

8 May 2025

Subject: Management Discussion and Analysis for the period ended 31 March 2025

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 31 May 2025 of the Company and the subsidiaries as follow:

Overview of the Thai economy and the Company's performance in the first quarter of 2025

In early 2025, the Thai economy continued to face challenges from the global economic slowdown, international economic policy conflicts, volatile energy prices, low level of industrial production and private investment, high living costs and high household debt level, which directly impacted domestic consumer purchasing power. These factors affected the retail business, inevitably influencing business confidence. Additionally, the retail sector continued to experience intense competition from both domestic and international players through imported goods. These factors are likely to slow down the growth of the retail sector, including the furniture and home décor market. Consumers may delay spending and increasingly seek value-driven purchasing options through distribution channels that better align with their lifestyles.

The Company is well aware of these challenges and has proactively adjusted its strategies. This includes expanding distribution channels, designing products that enhance value and better meet consumer needs, optimizing cost management, and exercising greater prudence in expense control. As a result, the Company achieved a net profit of Baht 215.4 million in the first quarter.

Summary of Operating Results

(Unit: THB million)	Q1/2025	Q4/2024	Q1/2024	% Change	
				QoQ	YoY
Revenue from sale of goods	2,288.6	2,395.5	2,264.9	-4.5%	1.0%
Revenue from rental and rendering of services	191.1	190.7	184.4	0.2%	3.6%
Operating revenue	2,479.8	2,586.2	2,449.3	-4.1%	1.2%
Cost of sale of goods	1,229.7	1,346.4	1,222.1	-8.7%	0.6%
Cost of rental and rendering of services	91.2	93.0	90.1	-1.9%	1.2%
Cost of sales and services	1,320.9	1,439.4	1,312.2	-8.2%	0.7%
Gross profit	1,158.9	1,146.8	1,137.1	1.1%	1.9%
Other income	42.1	30.8	23.6	36.5%	78.3%
Selling and distribution expenses	654.4	663.9	626.7	-1.4%	4.4%
Administrative expenses	240.5	256.6	224.6	-6.3%	7.1%
Finance costs	53.1	55.4	51.9	-4.2%	2.3%
Profit before income tax expenses	253.0	201.7	257.5	25.4%	-1.8%
Tax expenses	38.3	30.5	49.7	25.6%	-22.9%
Profit for the Company	215.4	171.7	208.6	25.4%	3.3%

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

(Unit: THB million)	Q1/2025	Q4/2024	Q1/2024	% Change	
				QoQ	YoY
Domestic sales					
1.1 Retail stores	1,747.4	1,823.7	1,789.2	-4.2%	-2.3%
1.2 Projects	120.9	175.4	117.1	-31.1%	3.2%
1.3 Dealers	19.4	20.2	18.4	-3.8%	5.6%
1.4 Online	329.0	320.2	311.8	2.7%	5.5%
Total revenue from domestic sales	2,216.7	2,339.5	2,236.5	-5.2%	-0.9%
Overseas sales					
	71.9	56.0	28.4	28.5%	153.1%
Total revenue from sale of goods	2,288.6	2,395.5	2,264.9	-4.5%	1.0%
Cost of sales of goods	1,229.7	1,346.4	1,222.1	-8.7%	0.6%
Gross profit from sale of goods	1,059.0	1,049.1	1,042.8	0.9%	1.5%
Gross profit margin from sale	46.3%	43.8%	46.0%		

Revenue from sale of goods

In Q1/2025, the Company reported revenue from sale of goods of Baht 2,288.6 million.

- **YoY:** Revenue from sales increased by Baht 23.7 million, or +1.0%. This growth was primarily driven by an increase of Baht 17.1 million in online sales, due to strong performance on major marketplace platforms. Project sales grew by Baht 3.8 million, mainly from project deliveries to leading residential projects. Additionally, international sales rose by Baht 43.5 million due to contract manufacturing. Despite a decline in store retail sales, the Company successfully maintained overall sales growth.
- **QoQ:** Revenue from sales of goods decreased by Baht 106.9 million or +4.5%, retail store sales dropped by Baht 76.3 million, reflecting weaker consumer purchasing power in the sluggish retail market. Project sales decreased by Baht 54.5 million, as a high volume was delivered in Q4/2024. Nevertheless, online sales continued to grow, rising by Baht 8.8 million, while international sales also grew driven by increased contract manufacturing.

Gross profit and gross profit margin from sales

In 1Q/2025, the Company reported a gross profit from sales of Baht 1,059.0 million.

