

Date 14 November 2025

Subject: Management Discussion and Analysis for Q3/2025

Attention: Managing Director, The Stock Exchange of Thailand

Euro Creations Public Company Limited ("The Company") provides Management Discussion and Analysis for Q3/2025 as follows:

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

Throughout the first nine months of 2025, Euro Creations Public Company Limited sustained stable operations and enjoyed consistent customer support, even as the global economy grappled with ongoing challenges and pressures that dampened consumer spending and disrupted business performance across numerous industries. The Company's resilience stemmed largely from its comprehensive product portfolio, which effectively addresses diverse customer needs across all segments. This foundation was strengthened by strategic expansion into new customer bases within both Business-to-Consumer (B2C) and Business-to-Business (B2B) segments through disciplined distribution channel management. The Company's unwavering commitment to delivering superior products and best-in-class service contributed to accumulated sales (bookings) that surpassed the prior-year period, as evidenced by the growth in unearned revenue. Revenue recognition continued to proceed in accordance with the Company's planned delivery schedule, occurring upon completion of product delivery and services to customers.

Looking ahead, the Company maintains its focus on long-term growth strategy, actively evaluating opportunities to expand its brand portfolio with a rigorous emphasis on selecting high-quality brands that deliver superior products to customers. The Company has further strengthened its competitive position by expanding showrooms in strategic locations, enhancing the customer experience in both product selection and service delivery. Concurrently, the Company continues to exercise prudent cost and expense management, optimize inventory efficiency, and elevate after-sales service standards. These strategic initiatives are designed to reinforce the Company's differentiation and ensure long-term sustainability within today's demanding economic landscape.

Summary of Key Events and Developments During Q3/2025:

Showroom	Progress
Euro Creations T3 (Formerly known as "Euro Creations Gallery /T3")	Under construction, expected completion in 2026

Financial Performance Summary:**1. Q3/2025 Financial Performance Summary:**

Consolidated statement of Comprehensive Income (Unit: Million Baht)	Q3/2024	%(⁽¹⁾)	Q2/2025	%(⁽¹⁾)	Q3/2025	%(⁽¹⁾)	% Increased (Decreased)	
							YoY	QoQ
Revenue from sales and services	322.26	100.00%	354.10	100.00%	370.53	100.00%	+14.98%	+4.64%
Cost of sales and services	(173.95)	-53.98%	(182.59)	-51.56%	(196.24)	-52.96%	+12.81%	+7.48%
Gross profit	148.31	46.02%	171.51	48.44%	174.29	47.04%	+17.52%	+1.62%
Other income	2.67	0.82%	2.92	0.82%	4.51	1.20%	+68.63%	+54.31%
Net gain (loss) on exchange rate	3.44	1.06%	(2.24)	-0.63%	0.06	0.02%	-98.18%	-102.79%
Selling expenses and distribution costs	(76.30)	-23.48%	(87.44)	-24.49%	(86.82)	-23.15%	+13.78%	-0.72%
Administrative expenses	(33.16)	-10.21%	(35.93)	-10.06%	(39.53)	-10.54%	+19.21%	+10.00%
Finance cost	(4.74)	-1.46%	(3.99)	-1.12%	(4.03)	-1.08%	-14.94%	+1.31%
Profit before income tax	40.22	12.38%	44.83	12.56%	48.48	12.93%	+20.54%	+8.13%
Income tax expense	(8.07)	-2.48%	(9.39)	-2.63%	(9.93)	-2.65%	+23.06%	+5.75%
Net profit for the period	32.15	9.89%	35.44	9.93%	38.55	10.28%	+19.91%	+8.76%
Other comprehensive income for the period	-	0.00%	-	0.00%	-	0.00%	0.00%	0.00%
Total comprehensive income for the period	32.15	9.89%	35.44	9.93%	38.55	10.28%	+19.91%	+8.76%
Owner of the Company	32.15	100.00% ⁽²⁾	35.44	99.99% ⁽²⁾	38.55	100.00% ⁽²⁾	+19.91%	+8.78%
Non-controlling interests	-	0.00% ⁽²⁾	-	0.01% ⁽²⁾	-	0.00% ⁽²⁾	+3100.00%	-103.43%

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 period.

