

Date 13 August 2025

Subject: Management Discussion and Analysis for Q2/2025

Attention: Managing Director, The Stock Exchange of Thailand

Euro Creations Public Company Limited ("The Company") provides Management Discussion and Analysis for Q2/2025 as follows:

Overview of Business Operations, Economic Conditions, and Industry Factors Impacting Performance

In 2025, despite the challenging economic conditions and the slowdown in domestic consumption that have impacted business operations across various industries, Euro Creations Public Company Limited has continued to demonstrate strong and stable growth potential during the first six months of the year. This resilience is supported by the Company's well-diversified portfolio and comprehensive product offerings that effectively cater to the needs of its customer base. As a result, the Company's accumulated sales (bookings) have consistently exceeded those of the same period last year. Revenue recognition, which occurs upon the completion of product delivery and services to customers, has remained in line with the Company's forecasted delivery schedule. The Company continues to place emphasis on its long-term growth strategy through initiatives such as expanding its portfolio with additional brands, showcasing the strengths via showrooms that enhance the customer purchasing and service experience, managing costs and expenses, optimizing inventory levels, and upholding high standards of after-sales service. These efforts aim to differentiate the Company and ensure sustainable growth amid the current global and domestic economic environment.

Summary of Key Events and Developments During Q2/2025:

Showroom	Progress
Molteni&C Flagship Store /T5	Commenced operations on 12 May 2025
B&O Showroom /Central Embassy	Commenced operations on 13 June 2025
Euro Creations Gallery /T3	Under construction, expected completion in 2026

Financial Performance Summary:**1. Q2/2025 Financial Performance Summary:**

Consolidated statement of Comprehensive Income (Unit: Million Baht)	Q2/2024	%(⁽¹⁾)	Q1/2025	%(⁽¹⁾)	Q2/2025	%(⁽¹⁾)	% Increased (Decreased)	
							YoY	QoQ
Revenue from sales and services	259.95	100.00%	311.32	100.00%	354.10	100.00%	+36.22%	+13.74%
Cost of sales and services	(136.17)	-52.38%	(159.39)	-51.20%	(182.59)	-51.56%	+34.09%	+14.55%
Gross profit	123.78	47.62%	151.93	48.80%	171.51	48.44%	+38.57%	+12.89%
Other income	3.00	1.14%	2.77	0.88%	2.92	0.82%	-2.82%	+5.48%
Net gain (loss) on exchange rate	0.59	0.22%	(0.05)	-0.02%	(2.24)	-0.63%	-482.86%	+4,641.86%
Selling expenses and distribution costs	(74.35)	-28.28%	(77.03)	-24.52%	(87.44)	-24.49%	+17.62%	+13.52%
Administrative expenses	(31.22)	-11.87%	(31.86)	-10.14%	(35.93)	-10.06%	+15.09%	+12.78%
Finance cost	(4.00)	-1.52%	(3.72)	-1.18%	(3.99)	-1.12%	-0.45%	+6.94%
Profit before income tax	17.80	-6.77%	42.04	13.38%	44.83	12.56%	+151.88%	+6.65%
Income tax expense	(3.99)	-1.52%	(8.54)	-2.72%	(9.39)	-2.63%	+135.04%	+10.01%
Net profit for the period	13.81	5.25%	33.50	10.67%	35.44	9.93%	+156.75%	+5.80%
Other comprehensive income for the	-	0.00%	-	0.00%	-	0.00%	0.00%	0.00%
Total comprehensive income for the	13.81	5.25%	33.50	10.67%	35.44	9.93%	+156.75%	+5.80%
Owner of the Company	13.80	99.93% ⁽²⁾	33.50	100.00% ⁽²⁾	35.44	99.99% ⁽²⁾	+156.86%	+5.78%
Non-controlling interests	0.01	0.07% ⁽²⁾	-	0.00% ⁽²⁾	-	0.01% ⁽²⁾	-39.99%	-4,771.00%

Notes: ⁽¹⁾ Percentage proportion compared to Total revenue, except Revenue from sales and services, Cost of sales and services and Gross profit compared to the proportion of Revenue from sales and service income.

⁽²⁾ Percentage proportion compared to Total comprehensive income for the year.

