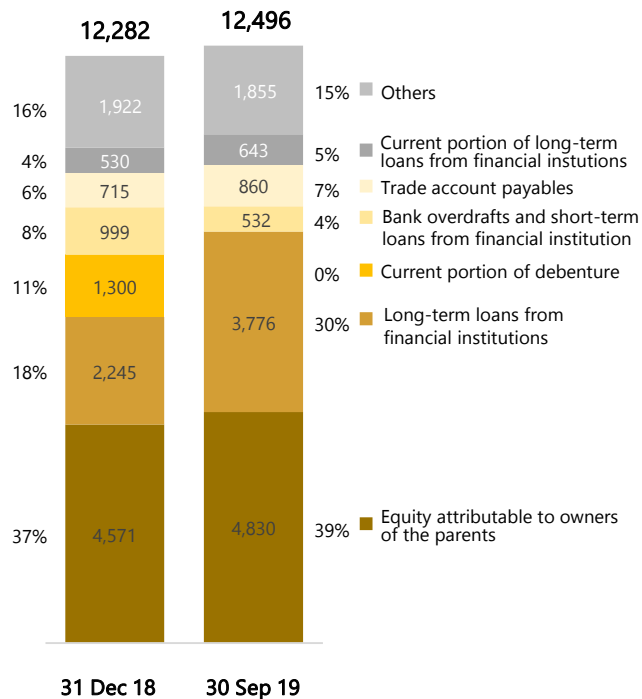
## Total Assets

Unit: THB Million, %



## Total Liabilities and Equity

Unit: THB Million, %

Assets

- As at 30 September 2019, the Company had total assets of Baht 12,496 million, increased by Baht 214 million or 1.7% from Baht 12,282 million as at 31 December 2018. The increase was mainly due to the following reasons:
  - Higher amount of cash and cash equivalents from IPO proceeds
  - Increased inventories due to merchandises at new stores including Index Living Mall Chanthaburi and WINNER Ratchaburi as well as waiting-for-delivery products of domestic project
  - Increased investment properties from additional rental spaces

Liabilities

- As at 30 September 2019, the Company had total liabilities of Baht 7,666 million, decreased by Baht 44 million or 0.6% from Baht 7,710 million as at 31 December 2018. The decrease was mainly due to lower borrowings from financial institutions as the Company has repaid debenture and some portion of short-term loans.

Equity

- As at 30 September 2019, the Company had equity attributable to owners of the parent of Baht 4,830 million, increased by Baht 259 million or 5.7% from Baht 4,571 million as at 31 December 2018 mainly due to capital raised through IPO and the operating profit during 9M/2019.

## Future Outlook

EXECUTIVE SUMMARY

FINANCIAL PERFORMANCE

### Index Living Mall Store Expansion



#### Index Living Mall Store Expansion

The Company plans to expand Index Living Mall approximately 1-2 stores per year. In the past, the Company has been successfully opening stores in major cities (first-tier cities) in Thailand with a relatively higher purchasing power. The Company sees the opportunity to penetrate other cities which has potential as well.

Regarding Index Living Mall store expansion planned for next year, the Company is reviewing the locations, which might be different than the initial and disclosed plan. The Company's decision is based on the assumption of an optimal payback period under current and potential circumstances in the future.

### WINNER Store Expansion



#### Additional WINNER Stores

The Company plans to enlarge the customer base through WINNER store, a small size furniture store format by planning to open 2 more WINNER stores within Q2/2019 under a COCO model (Company Owned Company Operated), after successfully opening the first store in Ratchaburi on 23 August 2019.

### Younique Customized Furniture 4.0 Expansion



#### Younique Customized Furniture 4.0 Store Expansion

At the end of Q3/2019, the Company has 10 'Younique Customized Furniture 4.0' stores. To enhance product innovation and capture a higher customer base, the Company plans to roll out approximately 2-3 openings every quarter at Index Living Mall stores.

FUTURE OUTLOOK

## Downsizing of Oversized Index Living Mall Stores



### Downsizing of Oversized Index Living Mall Stores and Transferring Spaces to Retail instead

The Company plans to optimize its existing assets by downsizing the current space of Index Living Mall stores with an excessive area and transferring to retail spaces instead.

The Company recognizes the success of family, health, restaurants, and education zones which are playing a bigger role in attracting more customers to Index Living Mall. Thus, the Company plans to downsize 1-2 stores per year in the future.

## Solar Rooftop Installation



### Solar Rooftop Installation

The Company has installed solar rooftop at the factory and 4 Index Living Mall stores in 2018. The solar rooftop installation will help reduce electricity costs for the Company's operation sustainably.

The Company plans to install solar rooftop at another 6 Index Living Mall stores in Q4/2019 and some more stores next year.