In Q3/2025, the Company recorded Revenue from sales and services of 370.53 million Baht, a significant increase of 14.98% compared with Q3/2024, and an increase of 4.64% compared with Q2/2025. This growth was primarily attributable to the timely delivery of products and services during the quarter in accordance with the Company's delivery and service plan.

The Company's selling expenses and distribution costs for Q3/2025 amounted to 86.82 million Baht, an increase of 13.78% from Q3/2024. The increase was mainly due to higher employee-related expenses to support the Company's new showrooms, along with the annual salary adjustment in March. Additionally, the Company recognized higher building-related expenses and depreciation from showrooms that commenced operations in late 2024 and those newly opened in 2025. Moreover, when compared with Q2/2025, selling expenses were relatively stable, decreasing slightly by 0.72%, reflecting the initial benefits of economies of scale arising from expanded operational capacity, which enabled more efficient management of selling expenses.

Administrative expenses in Q3/2025 amounted to 39.53 million Baht, representing an increase of 19.21% compared with Q3/2024, and 10.00% compared with Q2/2025, mainly driven by higher employee expenses to support the Company's business expansion.

The Company recorded a net profit of 38.55 million Baht in Q3/2025, an increase of 19.91% compared with Q3/2024, and 8.76% compared with Q2/2025, in line with the overall increase in revenue. The Company's net profit margin improved at a higher rate than revenue growth, despite the increase in employee expenses and building-related costs from business expansion. This improvement reflected effective cost management and the initial benefits of economies of scale, which allowed the Company to better allocate fixed costs as sales volume increased.

2. 9M/2025 Financial Performance Summary:

Consolidated statement of Comprehensive Income (Unit: Million Baht)	9M/2024	%⁽¹⁾	9M/2025	%⁽¹⁾	% Increased (Decreased)
Revenue from sales and services	888.90	100.00%	1,035.95	100.00%	+16.54%
Cost of sales and services	(464.39)	-52.24%	(538.21)	-51.95%	+15.90%
Gross profit	424.51	47.76%	497.74	48.05%	+17.25%
Other income	8.11	0.90%	10.19	0.97%	+25.75%
Net gain (loss) on exchange rate	3.58	0.40%	(2.22)	-0.21%	-162.23%
Selling expenses and distribution costs	(216.39)	-24.12%	(251.29)	-24.02%	+16.13%
Administrative expenses	(95.98)	-10.70%	(107.32)	-10.26%	+11.82%
Finance cost	(13.92)	-1.55%	(11.74)	-1.12%	-15.56%
Profit before income tax	109.91	12.25%	135.36	12.94%	+23.15%
Income tax expense	(22.53)	-2.51%	(27.86)	-2.66%	+23.67%
Net profit for the period	87.38	9.74%	107.50	10.28%	+23.02%
Other comprehensive income for the period	-	0.00%	-	0.00%	0.00%
Total comprehensive income for the period	87.38	9.74%	107.50	10.28%	+23.02%
Owner of the Company	87.37	99.99% ⁽²⁾	107.49	99.99% ⁽²⁾	+23.02%
Non-controlling interests	0.01	0.01% ⁽²⁾	0.01	0.01% ⁽²⁾	-41.80%

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 period.

For the nine-month period of 2025, the Company recorded Revenue from sales and services of 1,035.95 million Baht, an increase of 16.54% compared with the same period of 2024. This increase aligned with the Company's delivery and service schedule for 2025. In addition, the accumulated Revenue from sales and services in the same period of 2024 was lower than normal due to disruptions in product shipments from Europe to Thailand during Q2 to early Q3 of 2024.

The Company's selling expenses and distribution costs for the nine-month period of 2025 amounted to 251.29 million Baht, an increase of 16.13% compared with the same period of 2024. The increase was mainly attributable to higher employee-related expenses and depreciation from showrooms that commenced operations in late 2024 and in 2025, along with the annual salary adjustment in March.

Administrative expenses for the nine-month period of 2025 totaled 107.32 million Baht, representing an increase of 11.82% from the same period of 2024, driven primarily by higher employee expenses to accommodate the Company's growth, as well as the annual salary adjustment in March.