In Q2/2025, the Company recorded revenue from sales and services of 354.10 million Baht, representing a significant increase of 36.22% from Q2/2024 and an increase of 13.74% from Q1/2025. This growth was primarily due to the Company's deliveries of products and services in Q2/2025 being in line with the planned delivery and service schedule, as well as the fact that revenue from sales and services in Q2/2024 was lower than it should have been, as it was affected by disruptions in product shipments from Europe to Thailand during that period.

The Company's selling expenses and distribution costs in Q2/2025 amounted to 87.44 million Baht, an increase of 17.62% from Q2/2024, mainly from higher employee-related expenses to support the opening of new showrooms, as well as the annual employee salary adjustments in March. In addition, the Company recognized building-related expenses and depreciation from showrooms opened in late 2024 and those newly opened in 2025. Compared to Q1/2025, selling expenses increased by 13.52%, primarily from higher employee expenses due to the annual salary adjustment in March and depreciation expenses for the showrooms opened during Q2/2025.

Administrative expenses in Q2/2025 were 35.93 million Baht, up 15.09% and 12.78% from Q2/2024 and Q1/2025, respectively, mainly due to higher employee expenses and building-related costs following the additional warehouse lease executed in late 2024.

The Company reported a net profit of 35.44 million Baht in Q2/2025, representing a significant increase of 156.75% compared to Q2/2024, in line with the substantial growth in the Company's total revenue. However, compared to Q1/2025, net profit increased by 5.80%, mainly due to higher employee expenses and building-related costs, resulting in net profit growth at a lower rate than the increase in revenue from sales and services.

2. 1H/2025 Financial Performance Summary:

Consolidated statement of Comprehensive Income (Unit: Million Baht)	1H/2024	% ⁽¹⁾	1H/2025	% ⁽¹⁾	% Increased (Decreased)
Revenue from sales and services	566.64	100.00%	665.42	100.00%	+17.43%
Cost of sales and services	(290.43)	-51.25%	(341.97)	-51.39%	+17.74%
Gross profit	276.21	48.75%	323.45	48.61%	+17.10%
Other income	5.43	0.95%	5.69	0.85%	+4.67%
Net gain (loss) on exchange rate	0.13	0.02%	(2.29)	-0.34%	-1,796.85%
Selling expenses and distribution costs	(140.09)	-24.49%	(164.47)	-24.51%	+17.41%
Administrative expenses	(62.82)	-10.98%	(67.79)	-10.10%	+7.92%
Finance cost	(9.17)	-1.60%	(7.71)	-1.15%	-16.01%
Profit before income tax	69.69	12.18%	86.88	12.95%	+24.66%
Income tax expense	(14.46)	-2.53%	(17.93)	-2.67%	+24.01%
Net profit for the period	55.23	9.65%	68.95	10.27%	+24.83%
Other comprehensive income for the period	-	0.00%	-	0.00%	0.00%
Total comprehensive income for the period	55.23	9.65%	68.95	10.27%	+24.83%
Owner of the Company	55.22	99.98% ⁽²⁾	68.94	99.99% ⁽²⁾	+24.83%
Non-controlling interests	0.01	0.02% ⁽²⁾	0.01	0.01% ⁽²⁾	-39.73%

Notes: ⁽¹⁾ Percentage proportion compared to Total revenue, except Revenue from sales and services, Cost of sales and services and Gross profit compared to the proportion of Revenue from sales and service income.

⁽²⁾ Percentage proportion compared to Total comprehensive income for the year.

In 1H/2025, the Company recorded revenue from sales and services of 665.42 million Baht, representing an increase of 17.43% compared to the same period in 2024. This growth was in line with the Company's delivery and service plan for 2025, as well as the fact that accumulated revenue from sales and services for the same period in 2024 was lower than it should have been due to the impact of product shipment disruptions from Europe to Thailand during that period.

Selling expenses and distribution costs for 1H/2025 amounted to 164.47 million Baht, an increase of 17.41% from the same period in 2024, mainly due to higher employee-related expenses and increased depreciation from showrooms opened during 2025 and late 2024, as well as the annual employee salary adjustments in March.

Administrative expenses for 1H/2025 were 67.79 million Baht, up 7.92% from the same period in 2024, primarily due to higher employee expenses and increased building-related costs from the additional warehouse lease executed in late 2024.

Net profit for 1H/2025 amounted to 68.95 million Baht, representing an increase of 24.83% compared to the same period in 2024, in line with the growth in total revenue. The net profit margin of 10.27% was higher than that of the same period in 2024, reflecting the Company's strong operational performance and effective cost control.