- **YoY:** Gross profit from sales increased by Baht 16.1 million, or 1.5%, in line with higher sales. This improvement was partly driven by better control over promotions and more appropriate discount offerings, resulting in an improved gross profit margin from sales.
- **QoQ:** Gross profit from sales increased by Baht 9.8 million or +0.9%, with an improved gross profit margin. This was partly due to a lower proportion of project sales compared to the previous quarter, as project sales typically have a lower gross profit margin than other channels.

Revenue from rental and rendering of services.

(Unit: THB million)	Q1/2025	Q4/2024	Q1/2024	% Change	
				QoQ	YoY
Revenue from rental and services	191.1	190.7	184.4	0.2%	3.6%
Cost of rental and services	91.2	93.0	90.1	-1.9%	1.2%
Gross Profit from rental and services	99.9	97.7	94.3	2.3%	5.9%
Gross Profit Margin from rental and services	52.3%	51.2%	51.1%		

Revenue from rental and rendering of services

In Q1/2025, the Company reported revenue from rental and rendering of services of Baht 191.1 million.

- **YoY:** Revenue from rental and rendering of services increased by Baht 6.7 million or +3.6%, revenue from rentals and services continued to grow steadily. This increase was partly attributable to the expansion of rentable space at the Chiang Mai branch after its renovation and the addition of new rentable space at Little Walk Rattanathibet, which began partial operations in March 2025.
- **QoQ:** Revenue from rental and rendering of services slightly increased by Baht 0.4 million or +0.2%, due to the partial opening of new rental space at Little Walk Rattanathibet in March 2025.

Gross profit and gross profit margin from rental and services

In Q1/2025, the Company reported a gross profit from rental and services of Baht 99.9 million.

- **YoY:** Gross profit from rental and services increased by Baht 5.6 million or +5.9%, in line with the growth in rental and service income. The gross profit margin for rental and service also improved, primarily due to reduced electricity consumption after maintenance of air conditioning systems across multiple branches earlier this year. Additionally, in March of 2025, the beginning of the summer season in Thailand was delayed compared to the previous year.
- **QoQ:** Gross profit from rental and services increased by Baht 2.2 million or +2.3%, with an increase of the gross profit margin, due to reduced electricity consumption.

Selling and Distribution Expenses and Selling and Administrative Expenses

(Unit: THB million)	Q1/2025	Q4/2024	Q1/2024	% Change	
				QoQ	YoY
Selling and Distribution Expenses	654.4	663.9	626.7	-1.4%	4.4%
Percentage to Operating Revenue	26.4%	25.7%	25.6%		
Administrative Expenses	240.5	256.6	224.6	-6.3%	7.1%
Percentage to Operating Revenue	9.7%	9.9%	9.2%		

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

Selling and Distribution Expenses

In Q1/2025, the Company reported selling and distribution expenses of Baht 654.4 million

- **YoY:** Selling and distribution expenses increased by Baht 27.7 million or +4.4%, partly due to higher platform fees from E-Marketplace platforms, which rose in line with the increase in sales. As a result, the ratio of selling and distribution expenses to operating revenue has also risen.
- **QoQ:** Selling and distribution expenses decreased by Baht 9.5 million or +1.4%, due to a reduction in transportation and installation costs, which aligned with the decline in sales revenue.

Administrative Expenses

In Q1/2025, the Company reported administrative expenses of Baht 240.5 million.

- **YoY:** Administrative expenses increased by Baht 15.9 million or +7.1%, primarily due to temporary warehouse rental costs for renovating the Company's existing warehouse and expenses related to enhancing the efficiency of the IT system. As a result, the ratio of administrative expenses to operating revenue slightly increased.
- **QoQ:** Administrative expenses decreased by Baht 16.1 million or +6.3%, with the ratio of administrative expenses to operating revenue slightly declining.

Finance Costs and Tax Expenses

(Unit: THB million)	Q1/2025	Q4/2024	Q1/2024	% Change	
				QoQ	YoY
Finance Costs	53.1	55.4	51.9	-4.2%	2.3%
Tax Expenses	38.3	30.5	49.7	25.6%	-22.9%

Finance Costs

In Q1/2024, the Company reported finance costs of Baht 53.1 million.

- **YoY:** Finance costs increased Baht 1.2 million or +2.3%, consisting of the financial costs from lease liabilities increased by Baht 2.0 million and financial costs from loans decreased by Baht 1.4 million due to the lower of average short-term loans.
- **QoQ:** Finance costs decreased Baht 2.3 million or -4.2%, consisting of the financial costs from lease liabilities increased by Baht 0.1 million and financial costs from loans decreased by Baht 2.4 million due to the lower of average short-term loans.