The Company recorded a net profit of 107.50 million Baht for the nine-month period of 2025, an increase of 23.02% compared with the same period of 2024, consistent with the overall increase in revenue. The net profit margin, at 10.28%, also increased from the previous year, reflecting improved profitability management. Notably, the Company maintained a gross profit margin of 51.80% in the B2C segment, up from 51.00% in the prior year. Although the revenue contribution from the B2B segment, which typically carries a lower gross margin increased, the Company's overall gross profit margin remained strong. Furthermore, the Company effectively allocated and controlled its operating expenses, supporting steady and sustainable growth in net profit.

(A) Total revenue

Revenue from sales and services by customer groups	Q3/2024		Q2/2025		Q3/2025		% Increased (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales and services	322.26	99.18%	354.10	99.18%	370.53	98.80%	+14.98%	+4.64%
● Business-to-Consumer (B2C)	198.19	60.99%	236.36	66.20%	268.76	71.66%	+35.61%	+13.71%
1. Product for interior architecture ⁽¹⁾	35.99	11.08%	80.30	22.49%	69.23	18.46%	+92.38%	-13.79%
2. Product for interior ⁽²⁾	81.54	25.09%	69.73	19.53%	96.87	25.83%	+18.79%	+38.92%
3. Product for decoration and fitness equipment ⁽³⁾	80.66	24.82%	86.33	24.18%	102.66	27.37%	+27.28%	+18.92%
● Business-to-Business (B2B)	124.07	38.18%	117.74	32.98%	101.77	27.14%	-17.98%	-13.56%
1. Product for interior architecture ⁽¹⁾	37.65	11.59%	24.57	6.88%	23.18	6.18%	-38.44%	-5.65%
2. Product for interior ⁽²⁾	8.94	2.75%	40.04	11.22%	24.21	6.45%	+170.78%	-39.54%
3. Product for decoration and fitness equipment ⁽³⁾	77.48	23.85%	53.13	14.88%	54.38	14.51%	-29.81%	+2.36%
Other income ⁽⁴⁾	2.67	0.82%	2.92	0.82%	4.51	1.20%	+68.63%	+54.31%
Total revenue	324.93	100.00%	357.02	100.00%	375.04	100.00%	+15.42%	+5.05%

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 Q3/2025, the Company recorded total revenue of 375.04 million Baht, comprising: (1) Revenue from sales and services of 370.53 million Baht, and (2) Other income of 4.51 million Baht. Revenue from sales and services can be classified into two primary customer segments: Business-to-Consumer (B2C) and Business-to-Business (B2B). The quarterly changes in each segment can be assessed as follows:

1) Year-on-Year (YoY) Comparison with Q3/2024

The Company's total revenue increased by 15.42% compared with Q3/2024, driven by a significant increase in Revenue from sales and services, which was in line with the Company's product delivery and service schedule for 2025. The increase was primarily attributable to higher revenue from the Business-to-Consumer (B2C) segment across all product categories, with a particularly strong increase in products related to interior architectural works. However, revenue from the Business-to-Business (B2B) segment decreased overall, mainly due to lower revenue from product categories related to interior architectural works, as well as decorative products and fitness equipment.

2) Quarter-on-Quarter (QoQ) Comparison with Q2/2025

The Company's total revenue increased by 5.05% compared with Q2/2025, primarily due to higher Revenue from sales and services from the Business-to-Consumer (B2C) segment. The increase was driven by product categories related to living and interior spaces within homes and buildings, as well as decorative products and fitness equipment. However, revenue from the Business-to-Business (B2B) segment decreased overall, mainly due to a decline in revenue from product categories related to living and interior spaces within homes and buildings. A significant portion of these products had already been delivered during Q2/2025, in line with the Company's planned delivery schedule.