(A) Total revenue

Revenue from sales and services by customer groups	Q2/2024		Q1/2025		Q2/2025		% Increased (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%	YoY	QoQ
Revenue from sales and services	259.95	98.86%	311.32	99.12%	354.10	99.18%	+36.22%	+13.74%
• Business-to-Consumer (B2C)	182.34	69.34%	187.36	59.65%	236.36	66.20%	+29.63%	+26.16%
1. Product for interior architecture ⁽¹⁾	40.98	15.58%	46.03	14.65%	80.30	22.49%	+95.96%	+74.46%
2. Product for interior ⁽²⁾	60.67	23.07%	58.22	18.54%	69.73	19.53%	+14.94%	+19.78%
3. Product for decoration and fitness equipment ⁽³⁾	80.69	30.69%	83.11	26.46%	86.33	24.18%	+6.99%	+3.87%
• Business-to-Business (B2B)	77.61	29.52%	123.96	39.47%	117.74	32.98%	+51.71%	-5.02%
1. Product for interior architecture ⁽¹⁾	34.62	13.17%	40.71	12.96%	24.57	6.88%	-29.03%	-39.65%
2. Product for interior ⁽²⁾	13.27	5.05%	26.06	8.30%	40.04	11.22%	+201.63%	+53.60%
3. Product for decoration and fitness equipment ⁽³⁾	29.72	11.30%	57.19	18.21%	53.13	14.88%	+78.80%	-7.10%
Other income ⁽⁴⁾	3.00	1.14%	2.77	0.88%	2.92	0.82%	-2.82%	+5.48%
Total revenue	262.95	100.00%	314.09	100.00%	357.02	100.00%	+35.78%	+13.67%

Notes: ⁽¹⁾ Consists of GESSI, Robina, Basalte, DeltaLight, L&L, Lutron, Molteni&C and Dada etc.

⁽²⁾ Consists of Cassina, Calligaris, Christopher Guy, Flos, Foscari, Gallotti&Radice, Giorgetti, Lasvit, Natuzzi Italia, Nemo, Malerba, Molteni&C, Poltrona Frau, Rolf Benz Preciosa and Haworth., etc

⁽³⁾ Consists of Technogym, Sidea, Dedon, Royal Botania, Limited Edition, Frette and Bang & Olufsen (B&O), etc

⁽⁴⁾ Other income consists of rental revenue, interest income and gain (loss) from sale of asset., etc

In Q2/2025, the Company recorded total revenue of 357.02 million Baht, comprising (1) revenue from sales and services of 354.10 million Baht and (2) other income of 2.92 million Baht. Revenue from sales and services is categorized into two main customer segments: general customers (B2C) and business customers (B2B). The quarterly changes can be summarized as follows:

1. Year-on-Year (YoY) Comparison with Q2/2024

The Company's total revenue increased by 35.78% from Q2/2024, mainly due to a significant increase in revenue from sales and services. In Q2/2024, the Company faced delivery challenges caused by disruptions in product shipments from Europe to Thailand, resulting in lower-than-normal revenue from sales and services during that period. The main increase in Q2/2025 came from B2C revenue, particularly from product categories related to interior architecture. In addition, there was growth in B2B revenue from product categories related interior and product for decoration and fitness equipment.

2. Quarter-on-Quarter (QoQ) Comparison with Q1/2025

The Company's total revenue increased by 13.67% from Q1/2025, primarily due to an increase in revenue from sales and services from B2C customers across all product categories, especially those related to interior architecture. However, overall B2B revenue slightly decreased, mainly due to a decline in revenue from interior architecture products, which was indirectly impacted by delays in structural construction work in certain projects. Nevertheless, revenue from product categories related to interior and product for decoration continued to grow in line with the Company's delivery schedule, resulting in only a marginal change in overall B2B revenue.