Tax Expenses

In Q1/2025 the Company reported tax expenses of Baht 38.3 million

- **YoY:** Income tax expenses decreased Baht 11.4 million or -22.9% due to the Company receiving tax incentives from the Board of Investment (BOI) for renewable energy utilization (Solar) amounting to Baht 7.9 million in this quarter, compared to the same quarter of the previous year when no such tax incentives were granted.

- **QoQ:** Income tax expenses increased by Baht 7.8 million, or +25.6%, primarily due to an increase in profit before income tax, despite receiving higher tax incentives in this quarter compared to the previous quarter, which provided tax benefits of Baht 6.5 million.

Profit for the Company and Net Profit Margin

(Unit: THB million)	Q1/2025	Q4/2024	Q1/2024	% Change	
				QoQ	YoY
Profit for the Company	215.4	171.7	208.6	25.4%	3.3%
<i>Net Profit Margin</i>	8.5%	6.6%	8.4%		

In **Q1/2025**, the Company achieved a profit attributable to the equity holders of Baht 215.4 million, marking a new record for quarterly profit.

- **YoY and QoQ:** The profit attributable to the parent company increased by Baht 6.8 million or +3.3% and Baht 43.7 million or +25.4%, respectively. This growth was driven by higher gross profit from operations, while the net profit margin also improved compared to both the same period last year and the previous quarter.

Statement of Financial Position

	31 Mar 2025	Proportion	31 Dec 2024	Proportion	Change	% Change
(Unit: THB million)						
Cash and cash equivalents	113.2	0.9%	210.6	1.7%	-97.3	-46.2%
Trade accounts receivable	212.8	1.7%	258.7	2.1%	-45.8	-17.7%
Other current receivables	451.2	3.6%	417.8	3.3%	33.4	8.0%
Inventories	1,715.1	13.6%	1,694.1	13.5%	21.0	1.2%
Other current assets	14.0	0.1%	15.6	0.1%	-1.6	-10.2%
Total current assets	2,506.4	19.9%	2,596.7	20.6%	-90.3	-3.5%
Other non-current financial assets	22.7	0.2%	22.1	0.2%	0.7	3.1%
Investment properties	2,151.2	17.1%	1,876.6	14.9%	274.6	14.6%
Property, plant and equipment	4,827.7	38.3%	4,943.5	39.3%	-115.8	-2.3%
Right-of-use assets	2,753.0	21.9%	2,827.9	22.5%	-74.8	-2.6%
Intangible assets	46.8	0.4%	50.2	0.4%	-3.4	-6.9%
Deferred tax assets	210.3	1.7%	201.3	1.6%	9.0	4.5%
Other non-current assets	70.7	0.6%	66.6	0.5%	4.1	6.2%
Total non-current assets	10,082.5	80.1%	9,988.1	79.4%	94.4	0.9%
Total assets	12,588.9	100.0%	12,584.9	100.0%	4.0	0.0%
Short-term borrowings from financial institutions	243.0	1.9%	632.0	5.0%	-389.0	-61.6%
Trade accounts payables	718.9	5.7%	602.9	4.8%	116.0	19.2%
Deposit for purchase of inventory	383.0	3.0%	381.7	3.0%	1.3	0.3%
Accrued expenses	262.7	2.1%	297.9	2.4%	-35.2	-11.8%
Other current payables	377.4	3.0%	375.0	3.0%	2.3	0.6%
Current portion of lease liabilities	65.6	0.5%	58.0	0.5%	7.6	13.1%
ST loans from and interest payable from related parties	125.0	1.0%	125.0	1.0%	-0.0	0.0%
Corporate income tax payable	107.5	0.9%	67.9	0.5%	39.6	58.4%
Other current liabilities	73.6	0.6%	75.1	0.6%	-1.6	-2.1%
Total current liabilities	2,356.7	18.7%	2,615.6	20.8%	-258.9	-9.9%
Lease liabilities	3,087.2	24.5%	3,048.3	24.2%	38.9	1.3%
Non-current provisions for employee benefits	349.9	2.8%	342.6	2.7%	7.3	2.1%
Other non-current liabilities	412.4	3.3%	400.0	3.2%	12.4	3.1%
Total non-current liabilities	3,849.5	30.6%	3,791.0	30.1%	58.5	1.5%
Total liabilities	6,206.2	49.3%	6,406.6	50.9%	-200.4	-3.1%
Issued and paid-up share capital	2,525.0	20.1%	2,525.0	20.1%	-	0.0%
Share premium on ordinary shares	1,741.1	13.8%	1,741.1	13.8%	-	0.0%
Retained earnings	2,116.6	16.8%	1,901.2	15.1%	215.4	11.3%
Equity attributable to owners of the parent	6,382.7	50.7%	6,167.3	49.0%	215.4	3.5%
Non-controlling interests	0.0	0.0%	11.0	0.1%	-11.0	-99.9%
Total equity	6,382.7	50.7%	6,178.3	49.1%	204.4	3.3%
Total liabilities and equity	12,588.9	100.0%	12,584.9	100.0%	4.0	0.0%