(B) Gross profit

Items	Q3/2024		Q2/2025		Q3/2025		% Increased (Decreased)	
	Million Baht	% ⁽¹⁾	Million Baht	% ⁽¹⁾	Million Baht	% ⁽¹⁾	YoY	QoQ
Gross profit of B2C	98.00	49.45%	121.89	51.57%	135.44	50.40%	+38.22%	+11.20%
Gross profit of B2B	50.31	40.55%	49.62	42.15%	38.85	38.17%	-22.79%	-21.86%
Total gross profit	148.31	46.02%	171.51	48.44%	174.29	47.04%	+17.52%	+1.62%

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

In Q3/2025, the Company recorded gross profit of 174.29 million Baht, an increase of 17.52% compared with the same period of the previous year, and an increase of 1.62% compared with the previous quarter. The change in gross profit was consistent with the increase in Revenue from sales and services. The gross profit margin was 47.04%, which was in line with the Company's projected margin of 47.00%, reflecting effective cost management of inventories and service-related costs. Gross profit by customer segment is presented as follows:

- Gross profit from the B2C segment amounted to 135.44 million Baht, increasing by 38.22% year-over-year and 11.20% quarter-over-quarter, consistent with the movement in Revenue from sales and services. The gross profit margins for Q3/2025, Q3/2024, and Q2/2025 were 50.40%, 49.45%, and 51.57%, respectively. These figures demonstrate that the Company continued to maintain a gross profit margin above its projected target of 50.00% for the B2C segment, in line with the Company's operating plan.

- Gross profit from the B2B segment totaled 38.85 million Baht, decreasing by 22.79% compared with the same period of the previous year and 21.86% compared with the prior quarter. This was in line with the movement in Revenue from sales and services. The gross profit margins for Q3/2025, Q3/2024, and Q2/2025 were 38.17%, 40.55%, and 42.15%, respectively. These results were consistent with the Company's projected gross profit margin range of 30.00%–40.00% for B2B projects, supported by deliveries that aligned with the operational plan and the Company's appropriate pricing strategy.

Explanation on financial position:

Items	Unit	31 Dec 2024	30 Sep 2025	Change (Million Baht)	% Increased (Decreased)
Total assets	Million Baht	2,004.82	2,030.68	+25.86	+1.29%
Total liabilities	Million Baht	1,122.69	1,110.88	-11.81	-1.05%
Total equity	Million Baht	882.13	919.80	+37.67	+4.27%

(A) Assets

As of year-end 2024 and Q3/2025, the Company reported total assets of 2,004.82 million Baht and 2,030.68 million Baht, respectively. The Company's key assets consist of net inventories and net right-of-use assets, which accounted for 44.00% and 34.51% of total assets, respectively, as of Q3/2025. Total assets increased by 25.86 million Baht, or 1.29%, compared with year-end 2024. The primary factors contributing to the increase were: (1) An increase in inventories of 93.02 million Baht, mainly from showroom display inventories for showrooms that commenced operations during the period; (2) An increase in right-of-use assets of 44.26 million Baht, primarily due to the construction of showroom buildings and newly opened showrooms during the period; (3) An increase in lease receivables of 44.24 million Baht; and (4) A decrease in short-term investments (fixed deposits) of 125.00 million Baht.

(B) Liabilities

As of year-end 2024 and Q3/2025, the Company reported total liabilities of 1,122.69 million Baht and 1,110.88 million Baht, respectively. The Company's key liabilities consist of unearned revenue and lease liabilities, which accounted for 49.06% and 32.83% of total liabilities, respectively, as of Q3/2025. Total liabilities decreased by 11.81 million Baht, or 1.05%, compared with year-end 2024. The primary factors contributing to the decrease were: (1) A decrease in lease liabilities of 43.86 million Baht, resulting from contractual term adjustments and lease payments made during the period; (2) A decrease in trade and other payables of 37.36 million Baht, due to payments made in the normal course of business; and (3) An increase in unearned revenue of 68.30 million Baht, which was consistent with the increase in sales (bookings) during the period.

(C) Equity

Shareholders' equity consists of paid-up registered capital and retained earnings, including both legal reserves and unappropriated retained earnings. As of Q3/2025, the Company reported shareholders' equity of 919.80 million Baht, an increase of 37.67 million Baht compared with 882.13 million Baht as of year-end 2024. The increase was mainly attributable to the net profit generated during the nine-month period, partially offset by the dividend payment declared in April 2025.