(B) Gross profit

Items	Q2/2024		Q1/2025		Q2/2025		% Increased (Decreased)	
	Million Baht	% ⁽¹⁾	Million Baht	% ⁽¹⁾	Million Baht	% ⁽¹⁾	YoY	QoQ
Gross profit of B2C	95.40	52.32%	101.71	54.29%	121.89	51.57%	+27.76%	+19.83%
Gross profit of B2B	28.38	36.57%	50.22	40.51%	49.63	42.15%	+74.89%	-1.18%
Total gross profit	123.78	47.62%	151.93	48.80%	171.52	48.44%	+38.57%	+12.89%

Note: ⁽¹⁾ Gross profit compared to Revenue from sales and services

In Q2/2025, the Company recorded a gross profit of 171.52 million Baht, representing an increase of 38.57% and 12.89% from Q2/2024 and Q1/2025, respectively. The changes in gross profit were in line with the increase in revenue from sales and services. The gross profit margin stood at 48.44%, higher than the forecasted margin of 47.00%, as the Company was able to effectively manage inventory costs and service costs. Gross profit by customer segment is detailed as follows:

- Gross profit from B2C sales and services amounted to 121.89 million Baht, up 27.76% from Q2/2024 and 19.83% from Q1/2025, in line with the changes in revenue from sales and services. The gross profit margins for Q2/2025, Q2/2024, and Q1/2025 were 51.57%, 52.32%, and 54.29%, respectively. This indicates that the Company was able to maintain a margin above the forecasted gross profit margin of 50.00% for the B2C segment, in accordance with the operational plan.
- Gross profit from B2B sales and services amounted to 49.63 million Baht, representing an increase of 74.89% from Q2/2024 but a slight decrease of 1.18% from Q1/2025, in line with the changes in revenue from sales and services. The gross profit margins for Q2/2025, Q2/2024, and Q1/2025 were 42.15%, 36.57%, and 40.51%, respectively. In this quarter, the gross profit margin was higher than both the same quarter last year and the previous quarter, and exceeded the Company's forecasted range for the B2B segment of 30.00% – 40.00%, reflecting effective operational execution and appropriate pricing strategies.

Explanation on financial position:

Items	Unit	31 Dec 2024	31 June 2025	Change (Million Baht)	Increased (Decreased) (%)
Total assets	Million Baht	2,004.82	2,011.12	+6.30	+0.31%
Total liabilities	Million Baht	1,122.69	1,127.14	+4.45	+0.40%
Total equity	Million Baht	882.13	883.98	+1.85	+0.21%

(A) Assets

As of the end of 2024 and Q2/2025, the Company's total assets were 2,004.82 million Baht and 2,011.12 million Baht, respectively. The key assets comprised net inventories and net right-of-use assets, which as of the end of Q2/2025 accounted for 41.42% and 36.68% of total assets, respectively. Total assets increased by 6.30 million Baht, or 0.31%, from the end of 2024, mainly due to: (1) An increase in right-of-use assets of 81.12 million Baht, primarily from the construction of showrooms and newly opened showrooms during the period; (2) An increase in inventories of 32.64 million Baht, mainly from display inventories for the newly opened showrooms during the period; and (3) A decrease in short-term investments (fixed deposits) of 125.00 million Baht.

(B) Liabilities

As of the end of 2024 and Q2/2025, the Company's total liabilities were 1,122.69 million Baht and 1,127.14 million Baht, respectively. The key liabilities comprised unearned revenue and lease liabilities, which as of the end of Q2/2025 accounted for 43.56% and 37.35% of total liabilities, respectively. Total liabilities increased by 4.45 million Baht, or 0.40%, from the end of 2024, mainly due to an increase in the Company's unearned revenue of 14.34 million Baht, which was in line with the increase in sales (bookings) during the period. However, there was a decrease in short-term loans from financial institutions of 11.55 million Baht, due to repayments made during the period.

(C) Equity

Shareholders' equity comprises issued and paid-up share capital and retained earnings, including both legal reserve and unappropriated retained earnings. As of the end of Q2/2025, the Company's shareholders' equity was 883.98 million Baht, an increase of 1.85 million Baht compared to 882.13 million Baht as of the end of 2024. The increase was attributable to the net profit for the first half of the year, partially offset by the dividend payment declared in April 2025 of the Company.