Assets

As of March 31, 2025, the Company reported total assets of Baht 12,588.9 million, a slight increase of Baht 4.0 million from Baht 12,584.9 million at the end of 2024. Key changes included an increase of Baht 274.6 million in investment properties, due to (1) new projects under construction, and (2) the transfer of leased areas of the Little Walk Rattanathibet and Décor Scape Thonglor projects from buildings and equipment, and right-of-use assets. Furthermore, other non-current assets increased by Baht 39.6 million from year-end 2024, partly attributable to advance deposits for the Company's warehouse improvement. Meanwhile, cash and cash equivalents decreased by Baht 97.3 million from year-end 2024 due to repayment of short-term loans from financial institutions. Trade receivables also decreased by Baht 45.8 million as a result of collections from domestic project clients.

Liabilities

As of March 31, 2025, the Company reported total liabilities of Baht 6,206.2 million, a decrease of Baht 200.4 million or 3.1% from Baht 6,406.6 million as of year-end 2024. The key movement was a decrease of Baht 389.0 million in short-term borrowings from financial institutions due to loan repayments, offset by an increase of Baht 116.0 million in trade payables, which was mainly attributable to the purchase of raw materials in preparation for production.

Equity

At the end of 31 December 2024, the Company reported total equity of Baht 6,328.7 million, an increase of Baht 204.4 million or +3.3% from Baht 6,178.3 million at the end of 2024, resulting from the Company's profits for the period.

Future Business Outlook

The outlook for the furniture industry for the remainder of 2025 remains challenging, with a gradual recovery expected. Consumer purchasing power remains weak with intense price competition across multiple channels pressures operators. However, brands with unique design innovations or those capable of creating value-added through design and complementary services, as well as the players who have diversified distribution channels, will have a competitive advantage and are more likely to sustain growth during the current environment.

The Company is fully aware of these challenges and has proactively developed strategies to navigate economic uncertainties. These include expanding distribution channels both offline, through the strategic opening of new branches, and online channel through the development of ILM proprietary applications. The Company also committed to enhancing its product portfolio by blending innovative designs with local craftsmanship, creating sustainable collections that fit to modern consumer preferences. Moreover, the Company maintains a strong focus on prudent cost management and expense control, these efforts ensure that the Company remains resilient and well-prepared to navigate market volatility under any circumstances.

Key Business Developments

Regarding the progress of the Company's new projects in 2025, construction is currently underway for the structural work of Index Living Mall in Chiang Rai. This branch aims to serve local customers as well as the growing number of Thai and international tourists visiting the province. Additionally, construction has begun for Little Walk branches on Ramkhamhaeng Road and Prannok-New Road, all of which are expected to commence operations in the second half of the year. Furthermore, the Company is preparing to launch Flying Tiger Copenhagen stores in several leading shopping centers this year, expanding its customer base and sustaining continuous growth.

Key Sustainability Developments

The Company continues to advance its sustainability efforts with many activities. In the first quarter of 2025, the Company switched the fossil-fuel-powered vehicles at four branches, Bangna, Rattanathibet, Rayong, and Saraburi, with electric vehicles. Electric motorcycles have also been introduced to facilitate quick and efficient access to nearby administrative areas of the community malls. Furthermore, a Membrane Bio Reactor (MBR) wastewater treatment system was installed at Little Walk Bangna to ensure high-efficiency wastewater management, meeting quality standards and minimizing environmental and community impact.

Another community engagement initiative was the "ECO Store" campaign at the Saraburi branch, where plastic water bottles collected from marketing campaigns with customers and partners were donated to Wat Chak Daeng's "Transforming Waste into Merit" project. These bottles were recycled and turned into fibers used to produce approximately 133 monks' robes (Jevon), exemplifying a true Circular Economy model and fostering value creation between the Company, the community, and religious institutions.

In terms of social responsibility, the Company places strong emphasis on labor practices and human rights. As a result, eight of its branches have received recognition for meeting the basic requirements under the Thai Labor Standards (TLS 8001-2020), issued by the Department of Labor Protection and Welfare.

All these efforts reflect the Company's strong commitment to operating responsibly, with balanced economic and social development throughout the supply chain. This reflects a genuine commitment to sustainable business practices under the concept of "Sustainable Living for Future Lifestyle."