Cash Flows Summary:

Items	Unit	9M/2024	9M/2025
Cash and cash equivalents at the beginning of the periods	Million Baht	57.53	122.07
Cash flows from operating activities	Million Baht	(97.10)	105.86
Cash flows from investing activities	Million Baht	(198.72)	23.71
Cash flows from financing activities	Million Baht	396.76	(113.42)
Net increase in cash and cash equivalents	Million Baht	100.94	16.15
Cash and cash equivalents at the end of the periods	Million Baht	158.47	138.22

(A) Cash flows from operating activities

For the nine-month period of 2025, the Company recorded profit before income tax of 135.36 million Baht from its normal business operations. After adding back non-cash items, most notably depreciation and amortization totaling 66.40 million Baht, and adjusting for changes in operating assets and liabilities, key items included: (1) An increase in inventories of 93.02 million Baht, mainly due to showroom display products for showrooms that commenced operations during the period; (2) A decrease in trade and other payables of 43.77 million Baht; (3) Income tax paid of 40.03 million Baht; and (4) An increase in unearned revenue of 68.03 million Baht. As a result, the Company generated net cash from operating activities of 105.86 million Baht for the nine-month period of 2025.

(B) Cash flows from investing activities

The Company generated net cash from investing activities of 23.71 million Baht for the nine-month period of 2025, primarily due to: (1) Net cash received from short-term investments of 125.00 million Baht; and (2) Payments for the acquisition of right-of-use assets totaling 102.87 million Baht, mainly related to the construction of the Company's new showrooms scheduled to commence operations this year and next year.

(C) Cash flows from financing activities

Net cash used in financing activities for the nine-month period of 2025 amounted to 113.42 million Baht, primarily due to: (1) Dividend payment in May 2025 totaling 67.10 million Baht; (2) Payments of lease liabilities amounting to 43.05 million Baht; and (3) Interest payments of 11.75 million Baht.

Significant financial ratio:

Significant financial ratio	Unit	Q3/2024	Q2/2025	Q3/2025	9M/2024	9M/2025
<u>Profitability Ratio</u>						
Gross profit margin ⁽¹⁾	%	46.02	48.44	47.04	47.76	48.05
Earnings before Interest, Tax, Depreciation and Amortization expenses (EBITDA margin) ⁽¹⁾	%	19.52	20.13	20.27	19.65	20.61
Net profit margin ⁽²⁾	%	9.89	9.93	10.28	9.74	10.28

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 Sep 2025
<u>Profitability Ratio</u>			
Return on Equity ⁽³⁾	%	23.59	16.54
<u>Efficiency Ratio</u>			
Return on Asset ⁽⁴⁾	%	10.20	10.03
<u>Liquidity Ratio</u>			
Current Ratio	Times	1.58	1.47
Averaged Collection Days ⁽⁵⁾	Days	20	26
Averaged Inventory Days	Days	372	408
Averaged Payment Days	Days	290	270
<u>Financial Policy Ratio</u>			
Debt to Equity	Times	1.27	1.21
Interest Bearing Debt to Equity ⁽⁶⁾	Times	0.01	0.02

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

Given the Company's current trajectory, management continues to project Revenue from sales and services for 2025 to increase by 10–15% over the prior year. Several key factors underpin this outlook, notably the official product launch under the Bang & Olufsen (B&O) brand, following the opening of the Company's showroom at Central Embassy in June 2025. This brand addition is expected to contribute meaningfully as an incremental revenue growth driver. Furthermore, despite economic volatility throughout the first nine months of 2025, the Company has sustained robust sales bookings, and its delivery schedule for the full year remains on track with expectations, demonstrating both resilient customer demand and strong operational execution.

The Office Furniture product category has delivered particularly impressive performance, recording substantial revenue growth compared with the previous year, which represented the inaugural year of operations for this product line. This expansion has been fueled by increasing demand from corporate clients pursuing workspace upgrades and redesigns. On the cost management front, the Company is now realizing tangible benefits from economies of scale driven by higher sales volumes and enhanced operational efficiency. Consequently, the expense-to-revenue ratio has begun trending downward, positioning the Company favorably for sustained profit margin expansion over the long term.

Best regards,

Euro Creations Public Company Limited