Cash Flows Summary:

Items	Unit	1H/2024	1H/2025
Cash and cash equivalents at the beginning of the periods	Million Baht	57.53	122.07
Cash flows from operating activities	Million Baht	(108.44)	60.79
Cash flows from investing activities	Million Baht	(182.61)	46.45
Cash flows from financing activities	Million Baht	380.34	(106.53)
Net increase (Decrease) in cash and cash equivalents	Million Baht	89.29	0.71
Cash and cash equivalents at the end of the period	Million Baht	146.82	122.78

(A) Cash flows from operating activities

For 1H/2025, the Company generated profit before income tax and before adjustments for non-cash items of 86.88 million Baht from its normal business operations. After adding back non-cash items, the key component being depreciation and amortization of 43.83 million Baht, and adjusting for changes in operating assets and liabilities, with key items including (1) an increase in inventories of 32.64 million Baht, mainly from display inventories for showrooms newly opened during the period; (2) income tax paid of 20.66 million Baht; (3) a decrease in trade and other payables of 18.12 million Baht; and (4) an increase in unearned revenue of 14.34 million Baht. The Company recorded net cash receipts from operating activities of 60.79 million Baht for 1H/2025.

(B) Cash flows from investing activities

Net cash receipts from investing activities for 1H/2025 amounted to 46.45 million Baht, mainly due to: (1) Net cash received from short-term investments of 125.00 million Baht; (2) Interest received of 3.11 million Baht; (3) Payments for acquisition of right-of-use assets of 79.20 million Baht, primarily for the construction of new showrooms opened in 2025 and those scheduled to open in 2026; and (4) Payments for acquisition of buildings and equipment of 2.14 million Baht for the Company's operations.

(C) Cash flows from financing activities

Net cash payments for financing activities for 1H/2025 amounted to 106.53 million Baht, mainly due to: (1) Dividend payment in May 2025 of 67.10 million Baht; (2) Payments for lease liabilities of 20.16 million Baht; and (3) Cash payments for loans from financial institutions of 11.55 million Baht.

Significant financial ratio:

Significant financial ratio	Unit	Q2/2024	Q1/2025	Q2/2025	1H/2024	1H/2025
<u>Profitability Ratio</u>						
Gross profit margin ⁽¹⁾	%	47.62	48.80	48.44	48.75	48.61
Earnings before Interest, Tax, Depreciation and Amortization expenses (EBITDA margin) ⁽¹⁾	%	14.94	21.57	20.13	19.72	20.80
Net profit margin ⁽²⁾	%	5.25	10.67	9.93	9.65	10.27

Notes: ⁽¹⁾ Percentage proportion compared to Revenue from sales and services, ⁽²⁾ Percentage proportion compared to total revenue

Significant financial ratio	Unit	31 Dec 2024	30 Jun 2025
<u>Profitability Ratio</u>			
Return on Equity ⁽³⁾	%	23.59	16.47
<u>Efficiency Ratio</u>			
Return on Asset ⁽⁴⁾	%	10.20	9.87
<u>Liquidity Ratio</u>			
Current Ratio	Times	1.58	1.44
Averaged Collection Period ⁽⁵⁾	Days	20	22
Averaged Inventory Period	Days	372	403
Averaged Payment Period	Days	290	280
<u>Financial Policy Ratio</u>			
Debt to Equity	Times	1.27	1.28
Interest Bearing Debt to Equity ⁽⁶⁾	Times	0.01	0.00

Notes: ⁽³⁾ The ratio is calculated based on net profit attributable to owners of the parent and equity attributable to owners of the parent., ⁽⁴⁾ The ratio is calculated based on earnings before interest and income tax expense (EBIT), ⁽⁵⁾ The ratio is calculated based on net trade receivables and net finance lease receivables, ⁽⁶⁾ The ratio is calculated based on interest-bearing debt, excluding liabilities arising from finance lease agreements

Management's Outlook for 2025

Based on the Company's current situation, management continues to project that revenue from sales and services for 2025 will grow by 10–15% compared to the previous year, supported by the following key factors: (1) Official launch of products under the Bang & Olufsen (B&O) brand, with the showroom at Central Embassy opened in June 2025; (2) Despite the volatile economic conditions in the first half of 2025, the Company has been able to maintain its sales (bookings) at a solid level; (3) Showrooms opened during 2024 that generated sales (bookings) in that year will contribute a full-year revenue recognition in 2025; and (4) The delivery plan for the full year 2025, which in the first half of the year has proceeded as expected.

In terms of expenses, the Company's policy is to maintain selling expenses and distribution costs and administrative expenses at a level close to that of the previous year, with only a slight increase in employee expenses and depreciation to support brand expansion and new showroom space. Management remains confident that, for the full year 2025, the ratio of administrative expenses to revenue will decline compared to 2024.

Best regards,

Euro Creations Public Company Limited